

## MY FINANCES

### 1. Introduction

Financial planning is the process of managing your money to achieve your goals and secure your future.

### 2. Financial planning is important because it can help you

- Budget your finances
- Manage your investments
- Plan for retirement
- Achieve your life goals
- Build financial security for yourself and your loved ones
- Stay prepared for emergencies.
- Have better tax planning.
- Development of a Trust

### 3. Things to include in a Budget - Resource [BudgetSimple.com](http://BudgetSimple.com) - What Should I Include in My Budget?)

#### 3.1. Rent/Mortgage

The first expense in your budget is that of the roof you live under. This is a basic need, and have it settled first.

#### 3.2. Debt

This is a critical budget category and if you have debt, plan to pay for it as quickly as possible. The longer you drag debt payments, the more interest you pay, making it expensive for you. Look at possible debt payment strategies and strive a lot into these payments as it will free up some money that you can save or channel into other categories.

#### 3.3 Transport

The details of this category depend on how you commute to and from work. If you own a car and drive, include the amount spent on petrol/diesel and additional funds for regular fixes such as oil change, new tires, among others.

#### 3.4 Food/groceries

This is a basic need, and it is hard to establish the amount of money required for this category. If you eat out frequently, have this as a sub-category here.

### **3.5 Savings**

Savings will help you take care of crises such as job loss and the aim will be to have at least 6-months of your salary in savings.

### **3.6 Insurance**

If you have multiple insurance policies, it helps to create a category for that. Common covers include medical insurance, auto insurance, and life insurance, among others.

### **3.7 Education**

This category applies to those who plan to pursue further studies or have children who are in school. Education costs are high, and you need to plan for them. A tip to get this right is to set aside some money for your kids' education before they start using it up. This will help you to get ahead of their tuition payments and have uninterrupted school time. Be sure to include associated costs such as school trip fees, school supplies, tutor fees, and extracurricular fees.

### **3.8 Clothing**

This category will depend on how many dependents you have and how old they are. It is a category that can be adjusted easily since people do not buy clothes that often, and you can go for cheaper options.

### **3.9 Utilities**

Utilities are tied to your house expenses, and they represent the costs required to run the place you live in. There is an opportunity to save money here as utility bills are not always constant. For instance, your water and power bills will not always be the same, depending on the season. However, it helps to list them and indicate the upper limit so that you are not forced to find money elsewhere to pay for them when they are high.

### **3.10 Entertainment and self-care**

Budget for entertainment and self-care.

### 3.11 Miscellaneous

Miscellaneous is not a vital category, but it acts as a buffer from eating into what other categories have. It also gives you the room to stretch the amounts you allocate depending on the need. Did your car run down, and you need to spend a little more than the allocation to fix it? Do you need a little more on food and home supplies?

### 3.12 Others

Irregular house maintenance, monthly subscriptions, taxes, gifts, pets

## 4. Quotes

- 4.1 "It's not how much money you make, but how much money you keep, how hard it works for you and how many generations you keep it for.
- 4.2 "Beware of little expenses; a small leak will sink a great ship
- 4.3 "The more your money works for you, the less you have to work for money."
- 4.4 "Every time you borrow money, you're robbing your future self."
- 4.5 "Money, like emotions, is something you must control to keep your life on the right track."— Natasha Munson,
- 4.6 "If money management isn't something you enjoy, consider my perspective. I look at managing my money as if it were a part-time job. The time you spend monitoring your finances will pay off. You can make real money by cutting expenses and earning more interest on savings and investments. I'd challenge you to find a part-time job where you could potentially earn as much money for just an hour or two of your time."— Laura D. Adams
- 4.7 You must gain control over your money or the lack of it will forever control you.
- 4.8 Time is a Currency you can Only Spend Once, so be careful How You Spend It."
- 4.9 Wealth, like a tree. grows from a seed. The sooner you plant that seed the sooner shall the tree grow."
- 4.10 "A budget is telling your money where to go instead of wondering where it went." Dave Ramsey