

Presentation session on:

Personal Financial Management

DATE: JULY 21, 2021

TIME : 9.00 AM – 12.00 PM

VENUE : MICROSOFT TEAMS



HOUSEKEEPING



Mute Audio: The host will control your audio and you may unmute only if you would like to contribute.



Interactive chat is available: Please use this platform for discussions.



Video: We request that you kindly switch your video off unless you wish to talk.

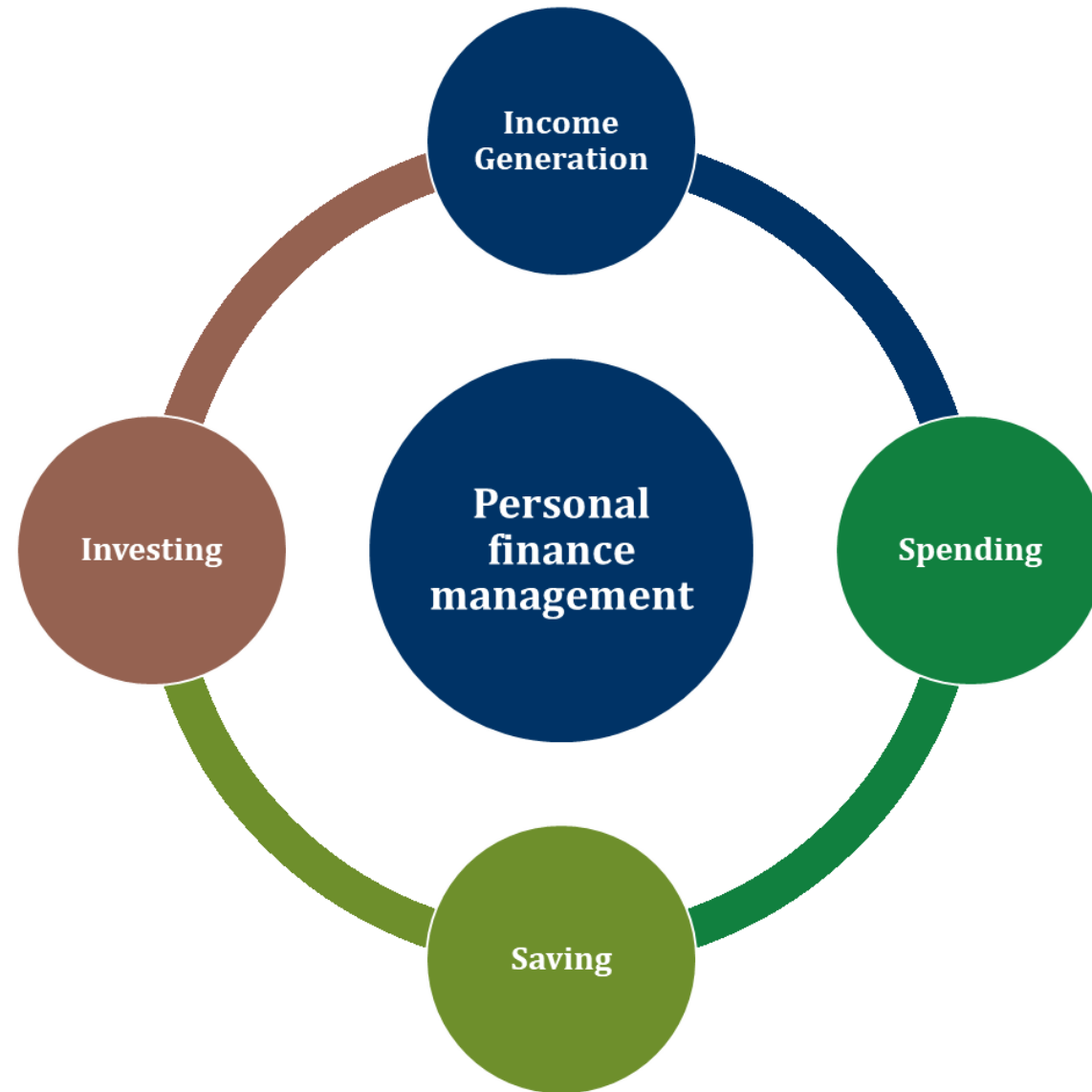


Raise hand feature: Kindly use the raise hand feature should you have a comment or question.

PERSONAL FINANCIAL MANAGEMENT



Fundamentals of Personal Financial Management



TOPICS

Part 1

- ❖ Income Plan
- ❖ Financial Well-Being

Part 2

- ❖ Money basics
- ❖ How to create a budget

Part 3

- ❖ Life Events and Transitions Plan
- ❖ Family and Finances



Part 1

- ❖ Income plan
- ❖ Financial Well-Being

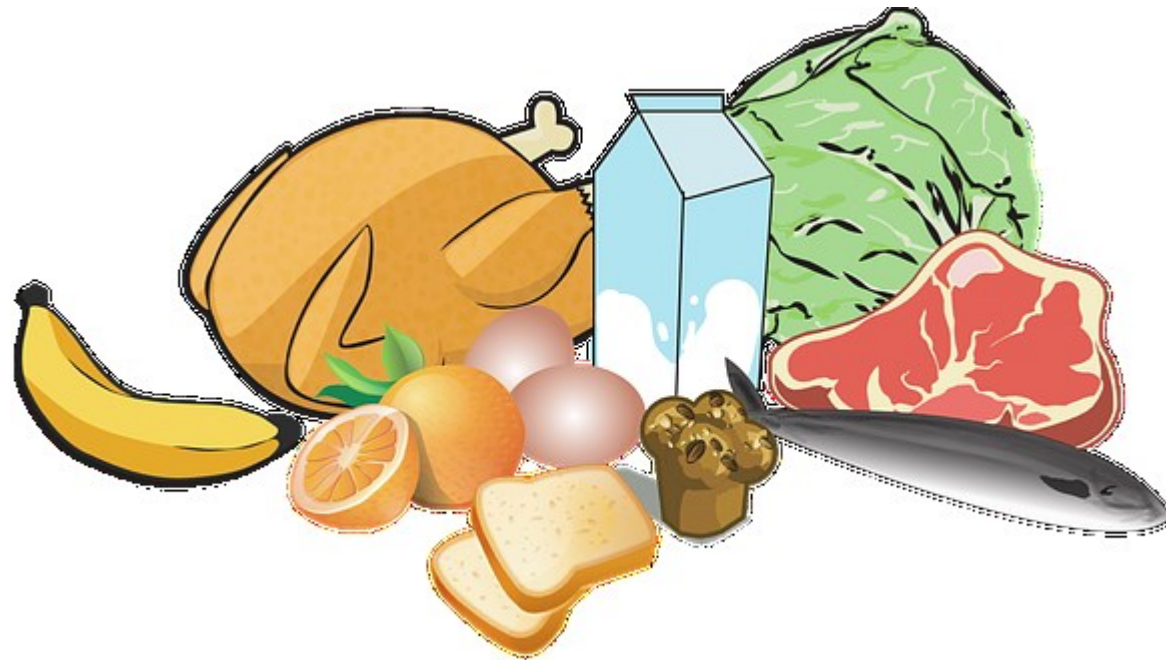
INCOME PLAN - What Do You Need in a Career?

Likely primary source: Income and workplace benefits



Income PLAN - Realizing Self-Sufficiency

A self-sufficient wage is the amount required to meet your basic financial needs.



INCOME PLAN - Absorbing Financial Shocks



Would your current income be enough

INCOME PLAN - Understand Employer Benefits

Flexible work hours? Transportation? Clothes allowance? Lunch?



INCOME PLAN - Identify Roadblocks in Your Career

What is holding you back from advancing in your career or limiting your employment opportunities?



INCOME PLAN – Set Your Career Goals



When you think about your career, does it:

- Help you achieve self sufficiency
- Meet your financial obligations
- Help absorb financial shocks (at least in the short term)
- Help reach your financial goals
- Help meet your benefit requirements
- Offers work that is interesting to you and aligns with your values
- Aligns well with your experience, skills and strength
- Others.

INCOME PLAN – Measure and Monitor progress

Checking progress and celebrating completion

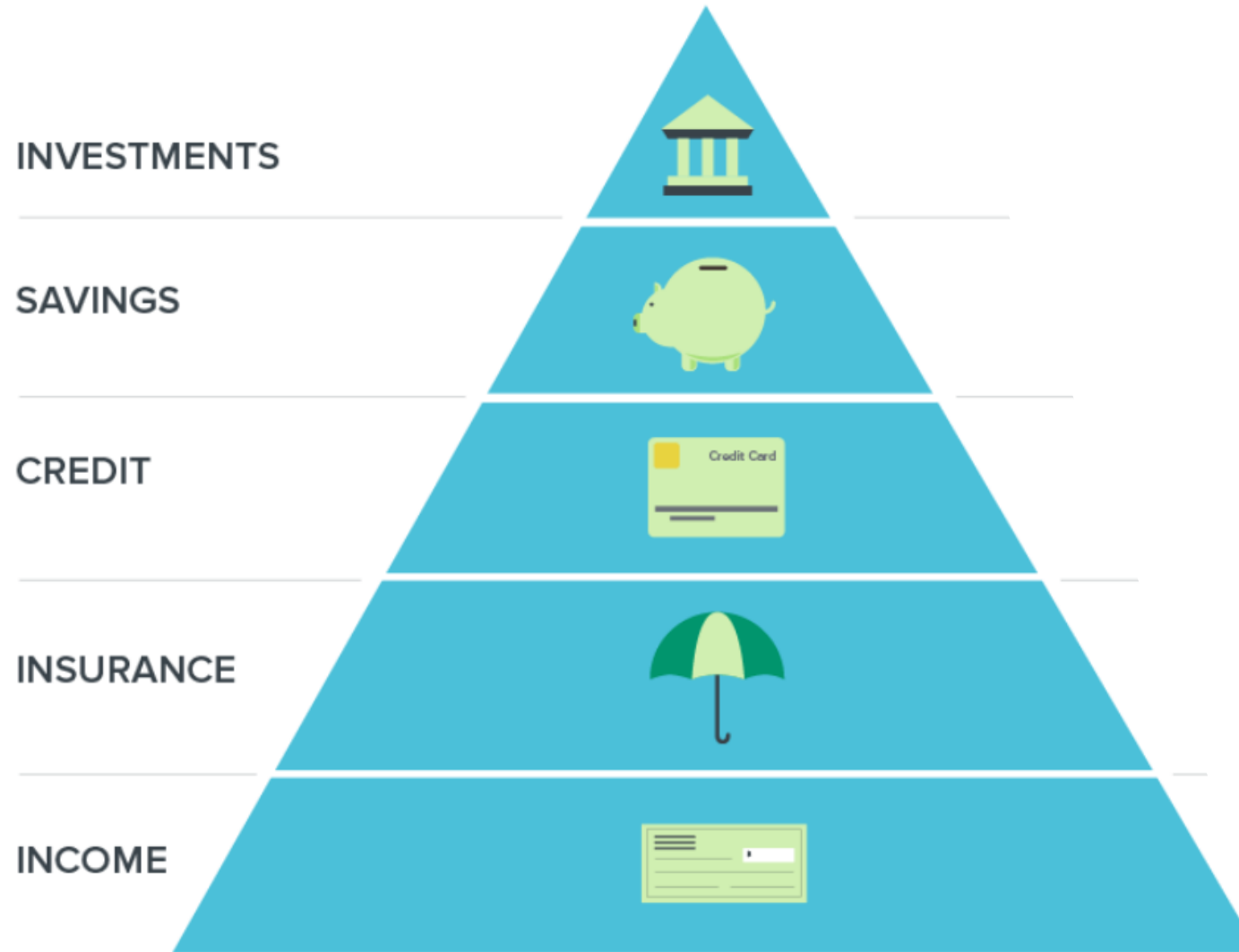


Financial Well-Being

What is Financial Well-Being?



Financial Well-Being – Appraise Your Needs



Financial Well-Being – Size Up Your Financial Well-Being

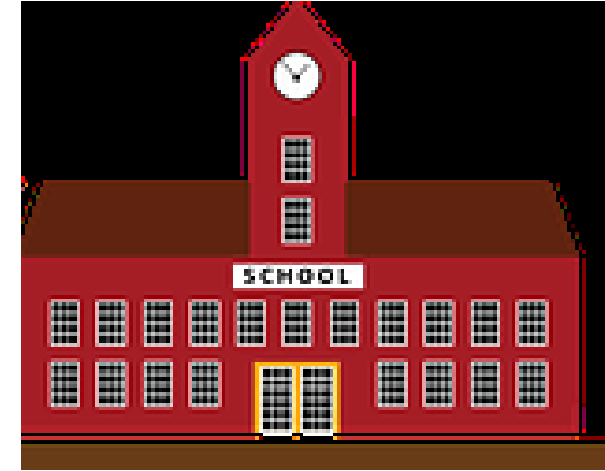


**Your Net
Worth**

**Your
Short-Term
Savings**

**Your
Long-Term
Savings**

Financial Well-Being – Identify Your community Resources



Financial Well-Being – What's in Your Future?

Where do you see yourself in the future?



Financial Well-Being

Building sustainable financial security and well-being



Financial Well-Being – Habits that Build Financial Well-Being



- ☒ Spend less than you earn.
- ☒ Save for future spending.
- ☒ Only borrow what you can afford.
- ☒ Grow your money.
- ☒ Boost your earning capacity.
- ☒ Protect what you have.

Financial Well-Being

Give Yourself Permission



Part 2

- ❖ Money basics
- ❖ How to create a budget

Money Basics – Spending and Saving

Getting Started: How much money do you earn and how much do you spend each month?



Money Basics – Spending and Saving

Be a Spending Detective



Regular Payments



Needs



Wants

Money Basics – Spending and Saving

Are you surprised to find out how much you spend on things you don't really need?





Money Basics – Spending and Saving

Plug Spending Leaks

Mind your
cash

Cut out or
reduce costly
habits

Look for deals
(Shop around)

Make a
shopping list
and stick to it

Get creative

Money Basics – Spending and Saving

Mindful Spending: what is the reason or purpose behind making the particular purchase?



Money Basics – Spending and Saving

Develop a Savings Plan

Use these strategies to help you get started saving:

- ❖ **Pay yourself first.** List savings as a fixed item in your spending plan. You are less likely to spend money you already have earmarked for savings.
- ❖ **Use automatic savings methods.** Set up an automatic transfer from the account that you use for your everyday expenses to a savings account each month.
- ❖ **Save all or part of a certain type of income.** Designate your annual bonus, allowance money or gifts of money to savings.

- ❖ **Establish savings buckets :**
 - Things you want
 - Vacation
 - Retirement

- ❖ **Create an emergency fund.**
 - Start with a goal amount (for example of SCR 25,000)
 - Keep it separate from other savings.
 - Use it only for emergencies.



Money Basics – Spending and Saving

Identify short-term, mid-term and long-term goals



Specific
Measurable
Achievable
Realistic
Time-bound

Financial Well-Being – Spending and Saving Habits

A simple rule of thumb many people use for budgeting is 50/20/30.



Money Basics – Spending and Saving

Using Mobile Apps to Track Spending

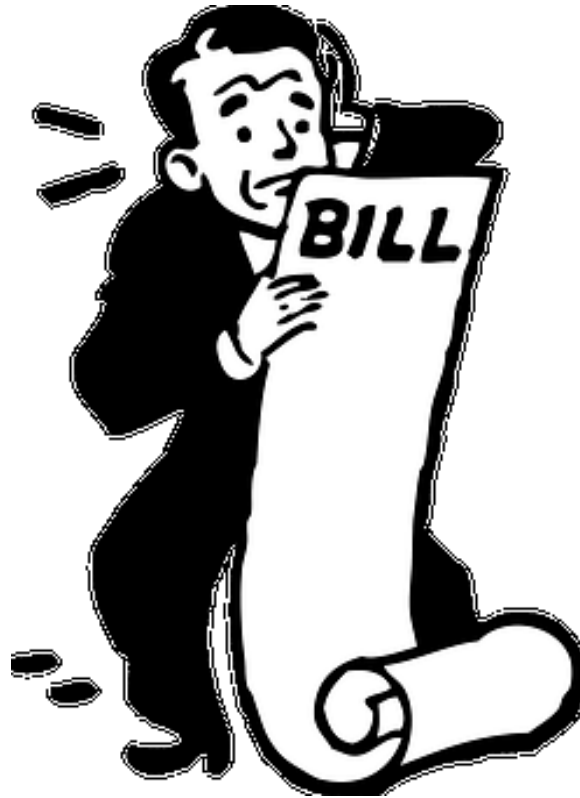
There are many mobile budgeting and spending apps available for free and many others are available for a fee.

Some things to consider when selecting an app:

- ❖ Privacy
- ❖ Password-protect your phone to protect your information if your phone is lost or stolen
- ❖ Advertisements and sales pitches
- ❖ Research customer reviews



Financial Well-Being – Credit and Debt



Money Basics – Credit and debt

How Much is Too Much Debt?



Money Basics – Credit and debt

When to Worry About Debt

Warning Signs

You do not know how much money you actually owe

You miss payments or pay them later

You have been refused credit

You borrow to pay off other debts

Debt collectors are calling

You have to take an extra job to pay your debts



Money Basics – Credit and debt

Get Help Managing Debt



There are ways to get out of debt and repair your credit. Remain positive and take action to call your creditors to discuss your options. Quite often, you can work out favorable repayment terms with your creditors. Be sure to get any agreement in writing.

Get advice and learn more on how to manage your finances from a trusted and qualified adviser (licensed) or our very own Financial Buddy



Money Basics – Credit and debt

What is the Credit Information system?

CIS is a database system that enables the collection and exchange of credit information of individuals and businesses.

A system used in many countries governed by the General Principles for Credit Reporting (GPCR)

Money Basics – Credit and debt

Purpose of CIS

The primary purpose of the CIS is to:

- Receive and consolidate basic credit data
- Act as a central registry or central repository of credit information
- Provide access to reliable, standardised information on credit history
- Provide information on financial behaviors of borrowers
- Minimising systemic and credit risk
- Resulting into favourable credit agreement for responsible individuals and firms

Money Basics – Credit and debt

Introduction of CIS in Seychelles

- CBS Act 2004 Section 32(a): “Subject to section 11(1), the Bank may establish facilities for the collection and consolidation of credit information or any other information which the Bank considers relevant in the assessment of the credit worthiness of customers of any participating institutions and disseminate such information among participating institutions as prescribed by regulations.”

- Governed by CIS Regulation 2012

“participating institution” means any bank licensed by the Central Bank and any other credit granting institution supervised in whole or in part by the Central Bank.

Money Basics – Credit and debt

Current CIS Participants

- Commercial banks
- Seychelles Credit Union
- DBS
- HFC



AL SALAM BANK
Seychelles



Money Basics – Credit and debt

Credit facilities recorded

- Loan
- Overdraft Facility
- Credit Card
- Bank Guarantee
- Guarantee
- Letter of Credit

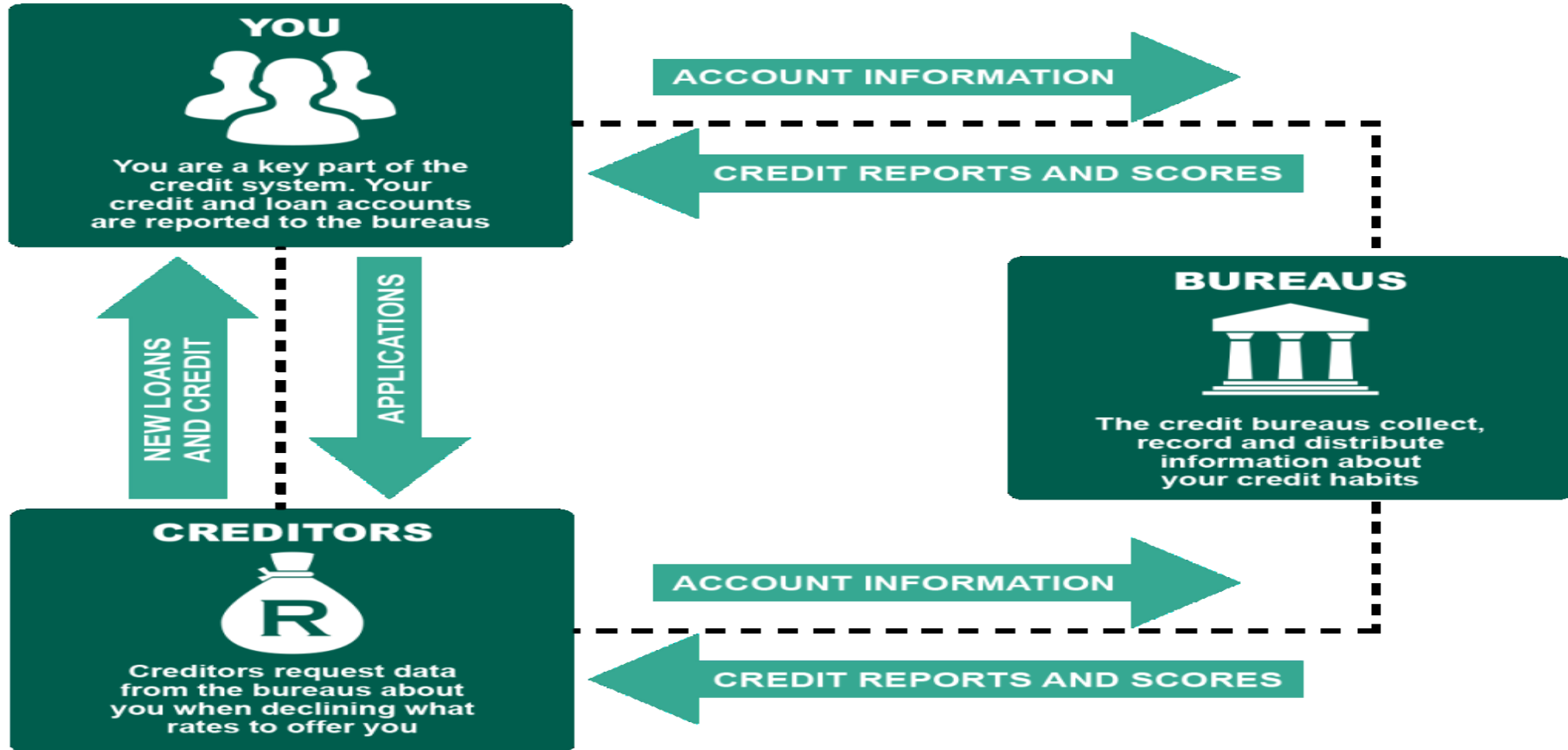
Money Basics – Credit and debt

Total facilities on CIS

124,424

Money Basics – Credit and debt

THE CREDIT SYSTEM



Money Basics – Credit and debt

Misconceptions about CIS

- **CIS is a blacklist**

➤ Fact: Main purpose of CIS is to portray the current credit status of debtors

- **CIS is not confidential**

➤ Fact: The CIS regulation forbids access to customers information without the customers consent.

- **CIS is prying into personal effects**

➤ Fact: CIS collects credit information of individuals only to promote credit worthiness analysis

Money Basics – Credit and debt

Misconceptions about CIS

- **CBS records and manages information on CIS**

➤ CBS' responsibility to ensure that CIS is up and running and is accessible by all participants

- **Customers information should be removed from CIS as soon as a loan is fully repaid**

➤ Positive information on CIS benefits the customer

Money Basics – Credit and debt

Know Your Consumer Rights and Responsibilities

Knowing your rights and responsibilities as a borrower helps you deal with your lender. Even if you seek help to manage debt or handle disputes, or if you file for bankruptcy, you have rights as a borrower.



<https://www.cbs.sc/Consumer/ConsumerLaws.html>

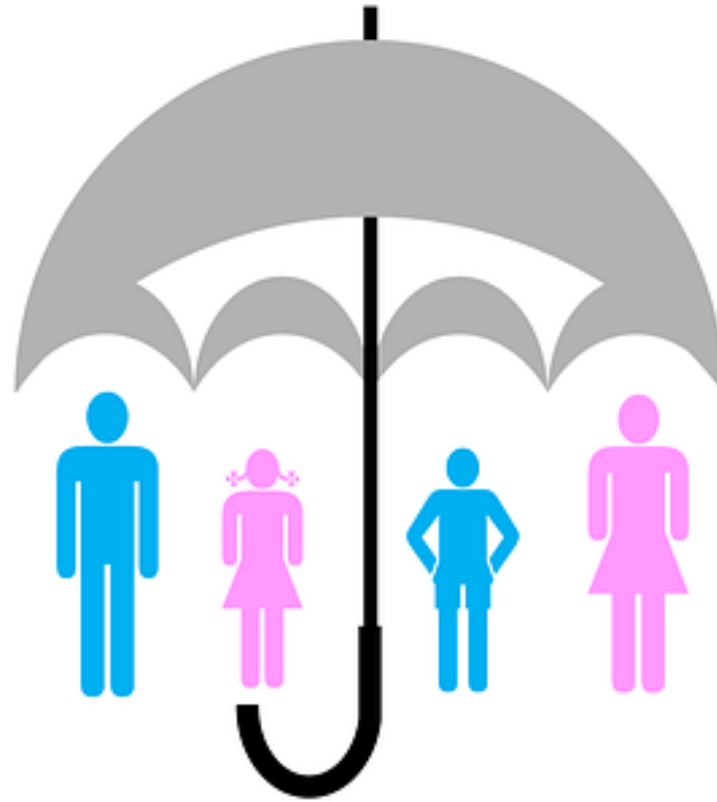
<https://www.cbs.sc/Downloads/publications/others/Code%20Of%20Banking%20Practice.pdf>

<https://www.cbs.sc/Publications/ComparativeBankCharges.html>

<https://www.cbs.sc/Consumer/ConsumerProtectionBill.html>

Money Basics – Insurance

You may think the odds of something bad happening to you are small — until it happens.

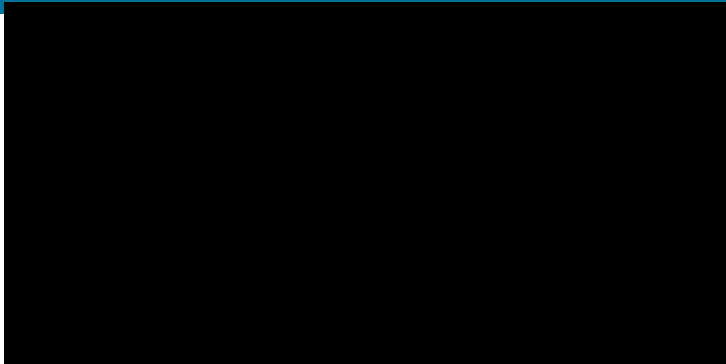


Financial Well-Being – Protect What You Have

Protect Your Property



Protect Yourself and Your Family



Protect Your Income

Money Basics – Investing

The Difference Between Saving and Investing



Money Basics – Investing

Protect Yourself



Remember:

- Ensure you verify the investment companies before engaging in any transactions. You can liaise with your local Authorities for more details or information.
- A reputable investment professional will not:
 - Ask you over the phone to send money to purchase an investment based just on a sales pitch.
 - Ask you to send money to an address that is not the official address of the firm or designated in a prospectus (a legal document providing details about an investment offering).
 - Give you guarantees that you will not lose money or offer to share in any losses you suffer.
 - Suggest you make dramatic changes that are not in line with your investment goals.
- Avoid anyone using high-pressure sales tactics. Do your homework and invest at the right time for you.
- If something sounds too good to be true, it probably is.

BUDGETING TIPS

**HOW TO GET STARTED
CREATING A BUDGET
&
MAKING IT WORK FOR YOU**



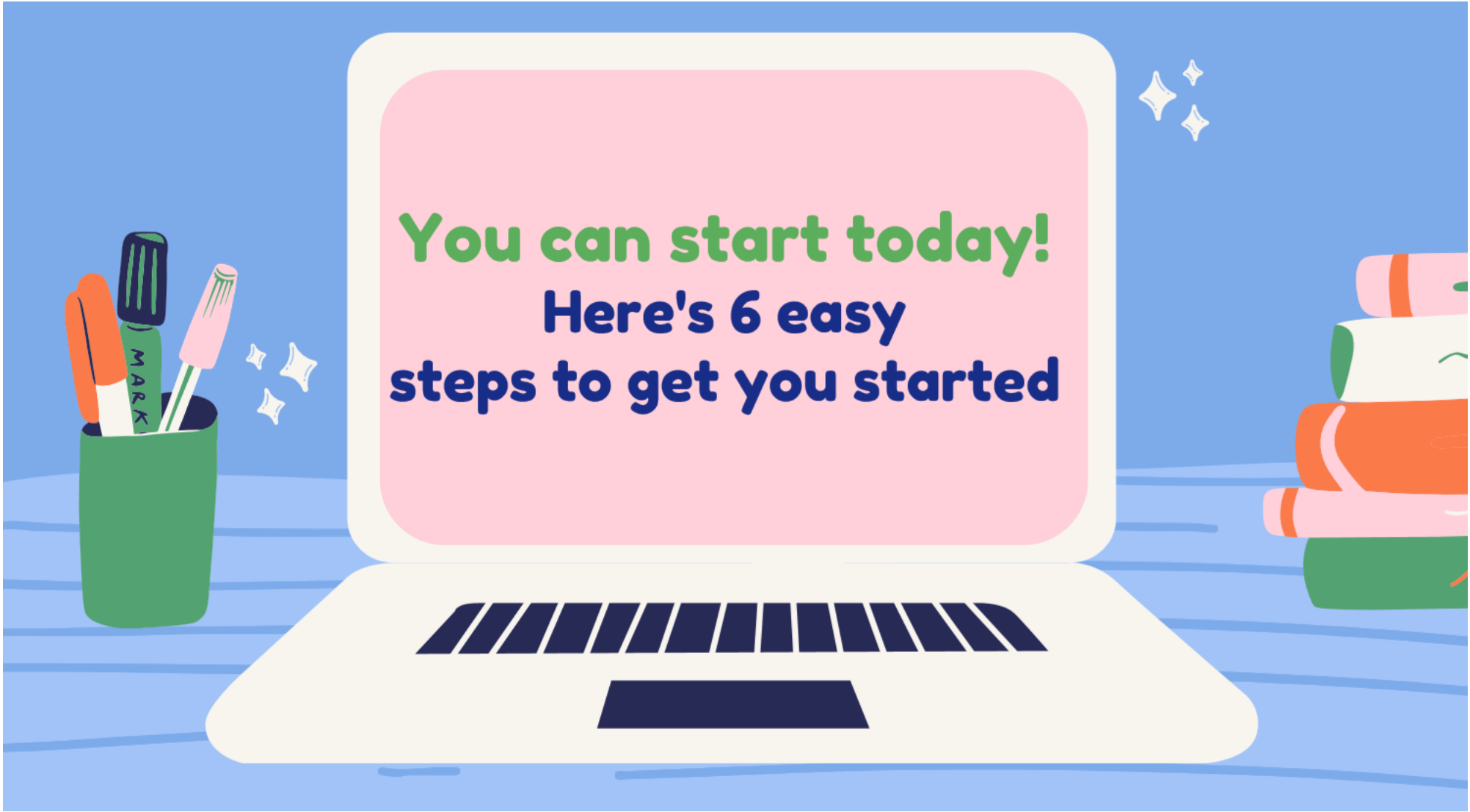
What is a budget?

It's a plan of how to spend your money!

What are the benefits of budgeting?

- *Helps you balance what you make and what you spend**
- *Helps you track your expenses & avoid overspending**
- *Helps you to work towards achieving your financial goals**
- *Helps you to save**





You can start today!
Here's 6 easy
steps to get you started

1. GATHER YOUR MOST RECENT FINANCIAL STATEMENTS/RECEIPTS

**For example: bank statements, utilities and telephone bills,
loan statements.**



**Any information about your income and expenses will help you to
create a monthly average and have a better idea about your expenses.**

2. Calculate Your Income

If you receive a regular paycheck where other amounts such as pension or taxes are automatically deducted, use the net income. Add any other sources of income such as child support.

If you receive a variable monthly income, calculate your total income for the past year after taxes and divide it by 12 to get a monthly average.



3. Create a List of Expenses

Write down a list of all your monthly expenses such as rent, loan repayment, utilities, food, transportation etc. Include irregular expenses as well.



4. DETERMINE FIXED AND VARIABLE/IRREGULAR EXPENSES

**Fixed expenses are those that you pay the same amount for each time.
For example rent, loan repayments, day care fees, etc.**



**Variable expenses are those that will change from month to month,
such as groceries, utilities, entertainment, etc.**

**Irregular expenses relate to one-off spending during the year such as
insurance payment, anniversaries etc.**

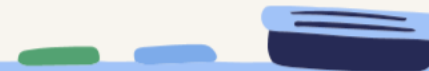


5. DETERMINE YOUR MONTHLY INCOME AND AVERAGE EXPENSES

If your income is higher than your expenses, you are off to a good start. The extra money can be directed to your emergency funds, saving for your short or long term goals, retirement fund or to pay off debt.



If your expenses are more than your income, this means you are unable to meet all your financial obligations during the month. You will need to make some adjustments and find ways to cut down on expenses.

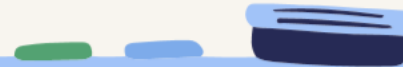


6. STICK TO IT

You now have a tool to keep track of your expenses. Ensure to review it regularly as some of your expenses may vary each month.

Aim for balance - ensure all your income is accounted for and allocated to specific expenses.

**Spending more than you earn? Find ways to reduce your expenses; shop around for cheaper alternatives, cancel unnecessary subscriptions etc.
If possible, increase your income by having a part time job.**



Part 3

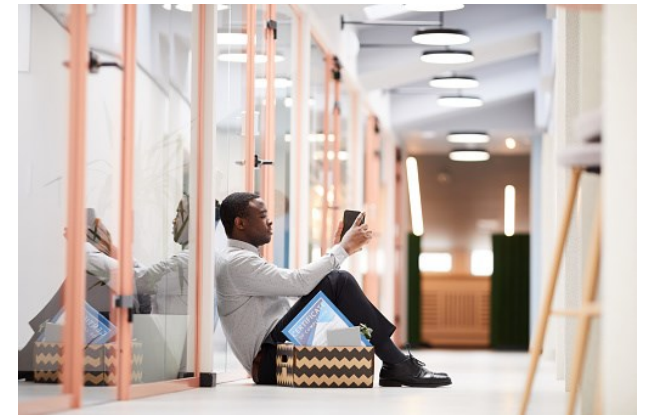
- ❖ Life Events and Transitions Plan
 - ❖ Family and Finances

Life Events and Transitions Plan - What is a Life Transition?

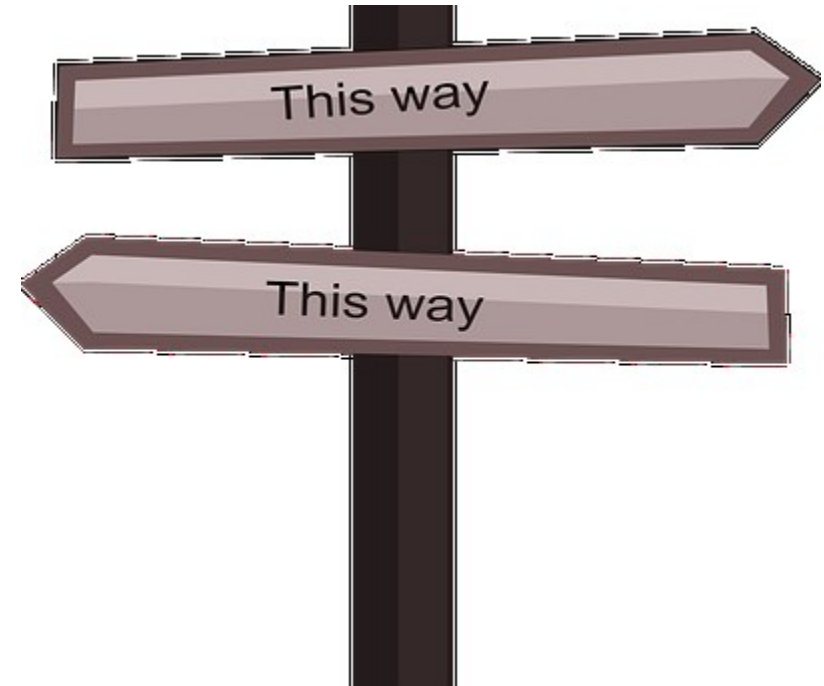
While it is possible to predict some events in life, there is always uncertainty about the future and a possibility for inevitable surprises that you cannot predict.



Life Events and Transitions Plan - Predict Your Future



Life Events and Transitions Plan - Is there a road map?



Life Events and Transitions Plan - Are You Going Through a Major Crisis Right Now?



- ❖ Death of a close family member?
- ❖ Divorce or breakup
- ❖ Critical illness
- ❖ Natural disaster
- ❖ Fraud victim
- ❖ Etc...

Life Events and Transitions Plan - Feelings, Emotions and Thoughts

Emotions are physical responses.



Take time to observe what your emotions and describe the feelings in detail.

Life Events and Transitions Plan - Runaway Emotions

If you don't slow down and give yourself time to process a crisis or life transition, you risk making decisions you might regret.



Life Events and Transitions Plan - Separate Thoughts from Feelings

Take time to work through the thoughts and feelings you are having about your current life transition or event.

1. State the facts

Describe the event you are going through.

2. State your feelings

Describe your feelings.

3. State your thoughts

What are your thoughts?

4. What do you want?

Make a list of things that you want to happen

5. Who can help you?

Have you communicated with someone you trust about your **problems/situation**?
Who are the people you can approach, who may be able to help make informed decisions?

Life Events and Transitions Plan - Self-Talk

When I think about ...	I have optimistic thoughts	I have pessimistic thoughts
Paying monthly bills		
Controlling my spending		
Saving some money		
Paying off debt		
Getting an insurance		
Investing		

Life Events and Transitions Plan - Who is in Your Circle of Influence?

Most of your life transitions will affect other people as well. Depending on the circumstance you may need to consider how others will be impacted by the decisions you make.



Life Events and Transitions Plan - Research Potential Help



Life Events and Transitions Plan - Dealing with Conflict

It is difficult to think clearly when you are experiencing strong emotions. Likewise, it can be difficult to resolve conflict that arises during a transition.



Life Events and Transitions Plan - What's Your Best and Worst -Case Scenario?

Life transitions can be unsettling, scary and overwhelming. Circumstances that seem hopeless or even jubilant in the moment can unfold in unexpected ways over time



Life Events and Transitions Plan - Tips on how to Manage Money in a Crisis

- ❖ Control your spending.
- ❖ Continue saving.
- ❖ Avoid new debt if possible..
- ❖ Protect what you have.
- ❖ If you are facing a specific crisis or life event, investigate support groups and organisations.

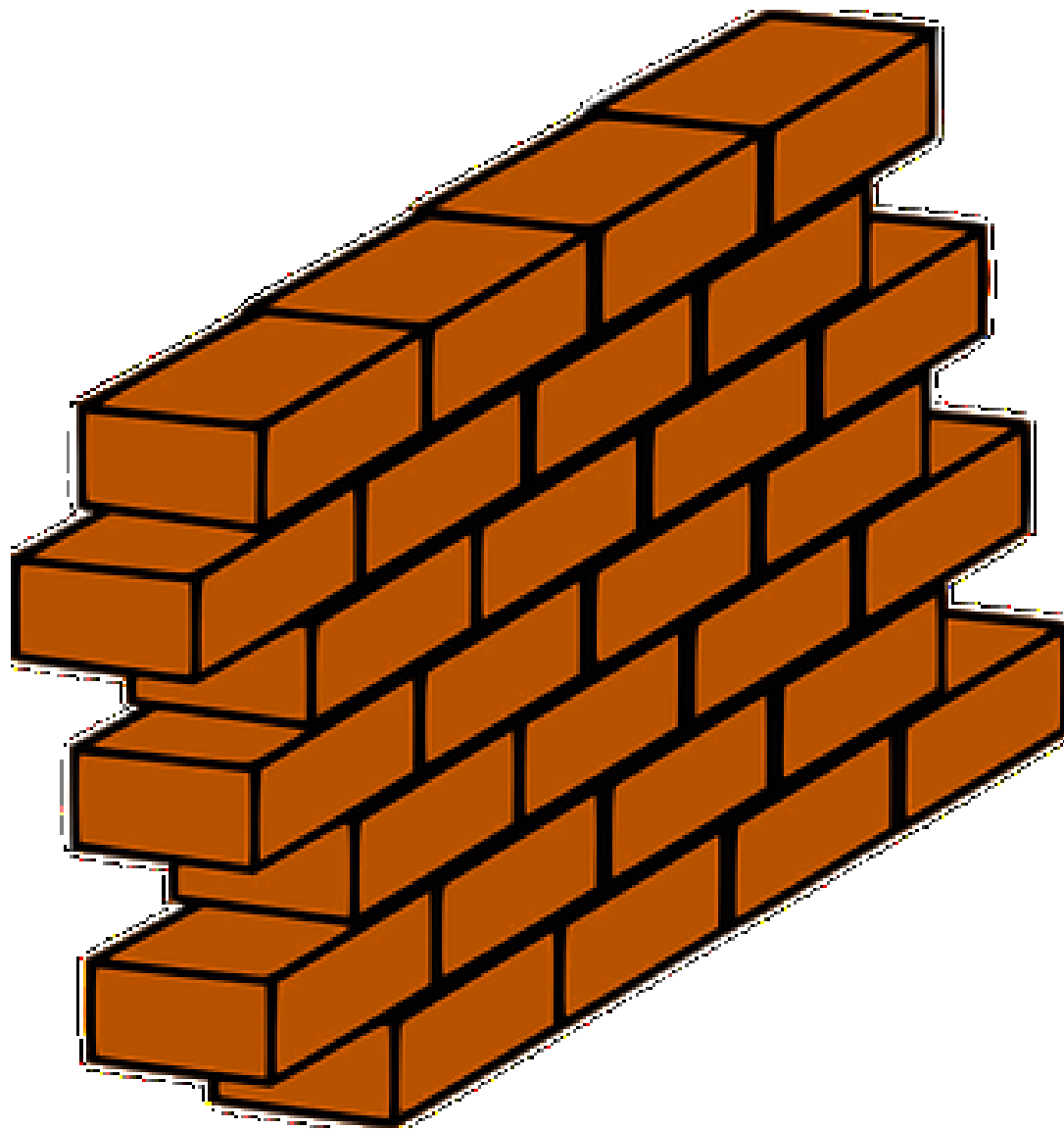


Life Events and Transitions Plan – Things to Remember

The decisions you make throughout a transition can have lasting impacts, so it is important to take time to weigh consequences before making a final decision.



Life Events and Transitions Plan – Identify Barriers



Family and Finances

Family and Finances - Kids and Money

Involve Kids to Improve Family Finances



Family and Finances - Kids and Money

Get the Conversation Started



Family and Finances - Kids and Money

Involve Kids to Improve Family Finances



Family and Finances - Kids and Money

Teach Kids the Value of Money

Ages 3 to 5

Introduce coins to your child.



Family and Finances - Kids and Money

Teach Kids the Value of Money

Ages 6 to 10

As your child approaches primary school age, let him or her handle money on a regular basis so he or she can become comfortable with money.



Family and Finances - Kids and Money

Ages 10 to 15

As your child gets older, he or she undoubtedly will become more interested in where money comes from and where it goes.

Ages 15+

Teenagers can sometimes be pressured by their peers to keep up with the latest trends. Use this opportunity to be a strong role model and demonstrate for your child how to make smart spending decisions.



Family and Finances - Kids and Money

Is Your Adult Child Financially Dependent on You?

What is your adult child depending on you for?

- ❖ a place to live?
- ❖ living expenses?
- ❖ Transportation?
- ❖ health insurance?
- ❖ providing spending money?
- ❖ medical expenses?
- ❖ emergency money?
- ❖ assisting with loan repayment?
- ❖ Payment for credit card debt?

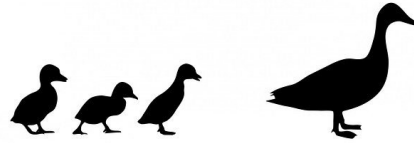


Practical tips on how to raise 'money smart' kids

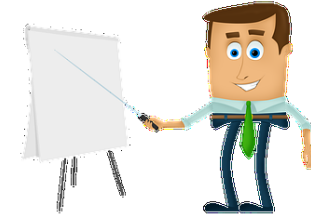
Introduce your kids to money at an early age



Set an example



Show them how it works



Teach children about making money



Teach delayed gratification and opportunity cost



Get them acquainted with a simple budget



Talk about debt



Teach your children about savings & investment



Nurture your child's entrepreneurial spirit



Family and Finances - Love and Money

Can money buy you love? Does it Cost to be in a Relationship?



Family and Finances - Love and Money

Manage Expectations



Family and Finances - Love and Money

Discuss Financial Goals Before Living Together



Family and Finances - Love and Money

The decision to combine finances with your partner is more than whether you trust and love your him or her.



Family and Finances - Love and Money

Have You Lied to Your Partner About Money



Final thoughts, feedback and questions



**THANK
YOU**