

Empower Your Personal Finance



Unblocking major obstacles to
achieve personal financial freedom

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Foreword

Being on top and aware of one's financial situation will definitely be an advantage that most people should ensure they have. This awareness will give them the opportunity to capitalize of situations should good deals come by. Get all the info you need here.



Empower Your Personal Finance

Unblocking Major Obstacles To Achieve Personal Financial Freedom

Chapter 1:

Introduction

Synopsis

When the individual is well aware of his or her financial situation, then there are always areas where this knowledge will help to create better opportunities and investment platforms. This knowledge and periodical assessment can also help to change any current financial rut into a booming opportunity investment. With the use of the information on the finances, the individual can also make decisions that will ensure a healthy financial condition.



Take An Assessment

This will also ensure help for the individual who is trying to curb negative spending habits. When there is an active assessment done periodically, the individual will eventually be able to identify areas that need attention or curbing. Sometimes the information learnt from the assessment exercise can prove to be really shocking for the individual, as it usually sheds light on the situation in a very detailed manner.

Most people take on the assessment exercise to understand their current position and how they can make adjustments to accommodate any investments for the future. Failing to consider financial security for one's future will eventually cause a lot of problems when the individual is unable to provide for themselves and family dependents.

Financial assessments can also help the individual to consider making other bigger lifestyle changing decisions. These may take the form of investments in property, business ventures, retirement plans and any other financially beneficial exercises. With better planning facilitated, the individual can then explore other pleasurable avenues such as holidays, hobbies that require substantial financial commitments and any other commitments that would require considerable financial expenditure.

Chapter 2:

Setting Goals Towards Successful Financial Planning

Synopsis

Ideally, everyone should have some form of financial planning in place. The earlier this particular exercise is launched, the better the chances are for the individual to be in a position where opportunities can be capitalized upon.



Where To Start

The following are some of the elements to explore in the quest to setting goals towards successful financial planning:

- Setting measurable financial goals is one exercise that should be done very early on for the individual. With this type of planning firmly in place target can be reached, as the individual stays focused on the goals. Also this helps the individual to actually design a plan that involves very detailed goals, in its very basic dollar commitments.
- There should also be some measurable financial goals which allow the individual to budget accordingly. Understanding the implications of the financial commitments, will definitely be a needed factor when considering investments as a whole. As each investment affects the other, every detail should be clearly outlined when the goal setting process is in the planning stage.
- Periodical valuation done on the financial status and investments of the individual should be a practice incorporated into any goal setting exercise. As several changes may have taken place after the previous valuation, it would be prudent for the individual to reconsider investments that have not performed as desired, thus allowing the individual to make the necessary adjustments deemed fit.

- Planning as early on in life as possible, will allow the individual to explore setting various goals, which would eventually help to bring the investments to maturity at the convenient time of perhaps, retirement. When options are explored in a realistic mindset, the goal setting exercise, will ensure the individual will be able to better cope with possible deviations of any kind.

Monthly Budget Planning

	Budget Amount		Actual Expense
Savings			
- Bank Account	125.00		
- RRSP	100.00		100.00
- Investments	150.00		100.00
Housing			300
- Mortgage	750.00		750.00
- Taxes	112.00	862	12.00
Food			862
	215.00	215	
Utilities			230
- Power	50.00		47.00
- Water	30.00		22.00
- Heating	115.00		109.00
- Telephone	40.00		36.00
Insurance			214
- Home		235	
- Car	38.00		38.00
- Personal	92.00		92.00
Transportation			199
- Gas for Car	69.00	199	69.00
- Repairs & Tires	230.00		
Clothing & Shoes			347
	100.00	330	29.00
Entertainment			72
- Satellite	120.00	120	72.00
- Internet			
- Books	48.00		
	51.00		48.00
	20.00		51.00
TOTALS		119	99
	\$2,455.00		\$ 2,323.00

OUCH!

Chapter 3:

Decide Your Spending Prudently

Synopsis

When it comes to finances, most people seem to have a problem making decisions about how their money should be spent and how to make wise decisions that would affect their financial future. There is a lot of information available but finding ways to put this information to work for oneself in the trick in getting the finances in order.



What Happens

The following are some tips on how to decide on spending habit that would be both prudent and wise:

- Perhaps one of the best advices that can be given would be to learn to use cash as much as possible, rather than resorting to the seemingly convenient credit cards. Any other form of transactions that don't involve cash, has the tendency to get the individual to spend without actually having a clear and controlled amount in mind, therefore the individual is often unaware of his or her spending habits, until faced with the credit card or other financial statements.
- Putting off buying items that would involve huge amounts of money, unless the bulk of the payment or all of the payment can be done in cash is another prudent way to handle finances. This will help the individual be better focused on saving for the item and also avoid having to pay phenomenal interests rates when payments are made based on a loan plan.
- Learning how to negotiate for the best deal when making purchases is a good way to spend prudently and yet get the best deal. Furthermore it will help the individual acquire skills that could help the individual in other area in life. It also helps the individual to learn to develop the habit of being strong and walking away should the price not fit the budget outlined.

- Designing a suitable budget and strictly sticking to the budget will help the individual to adhere to prudent spending habits. This is because everything has been carefully planned and is clearly worked out, thus giving the individual an idea of every expense incurred.



Chapter 4:

Dealing With Mountains Of Debt And Credit

Synopsis

When struggling to deal with a mountain of debt that does not seem to be decreasing, no matter how much effort is put into curbing the spending habit, it is usually a very stressful and complicated matter. However, all is not lost as there are some exercises that can be used to bring some sanity into the debt and credit situation.



Examine It Well

The following are some areas to consider when looking into the management of debts and credit lines:

- One of the first steps to take is to face the financial situation head on and take the time to understand in detail the situation at hand. In doing so, the individual is able to make important decisions and is definitely more aware of how to better manage the debt by considering some workable ways of decreasing it.
- Putting down all the incoming and outgoing financial figures on paper will help the individual make some adjustments and informed decision on which debts needs to be tacked and given priority over others. This should be decided based on the incurring interests charged on the debts, thus helping in some way not to accrue more debts.
- Contacting the creditors with the intention of redesigning the debt situation, so that it becomes more manageable will also be an option to consider. Most debtors are willing to help as it would eventually mean that they too will be able to benefit from the debt being eventually paid in full. Simply continuing with the current payment conditions will not help and may even cause more problems when the initial sum is not cleared and payments are only servicing interests incurred.

- Although this may incur some cost, seeking the help of a professional financial planner should also be explored as an option to finding ways to manage the mountain of debts. These professionals will be able to provide a better insight on how to handle matters to the best interest of the individual.



Chapter 5:

All You Need To Know About Taxes

Synopsis

Most people wrongly assume taxes are simply meant to be paid without default and according to what is being stipulated on the forms or billings sent. Few take the time to understand the system that calculates the taxes, thus giving them no room to make the claims that would help bring the taxed amounts to a minimal.



Cut Down Taxes

If a concerted effort is made to understand the tax systems, the individual is able to also find possibilities of applying for and getting exemptions. These exemptions are good because ideally it put money back into the individual's hand and allows for more saving possibilities, where the money can then be used for other legitimate purposes.

The following are some areas that can be explored with the specific intention of trying to reduce the taxes through exemptions:

- Deductions can be made by reducing the amounts of income the individual is taxed on. The calculations are made on the gross income and these deductions kick in if the gross income falls below a certain amount. There are also deductions that can be calculated when there are spouses and dependent children in the equation. These expenses incurred can be used as an item that would facilitate the adjustments in the overall income thus providing a good platform to capitalize on for deductions.
- There are also possibilities in certain circumstances where medical bills can be used as possible tax exemption tools. This is especially is the dependent party, incurs such bill on a long term basis and there is no outside help from the governing body. Applications

can be put forth to have these financial commitments listed as entitled for tax exemptions.

- Personal expenses can also be used to apply for tax deductions, especially if some of these expenses come in the form of supporting other deserving causes and charities.



Chapter 6:

Jumping On The Right Insurance Plan

Synopsis

When it comes to choosing the right insurance coverage, the individual is often influenced by the sales pitch given by the agent trying to sell the policy. There is a lot of trust involved, as the individual relies heavily on the advice of the agent selling the plan. Most people fail to really take the time to read every detail of the intended policy, before actually making a long term financial commitment to the insurance plan. This of course is rather foolish, but often the more common scenario when it comes to purchasing an insurance plan.



What Plan To Choose?

The following are some types of insurance plans that are supposed to be more helpful to the individual and are suitable long term investment to consider:

- Indemnity plans – this usually comes in the form of a preset deductible figure and delivers the highest degree of flexibility concerning the care expected and received.
- Preferred provider organization plan – this insurance plan provides the individual with the relevant health coverage that is mostly part of a designated set of facilities and panel. Should the individual decide to use his or her own medical expertise, the premium will be charged accordingly and is usually higher.
- Health and maintenance organization plans – in this case there is the option of choosing the primary care physician from a predetermined list of healthcare providers. Claims can then be made on the policy should the services of such a facility be sought at any given time. This sort of coverage is usually quite general and may not really cover more severe or specialized requirements.
- There are also life insurance plans and educational plans that can be considered for the obvious reasons.

Chapter 7:

Getting Help From Professional Financial Experts

Synopsis

Most people work hard so that they are able to enjoy the finer things in life, or at least be able to live a fairly comfortable existence. There are a lot of financial commitments that would require the attention of the individual and these commitments grow increasingly fast as the individual ventures into more spending requirements.



Professional Help

Getting the help of a financial planner is sometimes not only a wise thing to do, but maybe necessary to ensure the individual does not over commit financially. Some of the decision made, could render the individual's situation useless and crippling financially in the long run. The following are some of the areas a financial expert will be able to provide adequate advice, so that the individual will be armed with the necessary information to facilitate an informed choice on a financial commitment scheme:

- A financial professional will be able to give advice on intended investment, as they knowledge in such areas would be more in depth and detailed. The right guidance will help the individual make a better and more informed decision when it comes to choosing suitable investments. These professional are able to work out the risks and show figures that would either balance the investment well to show profits or show a possible loss should the investment not be a wise one to commit to.
- Financial experts are also able to provide guidance and information for retirement plans and other financial commitments, which would allow the individual to enjoy the same or similar quality of life during the retirement phase of life. The assistance given in this area will allow the individual to make good choices based on the information learned.

Chapter 8:

DIY With Personal Financial Software

Synopsis

For those who are internet savvy, there are also a lot of other options available where the individual will be able to source of software that allows for the financial planning exercise to be explored. This is ideal for those who really don't have the time to meet with a personal financial planner or does not want to be bothered by unwanted solicitation.



Help From Software

These financial planning software can come up with various different possible investments and advice depending on the input of information supplied by the customer who in this case is the individual seeking such assistance. The investments plans offered are usually in line with the information provided by the individual and thus is better suited as all possible plans are explored before the right one is matched to the financial capabilities of the individual.

The detailed instructions for all financial software will allow almost anyone with basic Microsoft Excel knowledge to use the material provided to the best advantage without having to incur high costs that come with the use of a financial planner. Many comparisons can be facilitated through the financial software by simply keying the various different scenarios and this can be done infinitely. There is no possibility of exhausting the limits of the software by feeding it with varying financial information often, this however is not possible with a financial planner as the person would soon be irritated and exhausted with all the different style the customer wants to try.

One of the popular softwares often used would be the fully integrated suite of financial planning software which provides all of the following; retirement software options, budget and cash flow projections, net worth projections, multiple student college

planning and comprehensive asset allocation projections. These softwares are hard wired together for complete integration and are sometimes able to provide more competitive assistance than that of the financial planner.



Chapter 9:

Savings & Compounding Interest

Synopsis

Being able to garner as much as possible out of a saving amount is something that most people would like to be able to enjoy, but this is not always possible as not many people are aware of the benefits of choosing a suitable savings plan that will give such “rewards”



Which Plan For You?

When it comes to the savings plan that allows the interest of be accrued and then compounded, it is well worth the effort and time taken to explore this in depth. In very basic terms it would really mean that the interest earned from the saving plan will then allow the individual to enjoy a further amount of interest on the existing interest given. Though it may sound and seem very theoretical, it is possible to find such saving and compounding interest plans to suit the financial commitment needs of almost any investor.

The basic concept that is applied to this sort of plan would ideally be to set aside a fixed sum, no matter how small the sum may seem, to be deposited into a saving plan that caters to the compounding interest platform. When this commitment is seriously put into action without any chance of wavering on this commitment, the amounts eventually accrued can be rather astounding and this will help to motivate the individual to keep at it longer and in a more diligent fashion. The main idea behind this style of saving would be to keep the money in the saving plans for as long as possible and to ensure the remittance is done in an unwavering and committed fashion.

The interest rates for these plans are usually calculated on a daily basis, which will present a better overall option to the individual interested in capitalizing on the small amounts invested.

Chapter 10:

Smart Investments Steps

Synopsis

It is possible to make smart investment plans without too much hassle and detailed paperwork. The key to smart investment plans lies mainly in the ability of understand and make smart choices. Taking the time and effort to thoroughly understand investment plan before committing to it would be the best way to go about the smart investment idea.



Some Pointers

The following are some points to consider in the quest to ensure the investments made are beneficial to the individual both in its current form and in the long term scenario:

- Making sure the effort to understand the particular requirements and advantages the chosen plan dictates is perhaps the most important exploration exercise to embark upon. Without this knowledge the individual would be basing the commitment on the hearsay of others and this may prove to be a folly when payouts don't match the perceived promise of the plan.
- Don't be bull dozed into making a financial commitment, until all aspects of the plan has been thoroughly understood. A lot of people become so overwhelmed with the sales pitch presented that they fail to take the time to really read the fine print on the plan being presented.
- Always be suspicious of plans that advertise "free" benefits because these are usually tagged to further commitments which are usually not explained and perhaps is never really explored until the opportunity present itself where the "free" elements are called out by the investor. In most cases

it is only then that the investor find out the “free” addition is not really as it was first perceived.

- Remember to only commit what can be afforded at the time. Over extending oneself is not a good idea as it might eventually cause the individual to default on the investment and lose anything that has already been committed.



Wrapping Up

Keeping a good hold on your financial issues can sometimes be a very difficult task. With the use of the above tips it should become a walk in the park. Start living a much more comfortable life, stop worrying about finances. Enjoy your life and be finance burden free.

