

FINANCIAL LITERACY FOR COOPERATORS

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- KUSCCO Education & Training
- Certified financial literacy Trainer by MasterCard foundation
- Credit management expert with over 10 years career in senior lending roles
- Certified Consultant for the SASRA-FSD Kenya core Sacco credit reform program for establish Individual Lending , loan delinquency management and Risk Management

A POPULAR SPEECH

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A quote from a speech by a man born with no limbs (Hands & Legs) - about his goals in life

“I have many dreams and goals that I have set to achieve in my life. I want to become the best witness I can be of God's Love and Hope, to become an international inspirational speaker and be used as a vessel in both Christian and non-Christian venues.” “I want to

“become financially independent by age of 25, through real estate investments, to have a car modified for me to drive, be able to share my story on the "Oprah Winfrey Show"!

Writing several best-selling books has been one of my dreams and I hope to finish writing my first by the end of the year. It will be called "No Arms, No Legs, and No Worries!"

What are your dreams?

- Nick was also born without legs. That's right. No arms or legs yet at the current age of 27 he was the president of an international non-profit organization, an author and the owner of his own motivational speaking company. He travels the world following his passion to motivate people around the world to gain perspective, to find their purpose and to live the big dream.

“The number one problem
in today's generation
and economy is
the lack of
financial literacy.”

Alan Greenspan
1926





POLL RESULTS:

**HOW FINANCIALLY
LITERATE ARE YOU?**





Academic qualifications are important and so is financial education. They're both important and schools are forgetting one of them.

(Robert Kiyosaki)

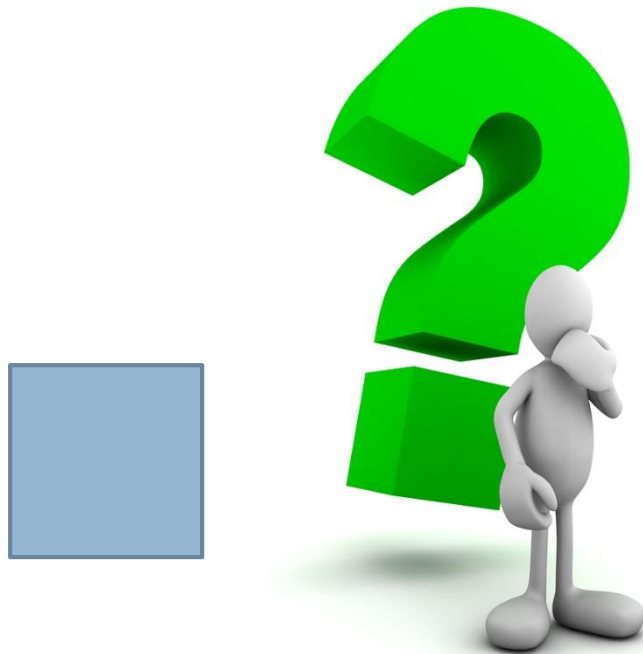
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- Highly educated consumers with high income levels can be just as ignorant about financial issues just as less educated, lower income consumers.**

“ If you want to be
RICH,
you need to be
FINANCIALLY
LITERATE.”

-Robert Kiyosaki

WHAT IS FINANCIAL LITERACY



- 1) Management of ***Expenses***
- 2) Understand your relationship with money and finding ***Financial Peace*** of Mind.
- 3) Articulate and build ***road maps*** towards achieving ***Personal Financial Objectives***.
- 4) Tackling and ***Managing Debt***.
-

- 5) **Getting the most out of your *Income*. Stepping out of the *paycheck to paycheck* cycle.**
- 6) ***Investments***: The different types of Investment Avenues and how to access them.
- 7) Afford quality ***Education*** for your children.
- 8) ***Retire*** and still be able to maintain the ***desired lifestyle***

PERSONAL FINANCIAL HEALTH CHECK

QUESTION	ANSWER (YES/NO)	NARRATIVE
Do you have a financial goal?		
Do your expenses exceed your income?		
Do your expenses increase when you get a pay rise?		
Is your current loan financing consumer goods?		
Is your current loan financing development projects?		
Are you carrying assets or liabilities		
Are you a messenger to your cashier or the manager		

Facts of life

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It's a fact of life that financial Education is one thing we MUST address to ensure a secure future for ourselves and our families.

The earlier you start planning for the future, the sooner you'll reap the rewards.

Why?

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- No one is guaranteed a job for life anymore.

Many Long established companies and corporations have gone under altogether.

- Government employees may once have considered themselves secure, but this is no longer the case. Policy decisions can be made at any time that can render whole departments obsolete and thousands of people unemployed.

Downsizing is now the norm rather than the exception.

It's not your
salary
that makes you
rich,
it's your
spending habits.



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- Our education system is designed to teach us how to be “Good Employees” and never prosperous workers. What we do is to:
 - ▣ Go to school
 - ▣ Get good grades
 - ▣ Maintain good credits
 - ▣ Get a good “JOB”
 - ▣ So that we can consume lots of stuff.

Cont'd

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- We spent 25 years in school but none about money
- We are fed and educated Till age of 25+ years
- Work For 30 – 35 years gainful Employment
- Rely on saved earnings from 60+ Years
- Lifestyle changes depending on endowment
- Intention to live to 85 years????
- Without sufficient savings, life can be miserable after retirement

HOW LONG?

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- How long can you sustain your current lifestyle if you lost your job due to a:
- (Merger, Bankruptcy, Downsizing, Layoff, Outsourcing
- Health Problems etc.)
- Is money a daily struggle? Is it so tight that any unexpected expense is a burden to your family?
- Do you pray that the job/car/refrigerator will last a little longer because you have no idea how to pay for it when it fails/gets lost?

FACE THE MAN IN THE MIRROR

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“Speeding down the highway of poverty in a luxury vehicle”.

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1. **You cannot live without your salary.** If your salary was delayed for a week you would be rioting in the streets.
2. **Your Flossets exceed your Assets.** The value of your cars, personal belongings, spend on holidays etc. exceed actual investments such as property, shares, businesses etc. If that is the case you need to reverse this even if it means selling your flossets

“Speeding down the highway of poverty in a luxury vehicle”.

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3. **You spend to impress.** Many times we spend to impress other people. We falsely believe that the phone, the, neighborhood, club, car gives us respect or elevates our social status. Usually you find it was not respect you got but short-lived attention

“Speeding down the highway of poverty in a luxury vehicle”.

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4. **You have a high level of consumer debt.** This means you have taken loans to fund lifestyle. Consumer debt includes credit cards, salary advance school fees loans, furniture loans, car loans. Any loan that did not result in money being made is a bad debt and you must keep these kinds of debt to an absolute minimum

“Speeding down the highway of poverty in a luxury vehicle”.

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5. **You don't have a plan for your life.** This is actually the biggest reason that you may be speeding down the highway of poverty. In fact it also may be the reason that you find the points raised above apply. The good book actually says that people without vision perish

WAYFORWARD

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- Discover yourself – see what everybody else sees but think what nobody else is thinks.

Where am I today?

Where do I want to go in the future?

How do I get to where I want to be in the future?

Designing Your Financial Roadmap

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- ❑ **Begin with the end in mind**
- ❑ **Planning ahead**
- ❑ **Identify your goals**



STEPS TOWARDS FINANCIAL FREEDOM

Step 1 – Spend less than you earn

- Little cost-cutting effort in a number of areas can result in big savings.
- It doesn't always have to involve making big sacrifices.





Financial Discipline

Step 2 – Stick to a budget

Budgeting is needed to know

- Where your money is going
- Clearly know your spending and saving goals



Step 3 – Contributed to a retirement plan

Retirement is

- Long term investment
- Relaxed old age.
- Self reliance at old age.



Step 4 – Have a savings plan

- Resolve to set aside a minimum of 5% to 10% of your salary for savings.
- Identifying and eliminating some discretionary spending.



Step 5 - Don't finance anything for longer than its useful life

- Why continue to pay for something- a car, a vacation, a television- that you are no longer able to use and enjoy?
- Purchase on credit only when buying a long-lasting asset with short-lasting financing.



Prudent Borrowing

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- ❑ **Always start with planning and then borrowing but NOT borrowing and then planning**
- ❑ **Research has shown that 90% of those who borrow before planning end up using the loan on unnecessary projects/items and then afterward, struggle for years repaying the loan they never benefited from**
- ❑ **There are many ways to using borrowed money.**

(What did you use your last loan on.....?)

Step 7 – Diversify

- Don't put all of your eggs in one basket.
- Diversification is the practice of holding a large number of unrelated assets.
- Invest your money in many areas.



Step 8 – Invest Wisely

- Beware of investment schemes promising high returns with little or no risk.
- Do not allow yourself to be forced into a quick decision.
- Beware of investment frauds.



Step 9 – Teach your children

- Teach children money is earned.
- Teach your children how to earn money and spend it wisely.
- Money both helps us get what we want, AND helps others get what they want.



Step 10 – Save For Your Child's Education Now

- To prevent future stress on family finances.
- The earlier you start, the more chances you have to save.



THINK LIKE THE RICH

Establish:

- A written life goals
- A financial plan to achieve them
- An action plan for each goal

Take savings and investment action

- Consistent regular savings
- Small consistent investment action

Do What The Rich Do



Do What The Rich Do

Build Investing Skills:

- Going into business (entrepreneurship)
- Real estate investing
- Stock market investing skills
- Farming
- Other

Excellent Quotes by Warren Buffett



On Earning: "Never depend on a single income. Make investment to create a second source."

On Spending: "If you buy things you do not need, soon you will have to sell things you need".

On Taking Risk: "Never test the depth of the water with both feet".

On Investment: "Do not put all eggs in one basket".

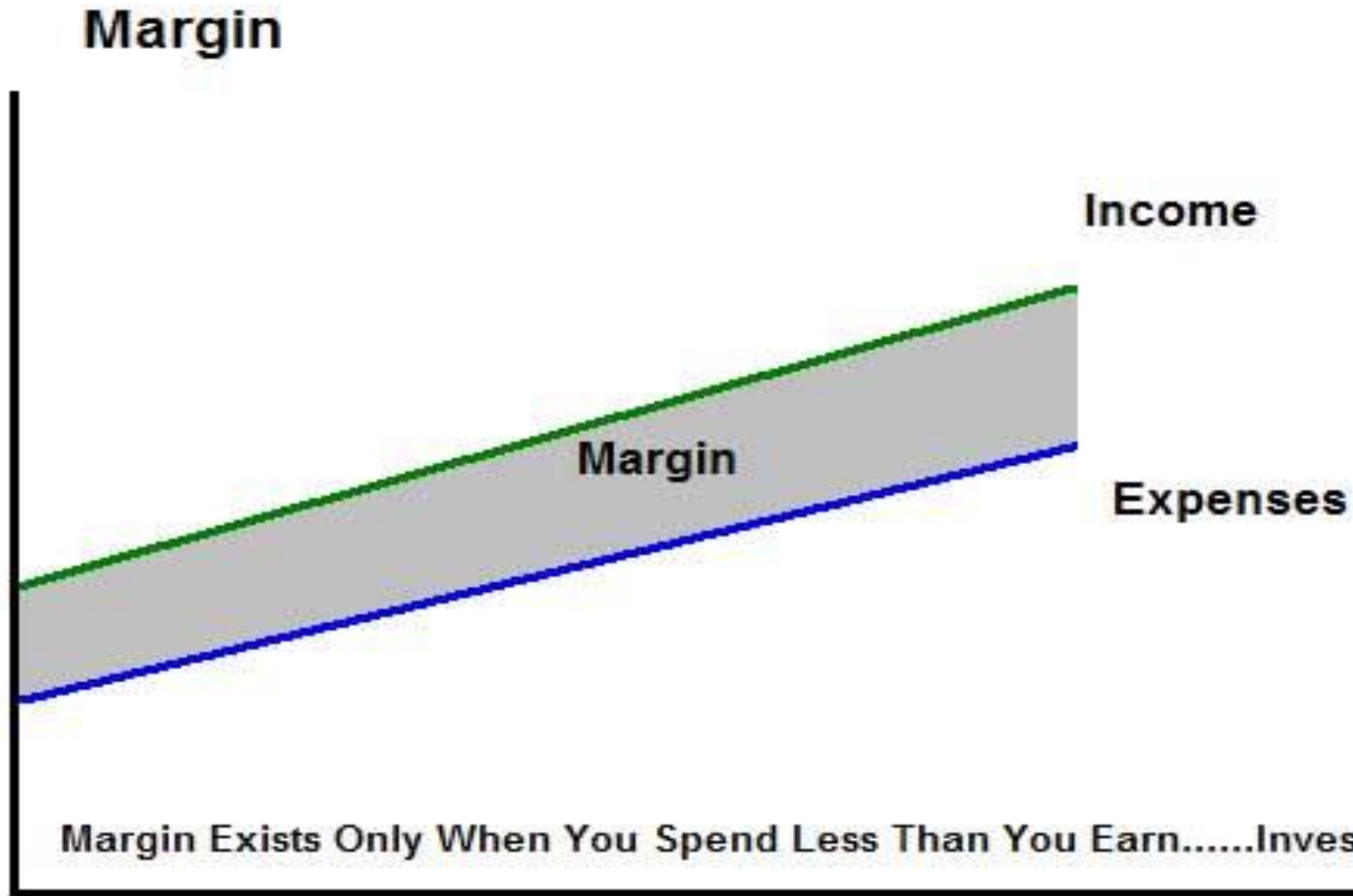
On Expectations: "Honesty is very expensive gift. Do not expect it from cheap people".

RESULTS.....

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= financial freedom

FINANCIAL FREEDOM EXISTS HERE



STRESSFUL SITUATION

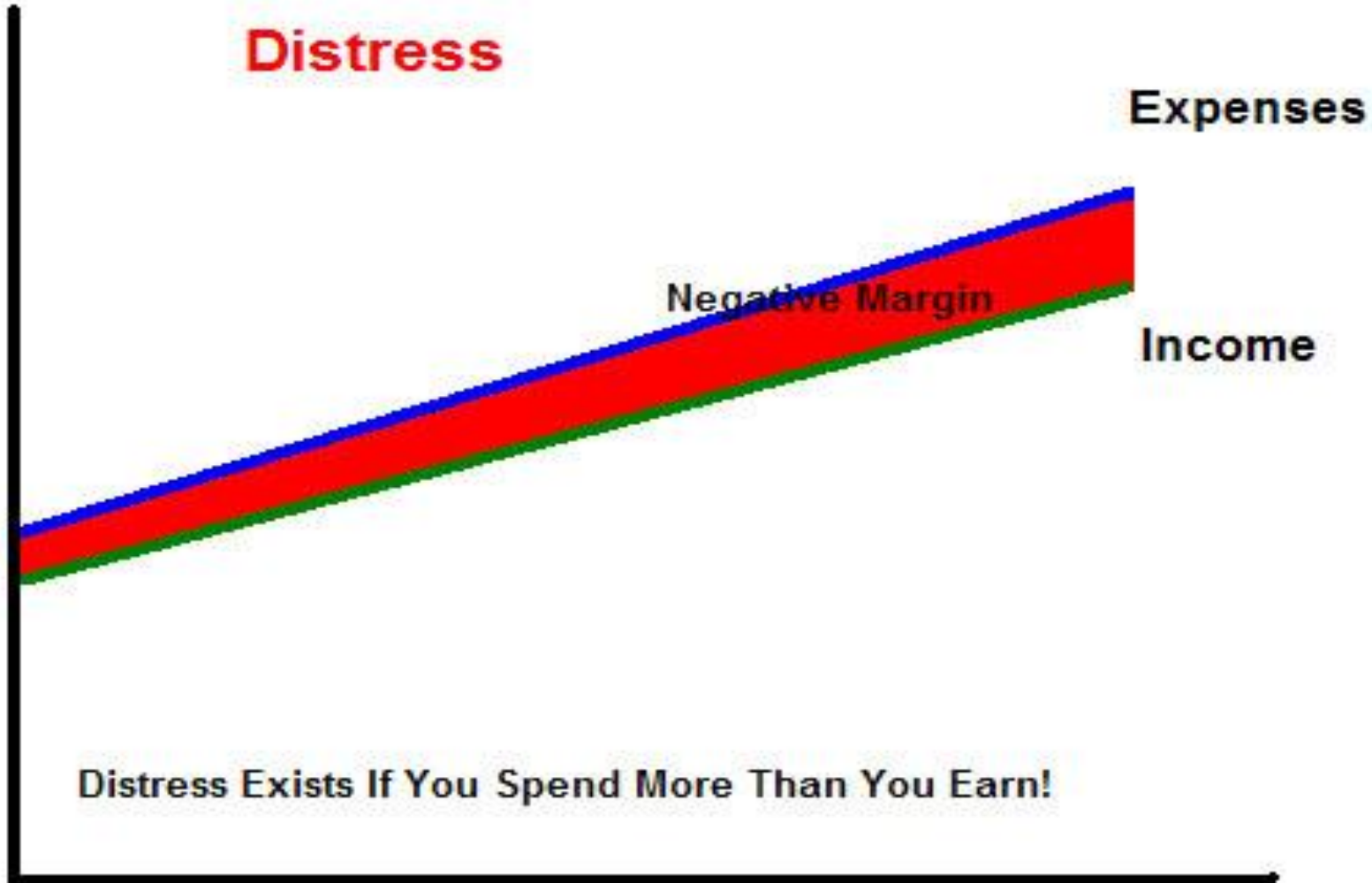


Facts – Financial stress

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- more than 50% of the workers have financial problems and stress leading to many health issues, such as depression.
- The stress leads many to use many unhealthy coping behavior that are detrimental such as smoking drinking & withdrawing.

DISTRESSFUL SITUATION



- **“make money work for you, do not work for your money”- Invest.**

There is hope of reaching the top

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FINAL REMARKS

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YOUR FUTURE DEPENDS ON

YOU

NOT YOUR EMPLOYER.

MANAGE YOUR FINANCES WELL

AND

INVEST WISELY!

LIFE AFTER NEGATIVE- BALANCE SHEET



LIFE AFTER POSITIVE + BALANCE SHEET



**“The Biggest room
in the world is the
room for
improvement**

‘You can still improve..!’

THANK YOU

&

GOD BLESS YOU