Personal Finance

Personal Finance

- Liquidity is easily accessible money
- This can include savings and credit
- It is mostly used to cover short term or unexpected finances
- Through budgeting, liquidity can either be used for short term or long-term goals

Personal Finance

- Using effective money management techniques can help you gain more liquidity
- Money management involved decisions with how much money in liquid form and how much to put in short term investments
- It is also important to ensure that you establish an emergency fund as a part of any personal finance plan

Personal Finance

- An emergency fund is money that you set aside as a way to cover unexpected expenses
- It is a good idea to keep roughly three months' worth of expenses as an emergency fund
- As you may need to access this money quickly, it is important to keep it in easily accessible accounts/investments

Personal Finance

- Credit and credit management are also important aspects of a personal financial plan
- Credit management involves making decisions about how much credit to have and where to obtain it from
- Credit is generally defined as an agreement to purchase a good or service for payment, usually with interest, at a later date

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- Credit is most frequently used to cover small expenses when you are short on cash
- It is important to ensure that when you use credit, you are able to pay it back
- Interest rates can be extremely high on credit

Personal Finance

- In financial planning, risk is defined as exposure to events that can cause financial loss
- In turn, risk management is decisions about how to protect against risk
- An important aspect of risk management is insurance planning
- Insurance planning can many different forms
- Car, home, health, investment or travel are all different forms of insurance