

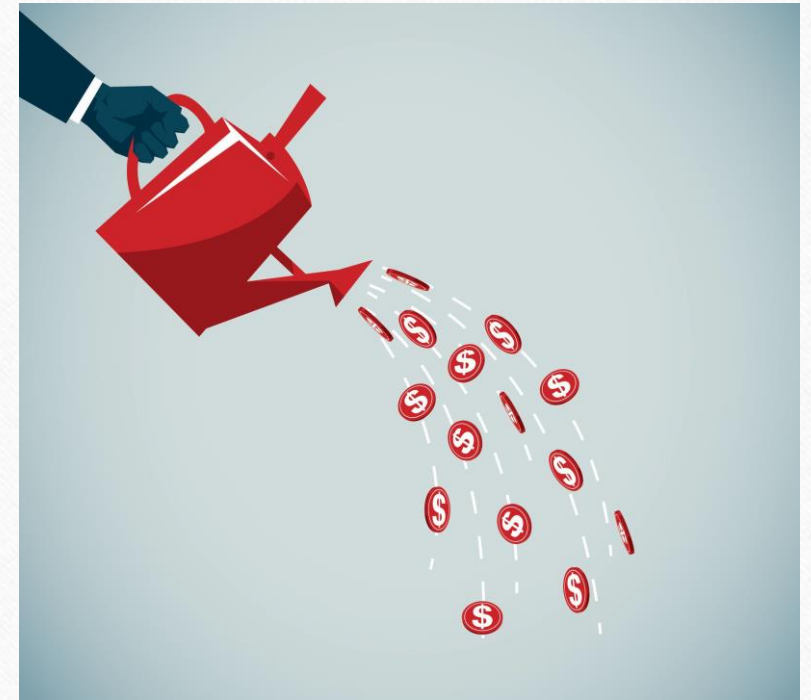
# Personal Finance

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# Personal Finance

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- 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

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- 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

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- 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**



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- **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

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- 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