<u>Money Truths and Money Beliefs</u>*<u>(Hindi words are put in italics)</u>*

Money is God

1. Money = Love
2. Money = Power
3. Money is everything.
4. Money is the only thing that counts.
5. Life is not worth living without money.
6. Without money I am nothing.
7. Without money I will perish (die).
8. If I can't have the "best" I won't have anything.

Money is Evil

1. Money is bad. Money is evil
2. Money is not spiritual. More money is less spiritual growth.
3. Money is scarce – there isn't enough to go around – hang onto every penny.
4. I feel guilty about getting something for free.
5. I should always try to get things free from others.
6. I should always give more than the other person.
7. There's never any money left over. Money always goes away.
8. I can't manage money.
9. Handling money is a very serious business.
10. More money means more income tax problems or problems of extortion (*bhai se phone*)

Money and People

1. I should worship those who have money.
2. People who have money are better than me.
3. I should hate people who have money. They are selfish/ immoral/ unethical/ dishonest/ corrupt.
4. People are only interested in my money.
5. Money spoils relationships
6. Money will buy me everyone's love.
7. I should feel guilty for having more than someone else.
8. I have money. So I am superior to people who don't have.
9. I should control and manipulate others with money.
10. I earn money mainly for my family/ I should not get anything for myself.
11. I should not invest in stock market because if I get, someone else will lose.
12. Men handle money better than women

Money and Earning / Spending

1. No matter how hard we work, we'll always be poor.
2. Hard work is very important to get money.
3. Only the educated can become rich
4. The salaried class cannot become rich.
5. I should never spend money extravagantly *(fizulkarchi)*
6. Spending money is dangerous - something terrible will happen, maybe I will become very poor.
7. Only I am allowed to spend money extravagantly.
8. I should limit myself only to the barest necessities. / I should be a miser. I should be tight. I should buy only cheap things.

Creating a Personal Financial Plan

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Overview

Setting goals are important and often used to measure success. However, simply setting goals does not ensure you will some day accomplish them. Achieving goals requires stablishing a plan. Planning is important to ensure a direction for your day-to-day actions. Being deliberate about establishing a plan can help guide the decisions you make to aid you in reaching your goals. The further your goals are from today, the more important it is to have a plan to ensure your success in reaching those goals.

When it comes to personal financial goals, many can be long term. Paying off loans, any car, or a home loan does not happen in a month or even a year. Retirement is an even longer-term goal. Whenitcomestofinancialmatters,planningcanbeofparamountimportance. Creating a personal financial plan has six basic steps:

1. Determine your current financial situation
2. Develop your financial goals
3. Identify alternative courses of action
4. Evaluate alternatives
5. Create and implement our financial action plan
6. Review and revise the financial plan

It is never too early to begin planning. Infact, the earlier you begin planning for your financial future, the sooner you will reach your goals. Because of the nature of interest and compounding that can be associated with investing, starting early can have great benefits. The longer your investments have to grow, the greater their growth will be. For instance, if you invest Rs50,000 today and receive a 12%annual compounding interstate, your investment will grow to approximately Rs100,000 within 6years. Within 12years, the Rs50,000 investment would grow to Rs200,000 and within 18years to Rs400,000. While a Rs 50,000 investment at that rate made at age 48 would only grow to Rs100,000 by age 54, the same investment made at age24 would grow to four times that value by the time one is 42 years old. As you can see, it can certainly be advantageous to get started planning for your financial future as early as possible.

The worksheets on the following pages will help you navigate the six steps outlined above for creating your personal financial plan. Remember, your financial goals won't be realized just by setting them. You have to be intentional about creating a plan and diligent in executing it. After all, directions to your spring break destination won't do much good unless you follow them.

Step 1: Determine Your Current Financial Situation

Before you can begin setting goals and developing strategies to achieve them, it is important to understand where you are now. The first step in creating your personal financial plan is determining your current financial situation. Having a thorough understanding of your current financial situation will help you to formulate realistic and well-informed goals. Taking a detailed look at your situation may also help you identify specific changes you could make to change your situation and help you achieve the goals you will create later in the planning process.

To gain in sight into your current situation, it can be helpful to determine your current net worth. To calculate your net worth, you will need to total your current liabilities and subtract them from your total current assets. Assets are simply what you own that has value. These include: cash and cash equivalents, such as physical cash on hand, checking accounts, or savings accounts; personal property, such as equity in a home, other real estate owned, or a car; and invested assets, such as stocks, bonds, or pensions. Liabilities include value of what you owe including current bills and outstanding debt. Utilizing the charts below, calculate your current net worth.

Assets (What I Own)	
Cash &Cash Equivalents	
Cash in Hand	
Current Account	
Savings Account	
FDs	
Advances (Rent advance)	
Savings /Bonds	
Loans given by me	
Total Cash Equivalents	
Personal Property	
Value of house	
Other Real Estate	
Household Furnishings	
Gold / Other valuable items	
Automobiles	
Other Personal Property	
Total Real &Personal Property	
Invested Assets	
Shares / Equity	
Bonds	
Company Deposits/ Govt Sec	
Mutual Funds	
Pension Balance (rough)	
PPF Balance (rough)	
Total Invested Assets	
Total of All Assets	

Liabilities(What IOwe)	
Outstanding Payments	
Payable to relatives	
Any bills payable (still not	
Any taxes payable	
Any advance received	
Any deposit received	
Others	
Total Outstanding Payment	
OutstandingDebt	
Home Loan 1	
Home Loan 2	
Car/ Vehicle Loan	
Personal Loan	
Other Loans (from	
Total Outstanding Debt	
TotalofAllLiabilities	

	Total Assets
	Total Liabilities
	Net Worth

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Step 2: Develop Your Financial Goals

Once you have evaluated your current financial situation, you are ready to move forward in the financial planning process. The second step is developing your financial goals. Setting goals will give you a direction for your plan and a destination toward which you want to head.

When creating financial goals, you will want to consider obvious objectives such as monthly savings or retirement investments. However, also consider other goals you have which may not immediately stick-out as financial ones. The goal of vacationing in Europe may not seem like a financial goal on its face. But, when considering the cost of a three week Europe an vacation, you may want to think about adding this goal to your personal financial plan. Do you think you may need a new computer within the next couple of years? May be add purchasing a new computer in two years to your list of goals. Anticipating future expenditures you would like to make and incorporating them into your financial plan can help you put yourself in a position to afford them as they arise without having to make sacrifices else where in your budget.

As you develop your financial goals, recall the first tip from Chapter One which discussed setting your goals. Your goals should be SMART, that is specific, measurable, attainable, realistic, and time-based. You should also develop short-term, intermediate, and long-term goals. Developing each of these types of goals will allow you to achieve successes early in the plan while also keeping your eye toward the future. Short-term or intermediate goals may also serve as stepping stone store ach long-term goals. For instance, a short term goal of saving Rs2000 a month may help you accumulate funds for the down payment on a home. An intermediate goal of paying off a loan a year a head of schedule may help you free-up monthly income that could instead be used to make a car payment.

When developing your goals, be sure to differentiate between necessities and wants. Establish priorities. Consider the net worth you calculated instep one and how realistically your goals align with your current financial situation.

Considering the points in this section, reexamine the financial goals you set in Chapter One. Using the worksheet on the following page, add to, a mend or re-record those goals for incorporation into your personal financial plan. Be sure to prioritize your financial goals in order of their importance to assist you later in the planning process.

Once you have set your goals, refer to your target date and the duration of your goals' costs to Determine a monthly cost that will be associated with working toward your goal.

Financial Plan Goals Worksheet

Short-Term Goals (Less than 1year)					
Priority	Goal	Total Cost	Duration	Monthly Cost	Target Date

Intermediate Goals (1-10years)					
Priority	Goal	Total Cost	Duration	Monthly Cost	Target Date

Long-Term Goals (Over10years)					
Priority	Goal	Total Cost	Duration	Monthly Cost	Target Date

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Step 3:Identify Alternative Courses of Action

So far in the planning process you have evaluated your current financial situation and established some SMART short-term, intermediate, and long-term goals. But your goals won't be accomplished simply by creating them. You will have to devise strategies to help you bridge the gap from where you are today to where you would like to be. Just as there is more than one way to get from campus to your favorite ice cream shop in town, there is more than one route you can take to achieve financial success as you have defined it. The next step of the financial planning process involve side ntifying alternative courses of action that can lead you to your goals.

Let's suppose you're planning your son to study abroad next year. You have decided you would like to have saved Rs2,50,000 by the time your son departs in 15months. May be your financial situation is such that, so long as it persists in its current form, you will be not be financially prepared for this. So what are your options for changing your current situation to make this goal a reality? We'll say you currently have an extra Rs1,00,000 in savings that you can spend on this. This leaves you with Rs1,50,000 to generate over the next 15months or Rs 10,000 per month. Thinking back to the budgeting and saving exercises from the previous chapter, perhaps you could decrease allocations to various expenses and shift more of your monthly income to savings for your son's travel fund.

Recall the budget you created in chapter one. May be by limiting unnecessary travel and sharing vehicles with friends or taking the bus whenever possible, you could decrease your transportation expenditures by Rs 2000 per month. Perhaps by making more meals at home and limiting your new clothes purchases, you could cut your food and discretionary allowance allocations by Rs 5000each. Going to discount movie the after could help you decrease your expenditures on entertainment by Rs 1000 per month. By implementing good savings habits, you may be able to free-up enough of your current income to deposit in your son'stravelsavingssothatin15 months you will have reached your goal.

But may be you have already applied the principles of the saving activity from chapter one toy our current budget and there is little for you to cut. Doing a new part time job or business may help. Maybe, that will help add Rs 5000 per month.

Generally, your alternative courses of actions will fall into one of two categories: real locating existing resources, or generating new ones. Existing resources can be utilized by ear marking current savings or shifting current allocations as in the example above. Generating new resources may require changing jobs to improve your wage outlook, taking on additional hours or investing your savings more Aggressively to generate higher rates of return.

Goal Strategies Worksheet

Select one of your short-term, intermediate, and long-term goals you established earlier. Consider the target date for accomplishing the goal and the monthly cost associated with the objective. Brainstorm three different strategies for reaching each goal, making use of a strategy from both categories discussed above.

Short-term Goal:	
Target Date:	Monthly Cost:
Strategy 1:	
Strategy 2:	
Strategy 3:	

Intermediate Goal:	
Target Date:	Monthly Cost:
Strategy 1:	
Strategy 2:	
Strategy 3:	

Long-term Goal:	
Target Date:	Monthly Cost:
Strategy 1:	
Strategy 2:	
Strategy 3:	

Step 4: Evaluate Your Alternatives

Once you have given serious thought to the options available that could lead you to your goals, you may begin to realize just how many options there are. So, which courses of action should you take to achieve your desired goals? The answer is: that depends. While all men are created equal, the same may not be said for the various financial strategies available to aid you in accomplishing your dreams. Therefore, before you can select strategies to complete your financial plan, you'll have to thoroughly evaluate and weigh your options.

When assessing your options consider the pros and cons of each option. An option you are considering to increase your income may be moving in come you are saving from a savings account to a stock portfolio. The change in investment methods may increase your rate of return received on your savings, helping you generate new revenue without having to work more hours. However, the stocks your savings are now invested in may also carry substantially more risk than did the savings account in which you previously deposited your savings. When evaluating your alternatives, also be sure to consider the opportunity costs of what you will forgot to pursue your goal through each course of action.

Adequately evaluating each of your options can help to ensure you select the best course of action to accomplish your financial goals. Using the chart below, consider one of your goals from above and weigh two strategies you identified that could lead you to success.

Goal:____

Strategy1:	
Pros	**Cons**

Strategy2:	
Pros	**Cons**

Step 5: Create and Implement Your Financial Plan

At this point, you have done the bulk of the work associated with creating a personal financial plan. So far you've looked at your current situation, set goals, Identified alternative courses of action, and evaluated your options. Now it's time to put all of the pieces together to create and implement your financial plan.

As you put together your financial plan, it's important to look at the entire picture. Having identified options for reaching your goals and having weighed each strategy, it's now easier to look at the cost of your goals in terms of your current situation. This can help you to prioritize your goals as you consider how much it will cost you to implement each one.

Finalizing your plan will require you to make decisions as to which goals to pursue and the best courses of action to take. All of this will have to be weighed in terms of your current situation and practical predictions for your future to maintain realistic and obtainable goals.

Once you've gone through the effort of creating your plan, discipline is par amount. After mapping your path to your goals, It important that you follow that path. Be conscious about establishing action able steps you can take to lead you to success when creating your plan. Having concrete steps to take will help you ensure you are doing what you need to do to stay on track to accomplish your goals

Step 6: Review and Revise your Plan

The final step in developing a personal financial plan is perhaps the most important. You may have done your due diligence a teach step along the way and created a solid financial plan.   However, one fact remains: life happens. For this reason, it is important to review your plan often and revise it as needed.

Reviewing your financial plan can help you to gauge your progress toward meeting your goals. Original strategies may not behaving the expected results and may require adjustment to help you meet your goals.

Additionally, no matter how carefully you go through each of the steps to create your financial plan or how perfect the plan may be when conceived, unforeseen events will occur. Your financial situation will change from time to time. You may incur unplanned expenses or receive unplanned incomes. These events may require you to change the path you will follow to reach your goal.

Your goals may also change. While owning a home may not be a priority now, it may be a goal you have later. As current goals wane from your list of priorities and you develop new goals, your plan will have to change to help lead you to your new objectives.

The fact is your life will change. Your financial plan will have to change too. Be faithful in re evaluating your plan from time to time to ensure your goals haven't changed and that you are on pace to reach those goals.

REVISION

Emotional Habits

1. Operate from being – be in feeling in abundance / happiness
2. Do not put any new money blocks / Remove any old money blocks
3. Magic Eyes – See abundance everywhere
4. There is Enough – I want money for myself and I deserve all enough money
5. Be Happy in others Growth
6. Be in attitude of gratitude
7. Be a cheerful receiver and giver

Mental Habits

1. Metaphysics – Touch and Multiply
2. Use positive symbol for accepting and creating right feeling
3. Use cancel symbol for cancelling any negative feeling
4. Affirmations – Give Suggestions / Do Programming
5. Treasure Book – Stick pictures and see them
6. Use the right money language
7. Have clutter free environment for money

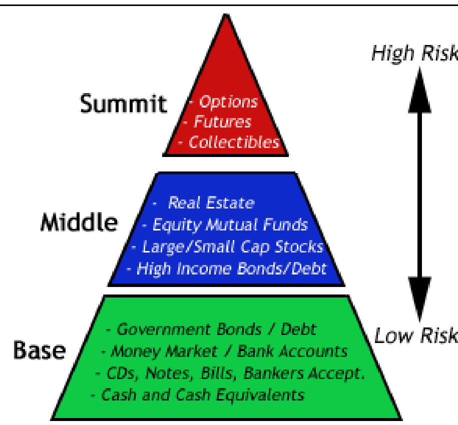
Financial Habits

1. Value your money
2. Invest your money
3. Save your money
4. Record your money
5. Create your money
   - Target
   - Break (Obama)
   - Challenge assumptions
6. Multiply your money
7. Do what you love… & money will follow

Social Habits

1. Create opportunities by speaking and networking
2. Clearly and frankly speak about your money
3. Give your best where you are
4. Keep legal things in writing
5. Don't become a guarantor till you can afford it.
6. Give loan as per a decided process
7. Help others get money/ knowledge

Investment	Risk	Return
Savings bank	Lowest	Lowest
FD	Low	Low
Debt Funds	Very mild	Moderate
Company Deposits	Mild	Moderate
Equity Funds	Moderate	Low – High
Shares	High	Low - High
Gold	High	Low - High
Real Estate	Very High	Low – Very High
Advanced	Highest	Highest



My Money Habits Plan