



# FINANCIAL ESSENTIALS



A **STEPHONOMICS** MINI-COURSE



# FINANCIAL ESSENTIALS



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si=i2XJBlq-Ee9R850B](https://youtu.be/iSAcYnJN0yw?si=i2XJBlq-Ee9R850B)

**A STEPHONOMICS MINI-COURSE**

# Cash Flow + Budgeting.

Cash flow is simply how much money you have coming in vs how much is going out. Budgeting is a method of keeping track of all expenses to maximize your finances.

**Budgeting** is CRITICAL to determine where your money is going.

You **MUST** have **positive cashflow** to win in finance.



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(Financial Stability)



***Start Budgeting Now:*** Stephonomics Budget Simple Spreadsheet

# *Poor Vs. Good Cash Flow Example.*

## Person X

Income: \$4,000/Month

- No Budget
- No Financial Plan
- Uses Credit as a crutch

### Expenses

- \$1,500/Rent
- \$700/Dining out
- \$350/Groceries
- \$500/Entertainment
- \$400/Shopping
- \$200/Gas
- \$200/Subscriptions
- \$250/Car Insurance
- \$300/Utilities
- \$300/Travel
- \$100/Health
- \$100/Miscellaneous

Total Spend: \$4,900

Cash Flow: ~~-\$900/Month~~

## Person Y:

Income: \$4,000/Month

- Budget
- Clear Financial Plan
- Able to Save

### Expenses

- \$1,100/Rent
- \$400/Dining out
- \$350/Groceries
- \$200/Entertainment
- \$200/Shopping
- \$200/Gas
- \$100/Subscriptions
- \$250/Car Insurance
- \$300/Utilities
- \$100/Health
- \$100/Miscellaneous

Total Spend: \$3,300

Cash Flow: +\$700/Month



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# Debt & Credit.

Debt is any money you owe. Credit is spendable borrowed money that must be repayed (and considered a form of debt).



**Debt** is one of the biggest obstacles to financial success. **Debt** is associated with *interest*, a fee charged for borrowing money.



CLICK HERE

[Learn About Credit Here: Credit Crash Course \(Free Mini-Course\)](#)

# The Problem with Debt.

## Example 1: DEBT 1 (Car Loan):

- Purchase Price: \$25,000
- 60 month term (5 years)
- Interest Rate: 7% APR
- Monthly Payment: \$495/month



**Total Paid** over term: \$29,701.80  
(**\$4,701.80** in *interest*)

## Example 2: DEBT 2 (Credit Card):

- \$3,000 Spent
- Interest Rate: 29% APR
- Minimum payments made (2% of balance Or \$25, whichever is higher)
- No new charges



**Total Paid:** \$6,500+ (**\$3,500+** in *interest*)

\*Takes 18-20 years to pay off if paying minimum payments.\*  
(Would be **1 year** if paying around \$300/month and save thousands in interest)



# *Debt* AVOIDANCE.

Avoiding owing money is always ideal and can relieve several financial burdens if you adjust your finances wisely. Here are some simple ways you can avoid debt:

- **Wait 24-48hrs before making a non-essential purchase.**
- **Buy things you can afford (If you can't purchase 5 of an item, you probably can't afford it).**
- **Budget and lower expenses/expenditure.**
- **Use debit if you're an impulse spender or only spend on credit if you have an equal amount saved in an account.**
- **Save up an emergency fund for unexpected expenses.**
- **Avoid "Buy now, Pay Later".**
- **Delay gratification; every purchase you make now takes away from your future.**





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# Saving.

Saving is a key aspect of your financial health. Saving is important as it allows you to put money away for the future in addition to making sure that you have money tucked away for a rainy day.

## SAVING ALLOWS ONE TO:

- **Save for emergencies.**
- **Pay yourself first.**
- **Set aside funds for specific purposes (vacations, car, house, gifts, etc.)**
- **Avoid lifestyle inflation (spending more when you make more) and living paycheck to paycheck.**
- **Build/establish a financial future.**



# Simple Savings Strategies.

Knowing how to best save more money is essential. Here are some commonly used strategies to maximize your savings.

- **Pay Yourself First** - save right when money hits your account.
- **Percentage Based Savings** - save a set percentage of your income no matter how much money you make.
- **50/30/20 Rule** - 50% needs, 30% wants, 20% savings. Easy, simple, done.
- **Payday Automation** - have set amounts come out on payday straight to a savings account.
- **High Yield Savings Accounts** - earn interest on every penny you put away.





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# *Investing.*

Investing is a critical piece of your financial future. Investing is important as it allows you to put your money to work subsequently allowing you to build for your future.

## INVESTING ALLOWS ONE TO:

- **Own pieces of businesses.**
- **Grow money over time.**
- **Build wealth and gain financial independence/financial security.**
- **Generate passive income.**
- **Achieve long-term goals (1st home, retirement, business startup).**
- **Build/establish a financial future.**
- **Diversify income streams.**
- **Leave a legacy or generational wealth.**



# Simple Investing Strategies.

Knowing how to maneuver your money when investing is critical to achieving sustainable growth. Here are some commonly used strategies to achieve consistent growth.

- **Buy & Hold** - invest in solid longterm assets like ETFs and Index Funds and leave them alone to grow.
- **Dollar-Cost Averaging** - Invest a fixed amount into the stock market regularly, time in the market historical beats timing the market.
- **Index Fund Investing** - Index Funds allow you to invest in entire sectors of the market with consistent performance and limited risk.
- **Automated Investing** - have set amounts come out of your bank straight to a brokerage account. Auto invest those funds.



# QUIZ

**TEST YOUR KNOWLEDGE ON  
FINANCE BASICS.**



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