

# Aspire for Excellence Foundation webinar series

## FINANCIAL INTELLIGENCE 101- By Sunday FASESIN

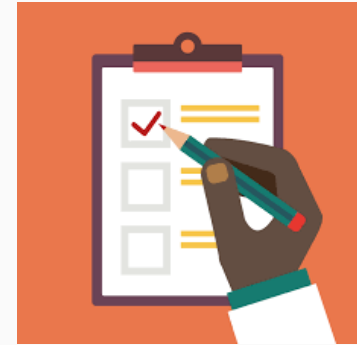
# Sunday FASESIN



A thriving Engineer, a certified Project Management Professional (PMP), with strong passion for finance and global trading. Experienced in in capital market, fixed income market, proprietary currency market trading, exotics (derivatives) and commodities market both at local and global levels with international trainings. Facilitates in financial and investment seminars/trainings during leisure time which has had a far-reaching impact in transforming lives financially.

# OUTLINE

- Definition
- Financial Discipline
- Setting Financial Goals
- Budgeting/Financial Planning
- Quadrant of Expenses
- Prioritization/Optimization Exercise
- Savings & Investments



# Definition

- It is the ability to make sound and intelligent financial decisions in our daily activities.

*How much of financial education do you have?*

*How many financial books have you read?*

- It involves;
  - ✓ Setting financial goal(s)
  - ✓ Having a well-defined budget
  - ✓ Savings plan and investment portfolios



# Financial Discipline

- Financial discipline is the ability to delay gratification to achieve your financial goal.  
*Proverbs 21: 20 (NLT) "The wise have wealth and luxury, but fools spend whatever they get."*
- One major difference between the rich and the poor is consistency.
  - *The rich does what is required (savings/investment) whether it's convenient or not while the poor only does what is required only when it is convenient.*
- Prosperity does not come **automatically** to those who earn 'mega salaries'. It only responds to appropriate financial principles.

# Setting Financial Goals <sup>1/4</sup>

- Financial goal is an anticipated net worth that a person or organization envisions, plans and commits to achieve.
- Financial goals like any other goal must be 'SMART'
  - **S**pecific ■ **M**easurable ■ **A**chievable ■ **R**ealistic ■ **T**ime-Bound



# Setting Financial Goals <sup>2/4.</sup>

## Case Study:

A newly employed graduates (age 27) who earns 200k monthly, sets a goal “I want to be worth N50m in cash at age 55”

## Assumption:

He/She saves and invest 30k monthly from salary at an average return of 10% p.a

## Result:

At age 55, he/she would be worth N53M  
(goal exceeded)

Age	Year	Year Beginning Capital	Investment	Principal + Interest	Savings (JAN-DEC)	Year End Capital
28	2022	₦ 360,000.00	₦ 36,000.00	₦ 396,000.00	₦ 360,000.00	₦ 756,000.00
29	2023	₦ 756,000.00	₦ 75,600.00	₦ 831,600.00	₦ 360,000.00	₦ 1,191,600.00
30	2024	₦ 1,191,600.00	₦ 119,160.00	₦ 1,310,760.00	₦ 360,000.00	₦ 1,670,760.00
31	2025	₦ 1,670,760.00	₦ 167,076.00	₦ 1,837,836.00	₦ 360,000.00	₦ 2,197,836.00
32	2026	₦ 2,197,836.00	₦ 219,783.60	₦ 2,417,619.60	₦ 360,000.00	₦ 2,777,619.60
33	2027	₦ 2,777,619.60	₦ 277,761.96	₦ 3,055,381.56	₦ 360,000.00	₦ 3,415,381.56
34	2028	₦ 3,415,381.56	₦ 341,538.16	₦ 3,756,919.72	₦ 360,000.00	₦ 4,116,919.72
35	2029	₦ 4,116,919.72	₦ 411,691.97	₦ 4,528,611.69	₦ 360,000.00	₦ 4,888,611.69
36	2030	₦ 4,888,611.69	₦ 488,861.17	₦ 5,377,472.86	₦ 360,000.00	₦ 5,737,472.86
37	2031	₦ 5,737,472.86	₦ 573,747.29	₦ 6,311,220.14	₦ 360,000.00	₦ 6,671,220.14
38	2032	₦ 6,671,220.14	₦ 667,122.01	₦ 7,338,342.16	₦ 360,000.00	₦ 7,698,342.16
39	2033	₦ 7,698,342.16	₦ 769,834.22	₦ 8,468,176.37	₦ 360,000.00	₦ 8,828,176.37
40	2034	₦ 8,828,176.37	₦ 882,817.64	₦ 9,710,994.01	₦ 360,000.00	₦ 10,070,994.01
41	2035	₦ 10,070,994.01	₦ 1,007,099.40	₦ 11,078,093.41	₦ 360,000.00	₦ 11,438,093.41
42	2036	₦ 11,438,093.41	₦ 1,143,809.34	₦ 12,581,902.75	₦ 360,000.00	₦ 12,941,902.75
43	2037	₦ 12,941,902.75	₦ 1,294,190.28	₦ 14,236,093.03	₦ 360,000.00	₦ 14,596,093.03
44	2038	₦ 14,596,093.03	₦ 1,459,609.30	₦ 16,055,702.33	₦ 360,000.00	₦ 16,415,702.33
45	2039	₦ 16,415,702.33	₦ 1,641,570.23	₦ 18,057,272.56	₦ 360,000.00	₦ 18,417,272.56
46	2040	₦ 18,417,272.56	₦ 1,841,727.26	₦ 20,258,999.82	₦ 360,000.00	₦ 20,618,999.82
47	2041	₦ 20,618,999.82	₦ 2,061,899.98	₦ 22,680,899.80	₦ 360,000.00	₦ 23,040,899.80
48	2042	₦ 23,040,899.80	₦ 2,304,089.98	₦ 25,344,989.78	₦ 360,000.00	₦ 25,704,989.78
49	2043	₦ 25,704,989.78	₦ 2,570,498.98	₦ 28,275,488.76	₦ 360,000.00	₦ 28,635,488.76
50	2044	₦ 28,635,488.76	₦ 2,863,548.88	₦ 31,499,037.63	₦ 360,000.00	₦ 31,859,037.63
51	2045	₦ 31,859,037.63	₦ 3,185,903.76	₦ 35,044,941.40	₦ 360,000.00	₦ 35,404,941.40
52	2046	₦ 35,404,941.40	₦ 3,540,494.14	₦ 38,945,435.54	₦ 360,000.00	₦ 39,305,435.54
53	2047	₦ 39,305,435.54	₦ 3,930,543.55	₦ 43,235,979.09	₦ 360,000.00	₦ 43,595,979.09
54	2048	₦ 43,595,979.09	₦ 4,359,597.91	₦ 47,955,577.00	₦ 360,000.00	₦ 48,315,577.00
55	2049	₦ 48,315,577.00	₦ 4,831,557.70	₦ 53,147,134.70	₦ 360,000.00	₦ 53,507,134.70

# Setting Financial Goals <sup>3/4</sup>

## 2021 BALANCE SHEET *(dummy)*

Exchange Rate (USD/NGN)

509

### Assets

#### Fixed Assets

S/N	Description	Current value		REMARKS
		NGN	USD	
1	1Bed Room Apartment	1,000.00	1.96	
2	Land Property	2,000.00	3.93	
3	2020 Toyota Corola	5,000.00	9.82	
		<b>₦ 8,000</b>	<b>\$ 15.72</b>	

#### Current Assets

S/N	Description	Current value		REMARKS
		NGN	USD	
1	Stock Portfolio	1,000.00	1.96	
2	Forex Trading Investment	2,000.00	3.93	
3	Insurance Schemes	1,000.00	1.96	
4	Treasury Bills	3,000.00	5.89	
5	Mutual Fund	2,500.00	4.91	
6	Returns from Other Business Ventures	1,000.00	1.96	
		<b>₦ 10,500</b>	<b>\$ 20.63</b>	

#### TOTAL ASSET

**₦ 18,500    \$36.35**

Assumption: car value & other equipment is depreciated 20% yearly

### Debts / Liabilities

S/N	Description	Current value		Remarks
		NGN	USD	
1	Bank Loans	1,000.00	1.96	
2	Cooperative Loans	1,000.00	1.96	
3	Borrowing from friends	1,000.00	1.96	
		<b>₦ 3,000.00</b>	<b>\$5.89</b>	

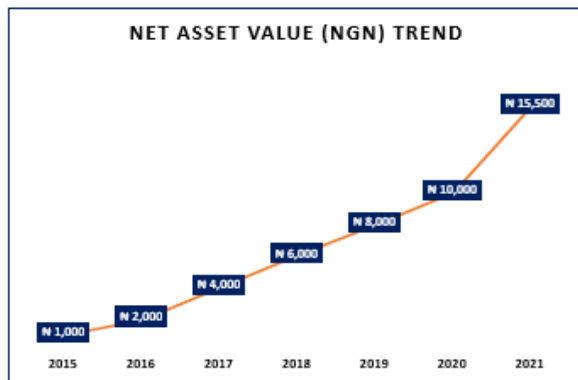
#### NET ASSET VALUE (NAV)

**2021    ₦ 15,500    \$30.45**

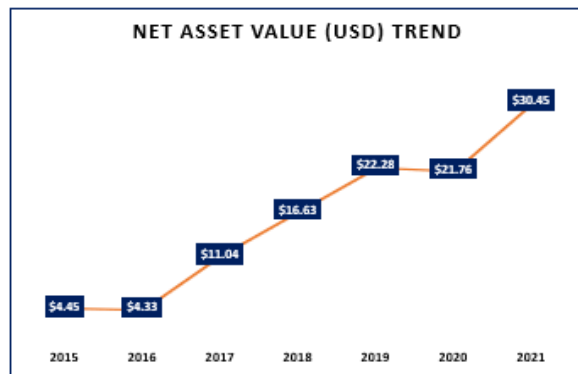
#### HISTORIC DATA

NET ASSET VALUE (NAV)	2015	₦ 1,000	\$4.45
NET ASSET VALUE (NAV)	2016	₦ 2,000	\$4.33

#### NET ASSET VALUE (NGN) TREND



#### NET ASSET VALUE (USD) TREND





# Setting Financial Goals 4/4

## Exercise.

- *Write out what you want to be worth in the next 1year, 5 years and 10years.*
- *List out all the things (in no particular order) you think you can do that can make you achieve that goal.*
- *Arrange these things in order of priority. What is the most important task? The second most important task? And so on.*
- *Estimate the resources required to achieve your goal and complete your task. Attach target dates to your tasks.*
- *Execute your action plans in a timely manner.*
- *Revisit and revise your plan regularly, especially when you encounter a blocking point or things do not turn out as anticipated. Exhibit some flexibility in your plans and be prepared to change if you need to.*

# Budgeting/Financial Planning<sup>1/2</sup>

- A budget is a plan for your future income and expenditures that can be used as a guideline for spending and saving.
- It is the allocation of resources to needs.
- It eliminates wasteful spending & borrowing



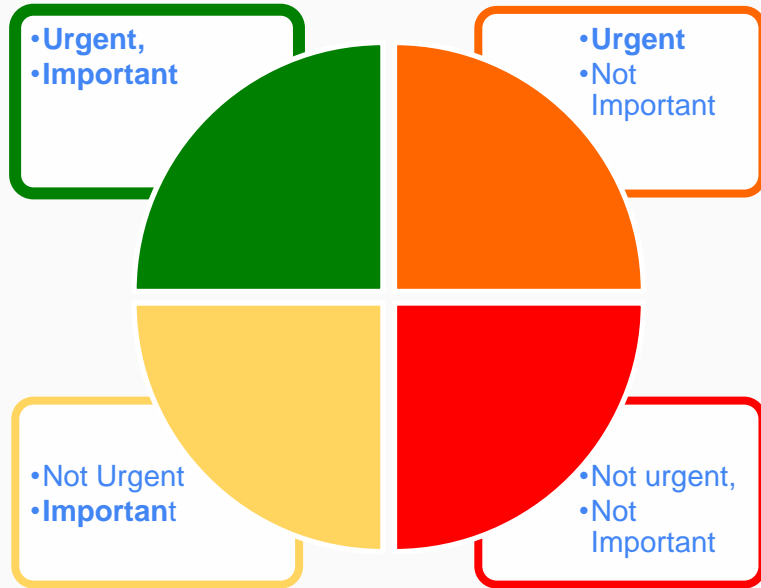
# Budgeting/Financial Planning<sup>2/2</sup>

## How to create a budget?

- Add up all your incomes
- Estimate your expenditure
- Calculate the difference
  - A positive difference means “Expense < Income”  
– **Good**
  - A negative difference means “Expense > Income”  
– **Bad**
- Track your performance



# Quadrant of Expenses

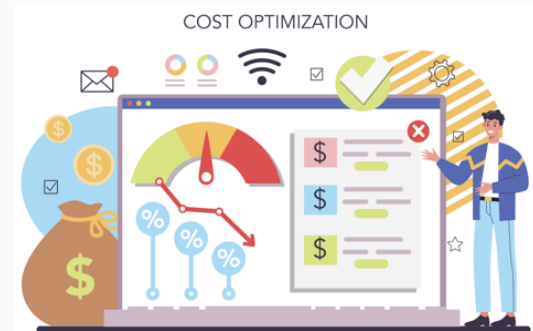


- *List out your top 20 typical expenses in a month*
- *Arrange your list into the four quadrants discussed earlier.*
- *Where does the majority of your expenses fall into?*
- *Propose areas of adjustments (where to cut down excesses) and write it out.*

# Prioritization/Optimization Exercise <sup>1/4</sup>

## Assumptions

- Miss Prisca is single
- She lives in a self-contained apartment that cost **N300,000/annum**
- She works in VI and her monthly salary is **N150,000 (after tax)**



# Prioritization/Optimization Exercise 2/4

Miss Prisca's Typical Monthly Expenses				
S/N	Item	Quantity	Unit Cost	Total Cost
<b>Kingdom Investment</b>				
1	Tithe	1	15,000	15,000
2	Church Departmental Dues	1	1,000	1,000
3	Offering (Twice a week)	8	500	4,000
<b>Utilities</b>				
4	DSTV Bill	1	7,000	7,000
5	Electric Bill	1	4,000	4,000
6	Water Bill*	1	2,000	2,000
7	Trash Bill	1	1,500	1,500
8	Contribution to Salary of Gateman	1	3,000	3,000
<b>Work Related</b>				
9	Lunch (at work)	22	600	13,200
10	Transport (Week days)	22	500	11,000
<b>Personal</b>				
11	Recharge Card (per week)	4	1,500	6,000
12	Internet Subscription	1	3,000	3,000
13	Allowance to parents	1	15,000	15,000
14	House Supplies (Food Items)	1	10,000	10,000
15	House Supplies (Non- Food Items)	1	10,500	10,500
16	Gas Cylinder Refill	1	3,500	3,500
17	Savings Towards House Rent	1	25,000	25,000
18	Salon Cost (Hair & Nails) Avg/Wk	4	1,500	6,000
19	Laundry	1	7,000	7,000
20	Miscellaneous	1	5,000	5,000
<b>Total Expenses</b>				152,700
<b>Savings</b>				-2,700



# Prioritization/Optimization Exercise 3/4.

## Miss Prisca's Typical Monthly Expenses

S/N	Item	Quantity	Unit Cost	Total Cost
<b>Kingdom Investment</b>				
1	Tithe	1	15,000	15,000
2	Church Departmental Dues	1	1,000	1,000
3	Offering (Twice a week)	8	500	4,000
<b>Utilities</b>				
4	DSTV Bill	1	7,000	7,000
5	Electric Bill	1	4,000	4,000
6	Water Bill*	1	2,000	2,000
7	Trash Bill	1	1,500	1,500
8	Contribution to Salary of Gateman	1	3,000	3,000
<b>Work Related</b>				
9	Lunch (at work)	22	600	13,200
10	Transport (Week days)	22	500	11,000
<b>Personal</b>				
11	Recharge Card (per week)	4	1,500	6,000
12	Internet Subscription	1	3,000	3,000
13	Allowance to parents	1	15,000	15,000
14	House Supplies (Food Items)	1	10,000	10,000
15	House Supplies (Non- Food Items)	1	10,500	10,500
16	Gas Cylinder Refill	1	3,500	3,500
17	Savings Towards House Rent	1	25,000	25,000
18	Salon Cost (Hair & Nails) Avg/Wk	4	1,500	6,000
19	Laundry	1	7,000	7,000
20	Miscellaneous	1	5,000	5,000
Total Expenses				152,700
Savings				-2,700

**'No Touch' Zone!**

**Cheaper Option? GoTV, MetroDigital**

**Take Lunch to Work?**

**CUG/WhatsApp Call/ Online Call apps /Cheaper Network/Promos**

**Cost to increase based on lunch  
Could be reduced slightly**

**Could be optimized to twice a month  
Laundry cost could be reduced or eliminated  
Could be reduced slightly**

# Prioritization/Optimization Exercise 4/4.

Miss Prisca's Typical Monthly Expenses - <b>Optimized</b>				
s/N	Item	Quantity	Unit Cost	Total Cost
<b>Kingdom Investment</b>				
1	Tithe	1	15,000	15,000
2	Church Departmental Dues	1	1,000	1,000
3	Offering (Twice a week)	8	500	4,000
<b>Savings</b>				
<b>25,000</b>				
<b>Utilities</b>				
4	DSTV Bill	1	2,000	2,000
5	Electric Bill	1	4,000	4,000
6	Water Bill *	1	2,000	2,000
7	Trash Bill	1	1,500	1,500
8	Contribution to Salary of Gateman	1	3,000	3,000
<b>Work Related</b>				
9	Lunch (at work)	22		0
10	Transport (Week days)	22	500	11,000
<b>Personal</b>				
11	Recharge Card (per week)	4	750	3,000
12	Internet Subscription	1	3,000	3,000
13	Allowance to parents	1	15,000	15,000
14	House Supplies (Food Items)	1	14,000	14,000
15	House Supplies (Non- Food Items)	1	8,500	8,500
16	Gas Cylinder Refill	1	3,500	3,500
17	Savings Towards House Rent	1	25,000	25,000
18	Salon Cost (Hair & Nails) Avg/Wk	2	1,500	3,000
19	Laundry	1	1,500	1,500
20	Miscellaneous	1	5,000	5,000
<b>Total Expenses + Savings</b>				<b>150000</b>

## The Result

Miss Prisca is able to save 25k from her salary of 150k monthly



# Savings and Investment <sup>1/8</sup>

## Common Myths Associated with Savings and Investments

- Savings and Investments are only for 'high income' earners  
**Earnings are only relative – anyone can save and invest!**
- 'Its too early to start saving and investing'  
**Its never too early to start; the earlier the better**
- 'Its too late to start saving and investing'  
**Its also never too late to start; anything is better than nothing**
- Success on saving and investing is by luck  
**Financial success is mostly attributed to discipline, wisdom & information**



# Savings and Investment <sup>2/8</sup>

## Why Invest Now and Spend Later?

*What is the first thing you do when you receive your salary? Or when you receive a major income?*

### Case Study 1

- Mr B is 30years old; he earns N3, 000, 000 annually, saves N1, 000, 000 annually.
- At the beginning of the 2nd year, he decides to invest in treasury bills, commercial papers, mutual funds, e.t.c at an average ROI 12.5%.
- If he decides to stop saving and investing at age 45, (he stops the annual additional N1m savings) and allows the accrued principal to keep rolling over.

**What will be his worth at age 55?**



# Savings and Investment 3/8

Age	Year	Year Beginning Capital	Investment	Principal + Interest	Savings (JAN-DEC)	Year End Capital
31	2022	₦ 1,000,000.00	₦ 125,000.00	₦ 1,125,000.00	₦ 1,000,000.00	₦ 2,125,000.00
32	2023	₦ 2,125,000.00	₦ 265,625.00	₦ 2,390,625.00	₦ 1,000,000.00	₦ 3,390,625.00
33	2024	₦ 3,390,625.00	₦ 423,828.13	₦ 3,814,453.13	₦ 1,000,000.00	₦ 4,814,453.13
34	2025	₦ 4,814,453.13	₦ 601,806.64	₦ 5,416,259.77	₦ 1,000,000.00	₦ 6,416,259.77
35	2026	₦ 6,416,259.77	₦ 802,032.47	₦ 7,218,292.24	₦ 1,000,000.00	₦ 8,218,292.24
36	2027	₦ 8,218,292.24	₦ 1,027,286.53	₦ 9,245,578.77	₦ 1,000,000.00	₦ 10,245,578.77
37	2028	₦ 10,245,578.77	₦ 1,280,697.35	₦ 11,526,276.11	₦ 1,000,000.00	₦ 12,526,276.11
38	2029	₦ 12,526,276.11	₦ 1,565,784.51	₦ 14,092,060.63	₦ 1,000,000.00	₦ 15,092,060.63
39	2030	₦ 15,092,060.63	₦ 1,886,507.58	₦ 16,978,568.20	₦ 1,000,000.00	₦ 17,978,568.20
40	2031	₦ 17,978,568.20	₦ 2,247,321.03	₦ 20,225,889.23	₦ 1,000,000.00	₦ 21,225,889.23
41	2032	₦ 21,225,889.23	₦ 2,653,236.15	₦ 23,879,125.38	₦ 1,000,000.00	₦ 24,879,125.38
42	2033	₦ 24,879,125.38	₦ 3,109,890.67	₦ 27,989,016.06	₦ 1,000,000.00	₦ 28,989,016.06
43	2034	₦ 28,989,016.06	₦ 3,623,627.01	₦ 32,612,643.06	₦ 1,000,000.00	₦ 33,612,643.06
44	2035	₦ 33,612,643.06	₦ 4,201,580.38	₦ 37,814,223.45	₦ 1,000,000.00	₦ 38,814,223.45
45	2036	₦ 38,814,223.45	₦ 4,851,777.93	₦ 43,666,001.38	₦ 1,000,000.00	₦ 44,666,001.38
46	2037	₦ 44,666,001.38	₦ 5,583,250.17	₦ 50,249,251.55		₦ 50,249,251.55
47	2038	₦ 50,249,251.55	₦ 6,281,156.44	₦ 56,530,407.99		₦ 56,530,407.99
48	2039	₦ 56,530,407.99	₦ 7,066,301.00	₦ 63,596,708.99		₦ 63,596,708.99
49	2040	₦ 63,596,708.99	₦ 7,949,588.62	₦ 71,546,297.61		₦ 71,546,297.61
50	2041	₦ 71,546,297.61	₦ 8,943,287.20	₦ 80,489,584.82		₦ 80,489,584.82
51	2042	₦ 80,489,584.82	₦ 10,061,198.10	₦ 90,550,782.92		₦ 90,550,782.92
52	2043	₦ 90,550,782.92	₦ 11,318,847.86	₦ 101,869,630.78		₦ 101,869,630.78
53	2044	₦ 101,869,630.78	₦ 12,733,703.85	₦ 114,603,334.63		₦ 114,603,334.63
54	2045	₦ 114,603,334.63	₦ 14,325,416.83	₦ 128,928,751.46		₦ 128,928,751.46
55	2046	₦ 128,928,751.46	₦ 16,116,093.93	₦ 145,044,845.39		<b>₦ 145,044,845.39</b>

*Mr. B would be worth approximately N145M at age 55*

# Savings and Investment 4/8

## Why Invest Now and Spend Later?

### Case Study 2

- Mr.C is 30years old; he earns N3, 000, 000 annually, and spends all.
- He made the decision to start aggressive saving and investing at age 40, with an annual sum of N2 million (twice the value of Mr.B).
- At the beginning of the 2nd year, he decides to invest in treasury bills, commercial papers, mutual funds, e.t.c at an average ROI 12.5%.
- If he decides to continue investing N2M at the beginning of each year in addition with the previous capital and interest.

**What will be his worth at age 55?**



# Savings and Investment 5/8

Age	Year	Year Beginning Capital	Investment	Principal + Interest	Savings (JAN-DEC)	Year End Capital
31	2022					
32	2023					
33	2024					
34	2025					
35	2026					
36	2027					
37	2028					
38	2029					
39	2030					
40	2031					
<p><b>NO INVESTMENT YEARS</b> 🧑🧑🧑🧑🧑🧑</p>						
41	2032	₦ 2,000,000.00	₦ 250,000.00	₦ 2,250,000.00	₦ 2,000,000.00	₦ 4,250,000.00
42	2033	₦ 4,250,000.00	₦ 531,250.00	₦ 4,781,250.00	₦ 2,000,000.00	₦ 6,781,250.00
43	2034	₦ 6,781,250.00	₦ 847,656.25	₦ 7,628,906.25	₦ 2,000,000.00	₦ 9,628,906.25
44	2035	₦ 9,628,906.25	₦ 1,203,613.28	₦ 10,832,519.53	₦ 2,000,000.00	₦ 12,832,519.53
45	2036	₦ 12,832,519.53	₦ 1,604,064.94	₦ 14,436,584.47	₦ 2,000,000.00	₦ 16,436,584.47
46	2037	₦ 16,436,584.47	₦ 2,054,573.06	₦ 18,491,157.53	₦ 2,000,000.00	₦ 20,491,157.53
47	2038	₦ 20,491,157.53	₦ 2,561,394.69	₦ 23,052,552.22	₦ 2,000,000.00	₦ 25,052,552.22
48	2039	₦ 25,052,552.22	₦ 3,131,569.03	₦ 28,184,121.25	₦ 2,000,000.00	₦ 30,184,121.25
49	2040	₦ 30,184,121.25	₦ 3,773,015.16	₦ 33,957,136.41	₦ 2,000,000.00	₦ 35,957,136.41
50	2041	₦ 35,957,136.41	₦ 4,494,642.05	₦ 40,451,778.46	₦ 2,000,000.00	₦ 42,451,778.46
51	2042	₦ 42,451,778.46	₦ 5,306,472.31	₦ 47,758,250.77	₦ 2,000,000.00	₦ 49,758,250.77
52	2043	₦ 49,758,250.77	₦ 6,219,781.35	₦ 55,978,032.11	₦ 2,000,000.00	₦ 57,978,032.11
53	2044	₦ 57,978,032.11	₦ 7,247,254.01	₦ 65,225,286.13	₦ 2,000,000.00	₦ 67,225,286.13
54	2045	₦ 67,225,286.13	₦ 8,403,160.77	₦ 75,628,446.89	₦ 2,000,000.00	₦ 77,628,446.89
55	2046	₦ 77,628,446.89	₦ 9,703,555.86	₦ 87,332,002.75	₦ 2,000,000.00	<b>₦ 89,332,002.75</b>

Mr. C would be worth approximately N89M at age 55

# Savings and Investment <sup>6/8</sup>

## Why Invest Now and Spend Later?

### Discussion

- Both Mr B and Mr C invested for the same number of years (15).
- Mr C invested (N2M annually) twice the amount Mr B did (N1M annually), so normally he should be worth more than Mr B at retirement (age55 for our case study).
- However, at retirement, Mr B worth (N145 M) nearly twice the worth of Mr C (N89 M). What made the difference?
- **Mr B decided to” invest now and spend later”. Whereas Mr C went with the strategy of” spend now and invest later”**



# Savings and Investment <sup>7/8</sup>

## Investment Options

### Money & Capital Market Instruments

- Fixed Deposits (USD & NGN)
- Bonds (FGN, Corporate, & Euro)
- Treasury Bills (NGN)
- Commercial Papers (NGN)
- Mutual Funds (USD & FGN)
- Stocks/Shares (USD & NGN)

### Real Estate

- Land
- Apartment Buildings
- Shopping Malls
- Office Rentals
- Car Parks
- Warehouse
- Event Centers
- Short-term Rental
- Guest House
- REIT (indirect investment)

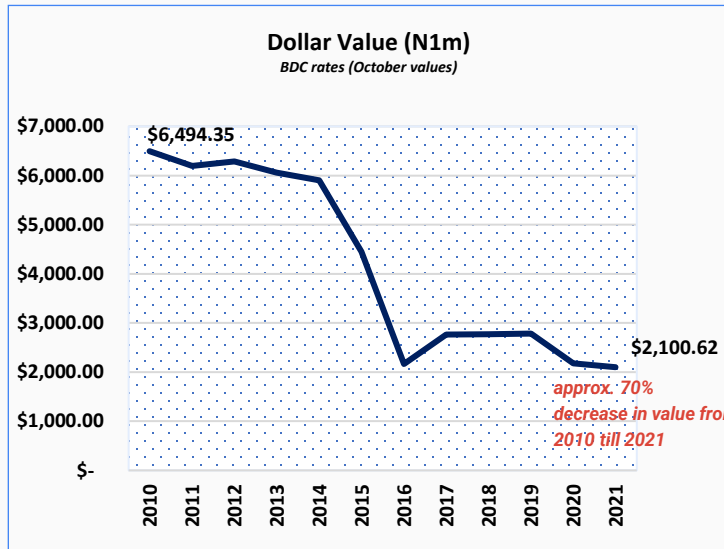
### Others

- Online Business (Advertising, trading, trainings, e.t.c)
- Agro Business
- Franchise
- Distributorship
- Production
- Service Provider
- Import/Export

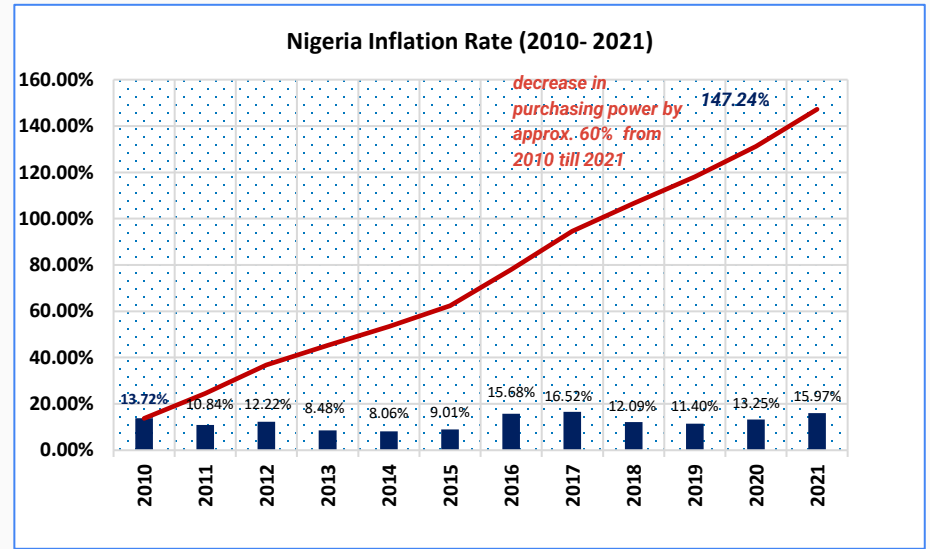
**Remember you are working against strong tides like 'inflation', 'devaluation' & 'uncertainties'**

# Savings and Investment 8/8

## Statistics



Source: [www.cbn.gov.ng/rates/](http://www.cbn.gov.ng/rates/)



Source: [www.macrotrends.net/countries/NGA/nigeria/inflation-rate-cpi](http://www.macrotrends.net/countries/NGA/nigeria/inflation-rate-cpi)



# Thank you

# Questions and Answer Session

Q & A



# NEXT WEBINAR EVENT:

**SEPTEMBER 18, 2021**

