WELCOME TO THE FINANCE SOCIETY!

INTRO

Goals and aims for this term

FINANCIAL LITERACY

- Possessing a set of **skills and knowledge** that allows an individual to make **informed and effective decisions** with their **financial resources**
  - **Effective decisions**: how to **save, budget and spend** in order to grow your money
  - **Informed decisions**: making the **right choices** when it comes to **budgeting**
  - **Consuming** products **in moderation** while saving, budgeting and spending to best utilise your money

THE 50/30/20 BUDGET RULE

- Put forward by Senator **Elizabeth Warren** in her book *All your Worth: The Ultimate Lifetime Money Plan*
- Split your **disposable income** into three categories of **spending**:
  - 50% on **needs**
  - 30% on **wants**
  - 20% on **savings**

F.I.R.E.

- **Financial Independence, Retire Early**
- A movement of people devoted to a program of **extreme savings**
    - **70%** of your **income**
- Goal of **retiring** far **earlier** than **traditional budgets** and **retirement** plans would permit
- After retiring, FIRE followers typically **withdraw 4%** of their **balance annually**

65%

of the adult population are
financially illiterate

KEY TERMS

An overview of the key terminology you should know to better understand this course

FINANCIAL SECURITY

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An **asset** that **holds monetary value** and **can be traded**

THE STOCK MARKET

THE STOCK MARKET

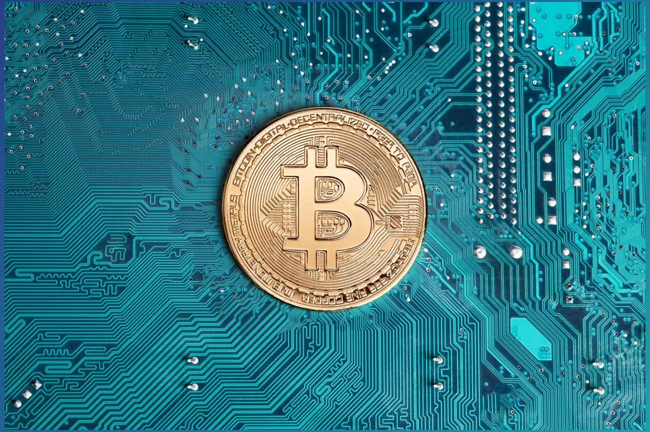
A **network** of **exchanges** where **shares** of **publicly held companies** are **bought** and **sold**

THE BOND MARKET

THE BOND MARKET

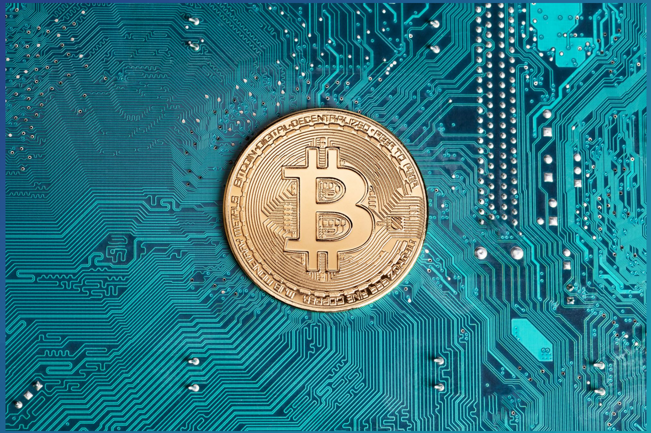
Where **investors** go to **buy** and **sell debt securities**, prominently **bonds**, which may be **issued** by **corporations** or **governments** in order to **raise money**

CRYPTOCURRENCIES



CRYPTOCURRENCIES

A **digital currency** where records of transactions are maintained by a **decentralised system** (does **not require a central register**), and **secured by strong encryption**



BEHAVIOURAL FINANCE

BEHAVIOURAL FINANCE

States that **psychological influences** and **biases** affect the **financial behaviour** of **investors** and **financial practitioners**

SUGGESTIONS?