

SELF INVESTED

*Financial
Planning*
PRINCIPLES

YOU DON'T NEED TO BECOME A FINANCIAL EXPERT.
YOU NEED A FRAMEWORK FOR MAKING BETTER
DECISIONS OVER TIME.

Download the
CASE STUDY
and
FINANCIAL
STATEMENTS

HERE



Today...

What Financial Planning Really Is

The CFP Board defines financial planning as a process.
Not a product, not a spreadsheet, not a number you “hit.”

**FINANCIAL PLANNING IS ABOUT
WHETHER AND HOW YOU CAN
MEET YOUR LIFE GOALS, USING
THE RESOURCES YOU HAVE.**

**IT'S DECISION-MAKING UNDER
REAL-LIFE CONSTRAINTS.**



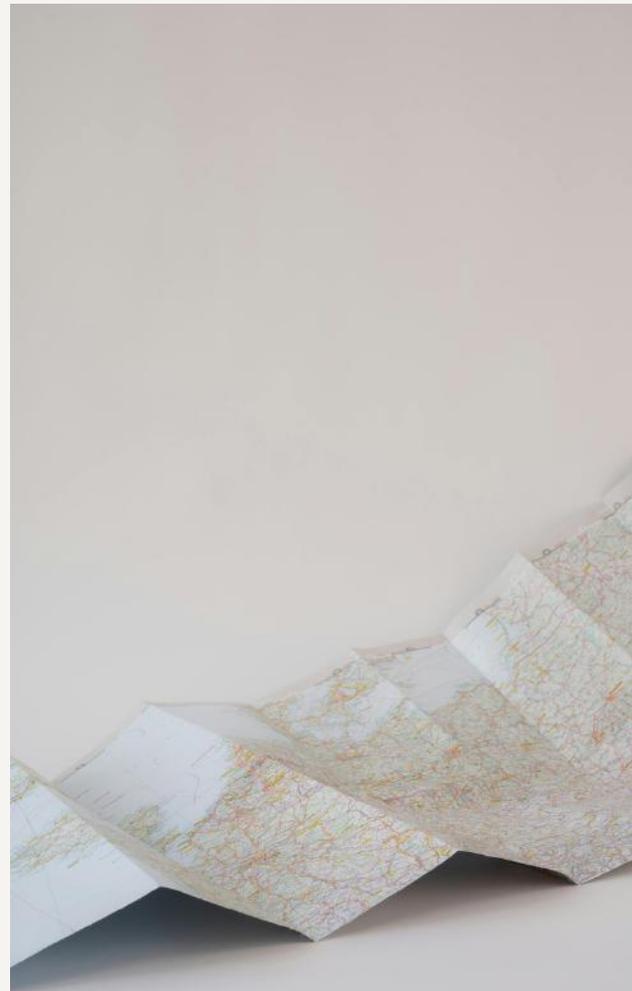
IMAGINE YOU'RE TRYING TO BALANCE:

your life today
your future self
the people who depend on you
...without a clear map.

A financial plan isn't about picking the perfect route.

It's about knowing where you are, what matters, and what to adjust when life changes.

**FINANCIAL PLANNING IS
NOT A FINISH LINE. IT'S
A PRACTICE.**



THE 7-STEP FINANCIAL PLANNING PROCESS (SELF-DIRECTED)

01

Understand your personal and financial reality

Get clear on where you are right now (income, expenses, assets, obligations, and life context) without judgment.

02

Identify and choose what matters most

Decide what you want your money to support: today, in the next few years, and long term.

03

Evaluate your current path

Look honestly at what you're doing now (what's helping, what's holding you back, and where small changes could make a big difference.)

04

Design your financial direction

Based on your priorities and reality, outline a path forward (savings focus, risk management, and trade-offs) you're comfortable with.

05

Sense-check your plan

Make sure your plan feels realistic, understandable, and aligned with your values; not just "what you're supposed to do."

06

Take intentional action

Put the plan into motion one step at a time, automating where possible and keeping it manageable.

07

Review, adjust, and continue

Revisit your plan as life changes: career shifts, family needs, market changes, or new goals.

STEP ONE:

UNDERSTAND YOUR PERSONAL AND FINANCIAL REALITY



This step answers one question only:

“What is my real starting point?”

Not where you should be.

Not where you wish you were.

Just where you are.



Understanding Your Starting Point



QUALITATIVE INFORMATION

- Your health and energy right now
- How you feel about money (avoidance, confidence, anxiety, curiosity)
- What security means to you
- How much uncertainty you're carrying alone
- Your tolerance for ups and downs
- The goals that feel urgent vs. the ones you keep postponing
- The priorities that compete for your attention



QUANTITATIVE INFORMATION

This part simply answers:

- What's coming in
- What's going out
- What I own
- What I owe
- What's liquid vs. locked up

In practical terms:

- Income and expenses
- Cash flow
- Savings and investments
- Debt and obligations
- Benefits you already have (workplace, government, insurance)



01 / Lila

Would like to retire with \$3M

30 years old

\$150k saved



02 / Lucy

Would like to retire with \$3M

55 years old

\$1M saved

*require
totally
different
financial
plans*



03 / Kate

Would like to retire with \$3M

40 years old

\$200k saved

UNDERSTANDING YOUR *key* FINANCIAL STATEMENTS

Balance Sheet

(Also called a Net Worth Statement)

What it shows:

A snapshot of your financial position at one moment in time.

Income and Expense Statement

(Also called a Cash Flow Statement)

What it shows:

Your money movement over a period of time (monthly or annually).



Balance Sheet

As at Date Ended

Dec 31, 2025

All figures in USD unless stated

Assets

Current Assets

Savings Accounts	1,975
Non-Retirement Investment Account	18,900
Total Current Assets	20,875

Investment Assets

Rental Property	418,000
Retirement Savings Account	482,500
Term Deposits	51,500
Education Savings Account	78,900
Total Investment Assets	1,030,900

Household Assets

Residence	697,000
Vehicle	39,100
Personal Jewelry	4,275
Total Household Assets	740,375

Total Assets 1,792,150

Liabilities

Current Liabilities

Line Of Credit	2,710
Total Current Liabilities	2,710

Long Term Liabilities

Vehicle Loan	12,500
Mortgage - Residence	313,650
Mortgage - Rental Property	91,960
Total Long Term Liabilities	418,110

Total Liabilities 420,820

Net Worth 1,371,330

Assets: what you own

Current assets:

- Cash or savings you can access within 12 months

Investment assets:

- Long-term savings meant for the future (retirement, investments)

Household assets:

- Things you use and enjoy (home, car, jewelry)

Liabilities: what you owe

Current liabilities:

- Debts due within 12 months (credit cards, lines of credit)

Long-term liabilities:

- Debts lasting longer than one year (mortgage, car loans)

Assets - Liabilities = Net Worth

Income – money coming in

- All sources of income during the period
- (salary, business income, rental income, etc.)

Expenses – money going out

- Fixed expenses: regular, predictable costs (housing, insurance, debt payments)
- Variable expenses: flexible, changing costs (food, lifestyle, discretionary spending)

Income – Expenses = Net Income

Also called unallocated cash flow:

Positive = money available to save, invest, or spend intentionally

Negative = pressure that needs attention

Income Statement

For the Period Jan 1 - Dec 31, 2025

All figures in USD unless stated

Income	Monthly	Annual
Salary		
Main Job	8,033	96,400
Entrepreneurial venture	7,917	95,000
Rental Income	3,225	38,700
Total Income	19,175	230,100
Expenses	Monthly	Annual
Fixed		
Income Taxes	4,227	50,721
Property Taxes	516	6,190
Utilities and Household Maintenance	460	5,520
Home and Other Insurance Policies	745	8,940
Car Loan	325	3,900
Mortgage - Residence	3,750	45,000
Mortgage - Rental	1,576	18,912
Food, Clothing, Phone	1,325	15,900
Transportation (Gas and Maintenance)	450	5,400
Total Fixed Expenses	13,374	160,483
Variable	9,147	
Retirement Account Deposit (work)	957	11,484
Retirement Savings Account Deposit (individual)	685	8,220
Recreation (Sports/Memberships)	285	3,420
Total Variable Expenses	1,927	23,124
Total Expenses	24,447	183,607
Income - Expenses	(5,272)	46,493

The RATIOS



Ratio Analysis

- Helps us understand the **relationship** between **one data point** and **another**.
- Helps us understand our **financial health** and progress relative to our goals.

CR

Current
Ratio

D-A

Debt-to-
Asset

PDS

Personal
Debt Service

RS

Retirement
Savings

EF

Emergency
Fund

LIQUIDITY

FOR EVERY "\$1
OF EXPENSE",
HOW MUCH IS
AVAILABLE TO
PAY IT?

CASH AFTER
DEBT IS PAID

WE WANT THIS
BELOW 36%

DAYS OF
EXPENSES

3 MONTHS, AS A
GENERAL RULE.
CURRENT ASSETS /
NONDISCRETIONAR
Y MONTHLY
EXPENSES

% OF ASSETS
FINANCED BY
DEBT

HOW MUCH DEBT IS
THERE FOR EVERY
\$1 OF ASSETS? (WE
WANT LESS THAN
40%)

RETIREMENT
SAVINGS RATE

IDEALLY, WE'RE
LOOKING AT
OVER 12%

LET'S LOOK *at*
the
STATEMENTS



Let's Recap:

- ① **Gathering qualitative information:** Understanding your life context, values, and priorities.
- ② **Gathering quantitative information:** Getting clear on the facts.
- ③ **Using financial statements to gain insight:** Seeing the full picture.
- ④ **Focusing only on what you know right now:** You don't need to solve everything at once.

Your Webinar Title



STEP TWO:

IDENTIFY AND CHOOSE WHAT MATTERS MOST



CHOOSING WHAT YOU'RE AIMING FOR

Once you understand where you are (Step 1), the next step is deciding where you want your money to take you.

What Financial Goals Usually Include

SAVINGS GOALS

Building stability and flexibility

INVESTMENT GOALS

Growing wealth over time for future security

LARGE PURCHASES

Big life decisions like a home, car, or other meaningful assets

Goals Look Different at Different Life Stages



EARLIER ADULTHOOD (OFTEN 20S-30S)

Goals often focus on: Managing or paying down student debt, Buying a home or building independence, Starting to save for both retirement and future family needs. **The focus is usually on building a foundation.**



MID-LIFE (OFTEN 50S-70S)

Goals often shift toward: Protecting what you've built, Providing for others (children, parents), Thinking about legacy, estate planning, and long-term security. **The focus is more on preservation and alignment.**

And a lot of variation in between...

Organizing Goals by Timeframe

SHORT-TERM GOALS (UNDER 1 YEAR)

Focus on stability and immediate needs, such as:

- Building or strengthening an emergency fund
- Paying off a specific debt
- Planning a meaningful expense or experience

MID-TERM GOALS (1-5 YEARS)

Focus on transitions and growth, such as:

- Purchasing a car or home upgrade
- Changing careers or becoming self-employed
- Building savings for a known future expense

LONG-TERM GOALS (5+ YEARS)

Focus on security and legacy, such as:

- Paying off a mortgage
- Supporting children's education
- Creating a comfortable, flexible retirement



The SMART Framework



S — Specific Be clear about what you want.



M — Measurable You need a way to track progress.



A — Achievable Ask: Can I realistically do this?



R — Realistic This is about fit, not ambition.



T — Timely Give your goal a timeframe.

Short-Term



Purchase life insurance



Create estate plan

Mid-Term



Save for children's education



Purchase large tickets

Long-Term



Retire in 25 years



Travel in retirement

Short-Term Goals

(Next 0–12 months)

Focus: stability, protection, breathing room

These goals often reduce stress and create flexibility.

- Building or strengthening an **emergency fund**
- Catching up on or paying off **high-interest debt**
- Reviewing or purchasing **life insurance**
- Reviewing health, disability, or home insurance
- Creating or updating a **will or estate plan**
- Covering an upcoming known expense (taxes, school costs, medical, travel, home repairs)
- Creating a simple spending or cash-flow system
- Building confidence around where money is going

Mid-Term Goals

(1–5 years)

Focus: transitions, growth, and planned changes

These goals usually require consistency and planning.

- Saving for a **down payment** or home upgrade
- Buying or replacing a **vehicle**
- Funding **children's education** (partially or fully)
- Building a dedicated savings fund for a major life event
- Paying down a mortgage or other large debt
- Starting or growing a business or side income
- Creating flexibility for a **career change**
- Taking a meaningful trip or sabbatical

Long-Term Goals

(5+ years)

Focus: security, freedom, and legacy

These goals benefit most from time and patience.

- Retiring comfortably and on your own terms
- Reaching financial independence or optional work
- Paying off a mortgage completely
- Supporting children or family in adulthood
- Creating a legacy or charitable giving plan
- Funding long-term care or aging-related needs
- Designing a lifestyle you're excited about later in life
- Traveling or relocating in retirement

Next Session:

Turning Clarity Into Action

