



PROSPERITY & WEALTH
PRESENTS:

UNDERSTANDING
FINANCIAL LITERACY

UNDERSTANDING FINANCIAL LITERACY

Essential Money Management Skills

Financial literacy includes learning budgeting, saving, and investing to manage money effectively for a secure future.

Informed Financial Decisions

The course empowers individuals to make smart financial choices and avoid pitfalls like accumulating unnecessary debt.

Planning for the Future

Topics like credit scores, banking, and goal setting are covered to help participants prepare for long-term financial success.

MODULE 1: INTRODUCTION TO PERSONAL FINANCE

THE BASICS OF FINANCIAL LITERACY

KEY COMPONENTS OF PERSONAL FINANCE

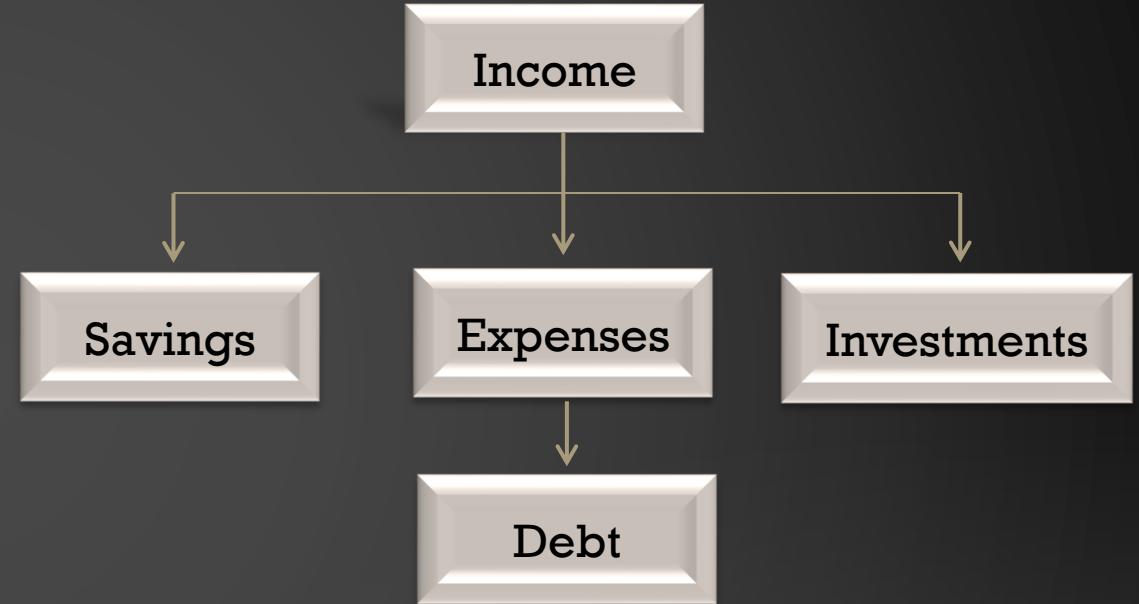
Income: Money earned from work, business, or other sources.

Expenses: Money spent on needs (rent, food) and wants (entertainment).

Savings: Money set aside for emergencies or future goals.

Debt: Borrowed money that must be repaid with interest.

Investments: Using money to generate returns and build wealth.



SETTING FINANCIAL GOALS

Short-Term Goals

- Short-term goals are financial objectives achievable within a year, such as saving for a vacation or paying off debt.

Long-Term Goals

- Long-term goals take several years or decades to achieve, like saving for retirement or purchasing a house.

Importance of Timelines

- Setting clear timelines helps prioritize actions, track progress, and stay focused on financial objectives.



ACTIVITY



Activity: Write down one financial goal for the next year and one for five years.

MODULE SUMMARY

Topics Covered:

- ✓ What is financial Literacy?
- ✓ Key Components of Personal Finance
- ✓ Setting Financial Goals

- ❖ Key Takeaways: Financial literacy enables you to make informed decisions, set realistic goals, and manage your finances effectively.

MODULE 2: BUDGETING AND MONEY MANAGEMENT

MASTERING YOUR FINANCES

UNDERSTANDING A BUDGET

Definition of a Budget

- ❑ A budget is a financial plan that lists expected income and expenses for a set time. It provides a clear overview of financial resources.

Resource Management

- ❑ Budgets help individuals and organizations manage money, prioritize spending, and achieve financial goals. They provide structure for effective financial control.

Promotes Responsible Behavior

- ❑ Tracking and controlling expenses encourages responsible financial behavior and supports smart decision-making about spending and saving.



TYPES OF BUDGETS

50/30/20 budget:

Definition: Allocate 50% of your monthly income for needs, 30% for wants, and 20% for savings and/or debts.

Useful for: Budget beginners or people who are focused on repaying debts more quickly and/or building savings.

Zero-Base Budget:

Definition: Allocate every dollar of your monthly income to an expense or category of your budget so there 's \$0 left over.

Useful for: Budgeters who want to know how every dollar is spent: allows for flexibility with payment division

Pay-Yourself - First Budget

Definition: Allocate a conservative estimate out of your monthly income for savings first, then divide the remainder among your other budget categories.

Useful for: Budgeters who want to focus on savings and make enough monthly income to cover both their needs and wants comfortably.

HOW TO CREATE A BUDGET



List Income Sources

Identify all monthly income sources, such as salary or freelance work, as the basis of your budget.



Identify Essential Expenses

List necessary expenses, including rent, groceries, and utilities, to track monthly financial outflows.



Allocate Savings and Discretionary Funds

Set aside part of your budget for savings and discretionary spending to support financial goals.

An example of the
personalized Prosperity &
Wealth LLC budget template

Bi-weekly, Monthly & Yearly Budget



Year					
Pay Period	Estimated Income		Actual Income		Difference
Income 1	\$	1,790.95	\$	-	\$ (1,790.95)
Income 2	\$	900.00	\$	-	\$ (900.00)
Totals	\$	2,690.95	\$	-	\$ (2,690.95)
<hr/>					
Expenses					
	Estimated Expenses		Actual Expenses		
Gas	\$	293.80	\$	-	\$ (293.80)
Subscription	\$	11.99	\$	-	\$ (11.99)
Phone bill	\$	240.85	\$	-	\$ (240.85)
Debt payment	\$	30.00	\$	-	\$ (30.00)
Groceries	\$	61.00	\$	-	\$ (61.00)
Misc Spending (Book Club & Social Club)	\$	374.44	\$	-	\$ (374.44)
Car Insurance	\$	116.94	\$	-	\$ (116.94)
Investment	\$	158.00	\$	-	\$ (158.00)
Savings (Emergency Fund)	\$	294.93	\$	-	\$ (294.93)
Savings (Sinking Fund)	\$	259.00	\$	-	\$ (259.00)
Car note	\$	450.00	\$	-	\$ (450.00)
Electric	\$	150.00	\$	-	\$ (150.00)
Water	\$	250.00	\$	-	\$ (250.00)
Totals	\$	2,690.95	\$	-	\$ (2,690.95)
Remaining Balance	\$	-	\$	-	

ESSENTIAL BUDGETING TOOLS

⌚ Automated Budgeting Apps

Apps automate expense tracking and provide insights, making budgeting more convenient and accessible for users. (ex. YNAB app)

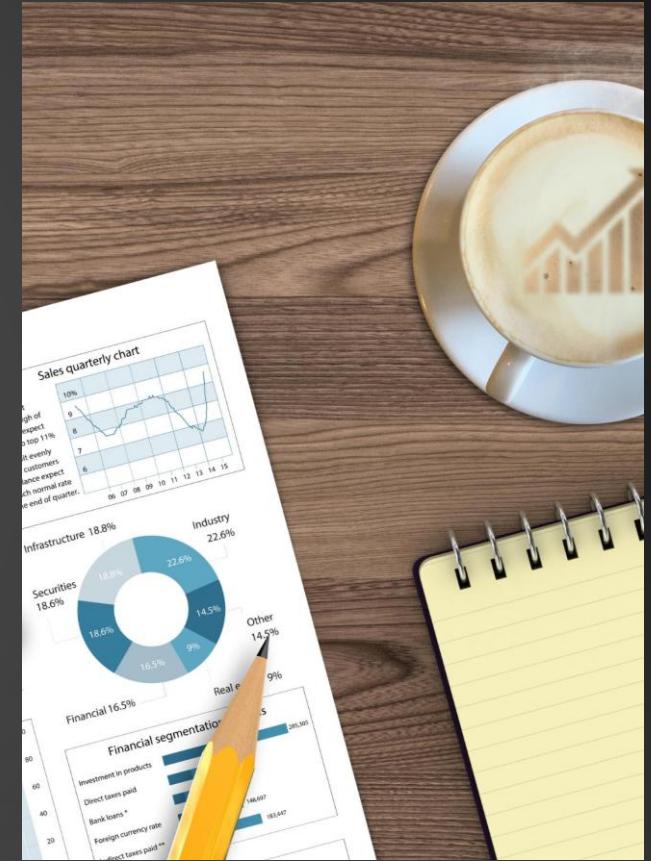
** The app is not free, but it offers a free trial to see if it's a good fit*, you will not be able to use the full functionality without paying**

📊 Customizable Spreadsheets

Spreadsheets enable users to organize their finances and analyze expenses using personalized templates and flexible functions. (ex. Microsoft Excel, Google Sheets, & Tiller Money budget templates)

💵 Manual and Physical Tools

Notebooks and envelope systems provide hands-on management, enabling users to tangibly connect with their budgeting goals. (ex. Budget planners/Journals)



MODULE SUMMARY

Topics Covered:

- ✓ What is a budget?
- ✓ Types of Budgets
- ✓ How to Create a Budget
- ✓ Budgeting Tools

- ❖ Key Takeaways: A budget helps you control your spending, save for goals, and avoid debt.

MODULE 3: SAVING FOR THE FUTURE

BUILDING YOUR FINANCIAL FOUNDATION

QUESTIONS

- How often do you get coffee, breakfast, or lunch during the week?
- How much do you think you spend a week on those things?

*These answers are important because most people will say,
“I don’t have any extra money to save.”*

But by looking at the expenses that you don’t really pay attention to or account for, you can find money to save.

THE IMPORTANCE OF SAVING

1. Emergency Fund

Life is unpredictable — car repairs, medical bills, or job loss can occur at any time.

Savings act as a safety net so you don't have to rely on credit cards or loans in a crisis.

3. Reduces Stress & Anxiety

- Knowing you have savings in the bank helps you **sleep better at night.**

Financial stress is one of the leading causes of anxiety — saving helps protect your mental health.

Week #	Amount to Deposit	Balance	Week #	Amount to Deposit	Balance	Week #	Amount to Deposit	Balance
1	\$1	\$1	18	\$18	\$171	36	\$36	\$666
2	\$2	\$3	19	\$19	\$190	37	\$37	\$703
3	\$3	\$6	20	\$20	\$210	38	\$38	\$741
4	\$4	\$10	21	\$21	\$231	39	\$39	\$780
5	\$5	\$15	22	\$22	\$253	40	\$40	\$820
6	\$6	\$21	23	\$23	\$276	41	\$41	\$861
7	\$7	\$28	24	\$24	\$300	42	\$42	\$903
8	\$8	\$36	25	\$25	\$325	43	\$43	\$946
9	\$9	\$45	26	\$26	\$351	44	\$44	\$990
10	\$10	\$55	27	\$27	\$378	45	\$45	\$1,035
11	\$11	\$66	28	\$28	\$406	46	\$46	\$1,081
12	\$12	\$78	29	\$29	\$435	47	\$47	\$1,128
13	\$13	\$91	30	\$30	\$465	48	\$48	\$1,176
14	\$14	\$105	31	\$31	\$496	49	\$49	\$1,225
15	\$15	\$120	32	\$32	\$528	50	\$50	\$1,275
16	\$16	\$136	33	\$33	\$561	51	\$51	\$1,326
17	\$17	\$153	34	\$34	\$595	52	\$52	\$1,378

2. Achieving Personal Goals

- Want to buy a home, travel, go back to school, or start a family?

Savings help turn those dreams into plans. Goals become real when you have the funds to back them.

4. Avoids Debt

- Without savings, unexpected costs often lead to **credit card debt or payday loans**, which can spiral fast.

With savings, you can pay upfront — interest-free.

HOW MUCH TO SAVE?

Specific Goals - Emergency Fund

- Aim for 3–6 months of living expenses in an emergency fund. This fund should be used only in emergencies such as job loss or extreme circumstances.



Specific Goals – Home Down Payment

- Aim to save 20% of the home's purchase (helps avoid PMI (Private Mortgage Insurance))

Other Costs Besides the Down Payment):

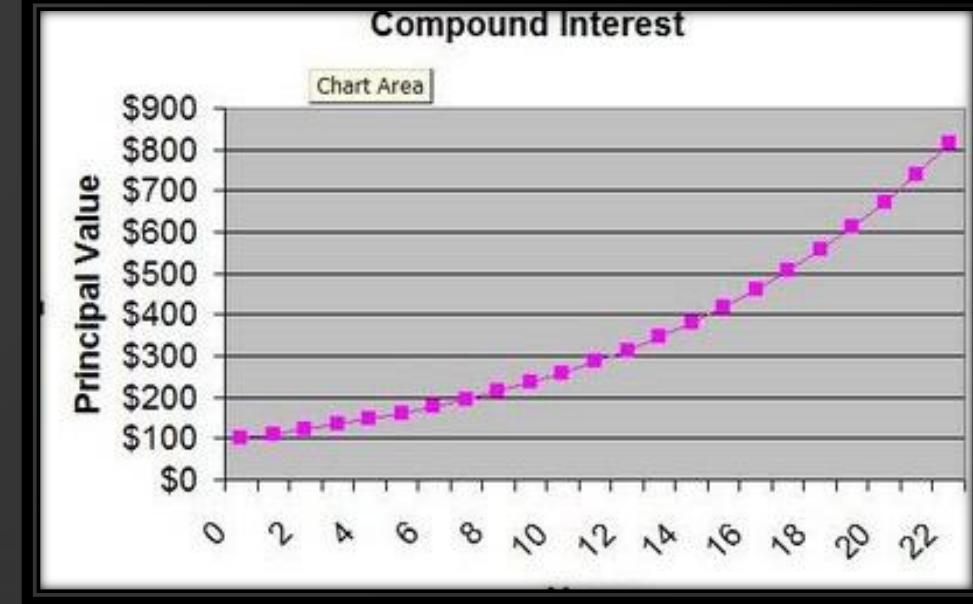
- Closing Costs: 2%–5% of home price
 - Moving Expenses
- Home Inspections/Appraisals
- Emergency Repairs Fund

Specific Goals - Vacation

- Aim to save for all expenses in the various categories (Flight/rental car, food, entertainment, hotel/rental house expenses)

Years	Principal Amount	Rate of Interest	Interest	Compound Amount
1	\$100.00	5%	$\$100.00 \times 0.05$ = \$5.00	$\$100.00 + \5.00 = \$105.00
2	\$105.00	5%	$\$105.00 \times 0.05$ = \$5.25	$\$105.00 + \5.25 = \$110.25
3	\$110.25	5%	$\$110.25 \times 0.05$ = \$5.51	$\$110.25 + \5.51 = \$115.76
4	\$115.76	5%	$\$115.76 \times 0.05$ = \$5.79	$\$115.76 + \5.79 = \$121.55
5	\$121.55	5%	$\$121.55 \times 0.05$ = \$6.08	$\$121.55 + \6.08 = \$127.63

Compound Interest





SAVINGS ACCOUNT TYPES COMPARISON

Account Type	Interest Rate / APY	Access to Funds	Minimum Balance / Fees	Best For	Drawbacks
Traditional (Regular) Savings	Low (often near base bank rates)	High access — withdrawals/transfers fairly easy	Usually low minimums; possible monthly fees unless balance minimum met	Emergency fund; basic savings for near-term goals	Low growth; inflation can outpace interest; fees can eat gains
High-Yield Savings (often online)	Much higher APYs compared to traditional savings	Still good access (electronic transfers, etc.), though sometimes slower or fewer physical branches	May require higher minimum balances; possibly no physical branch access; check for fees	Medium-term savings goals, emergency fund; anyone wanting better returns without locking in money	Variable interest; online only can be less convenient for cash deposits; rate may go down
Money Market Account (MMA)	Mid-to-high, sometimes similar to high-yield savings, often slightly less volatile	Generally good access, sometimes with check writing / debit card; but often limited withdrawals per month (e.g., 6)	Usually higher minimum balances; fees if you don't maintain minimum; possibly higher fee structure	For people who want better interest but still want some liquidity; larger balances; people who want check/debit options from their savings	Minimum balance can be restrictive; fees; interest still variable; withdrawal limits can apply



SAVINGS ACCOUNT TYPES COMPARISON

Account Type	Interest Rate / APY	Access to Funds	Minimum Balance / Fees	Best For	Drawbacks
Certificate of Deposit (CD) / Fixed Term Savings	Fixed high rate, often highest among simple saving options, especially for longer terms	Low access — funds are locked in until maturity; early withdrawal penalties apply	Some require minimum deposit; fees/penalties if you withdraw early; fixed term means you can't access funds without cost until due date	When you know you won't need the money during the term; saving for a medium-term goal and want guaranteed return; want to "lock in" rate for a while	Lack of flexibility; if interest rates rise, you're stuck at lower rate; penalties reduce net benefit if you need cash early
Specialty / Goal-Based / Tax-Advantaged Accounts (e.g., education savings, health savings, etc.)	Varies — may have standard or better rates; often the "return" includes tax savings or other benefits	Access rules may restrict what the funds can be used for or when; some penalty or tax if misused	May require proof of usage, have contribution limits, or special rules; may have fees	For targeted goals such as health expenses, education, qualifying long-term goals where tax savings matter	More complexity; less flexibility; misuse can lead to penalties; limitations on



RETIREMENT SAVINGS ACCOUNTS & TAX BENEFITS

Account Type	Tax on Contributions	Tax on Growth	Tax on Withdrawals	Other Tax Benefits
Traditional 401(k)	Pre-tax (lowers taxable income now)	Tax-deferred	Taxed as regular income	Employer contributions not taxed
Roth 401(k)	After-tax	Tax-free	Tax-free (if qualified)	Tax-free in retirement
Traditional IRA	Possibly tax-deductible (depends on income)	Tax-deferred	Taxed as income	Reduces current taxable income (if deductible)
Roth IRA	After-tax	Tax-free	Tax-free (if qualified)	No RMDs; tax-free retirement income
SEP IRA	Pre-tax	Tax-deferred	Taxed at withdrawal	Higher limits for self-employed
SIMPLE IRA	Pre-tax	Tax-deferred	Taxed at withdrawal	Easy setup for small businesses
Solo 401(k)	Pre-tax or Roth	Tax-deferred or tax-free	Taxed or tax-free depending on type	Combines high limits + flexibility
TSP (Thrift Savings Plan)	Pre-tax or Roth	Depends on choice	Depends on choice	Ultra-low fees for federal workers

MODULE SUMMARY

Topics Covered:

- ✓ The importance of Saving
- ✓ How much should you save?
- ✓ Types of Savings Accounts
- ✓ Retirement Savings

- ❖ Key Takeaways: Saving is the foundation of financial stability. Always prioritize an emergency fund and retirement savings.

MODULE 4: UNDERSTANDING DEBT

MANAGING AND ELIMINATING DEBT

TYPES OF DEBT

Good Debt

Good debt is **debt that helps you build wealth or increase your earning potential**. It's usually seen as an investment in your future.

Examples:

- **Student loans:** If they fund a degree that significantly boosts your income.
- **Mortgages:** Buying a home can build equity over time.
- **Business loans:** Used to start or expand a profitable business.
- **Real estate investment loans:** Borrowing to buy rental property that generates income.

Characteristics:

- Reasonable interest rates
- Purpose is to generate long-term value
- Can increase net worth over time

Bad Debt

Bad debt is **debt that doesn't generate income or value** and is often used to purchase depreciating assets or fund lifestyle choices.

Examples:

- **Credit card debt:** Especially if used for non-essential items or if interest isn't paid off monthly.
- **Payday loans:** Extremely high interest and fees.
- **Auto loans (in some cases):** Cars depreciate quickly, and high-interest loans make them worse.
- **Buy now, pay later services (if misused):** Easy to overspend and fall into a debt cycle.

Characteristics:

- High interest rates
- Used for consumption, not investment
- Doesn't improve financial position

HOW INTEREST RATES WORK

Simple Interest

Interest is only calculated on the original amount (principal).

"It stays the same every period"

Example Use cases:

Car Loans & Short-term loans

Compound Interest

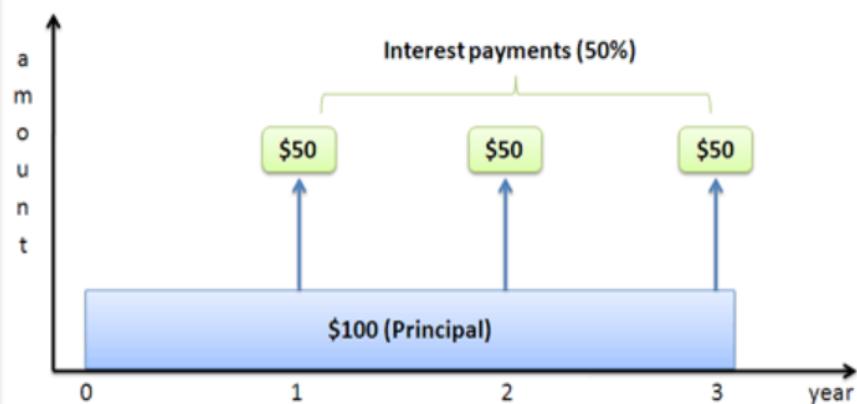
Interest is calculated on the principal PLUS any interest already earned.

"It "compounds" or grows faster over time."

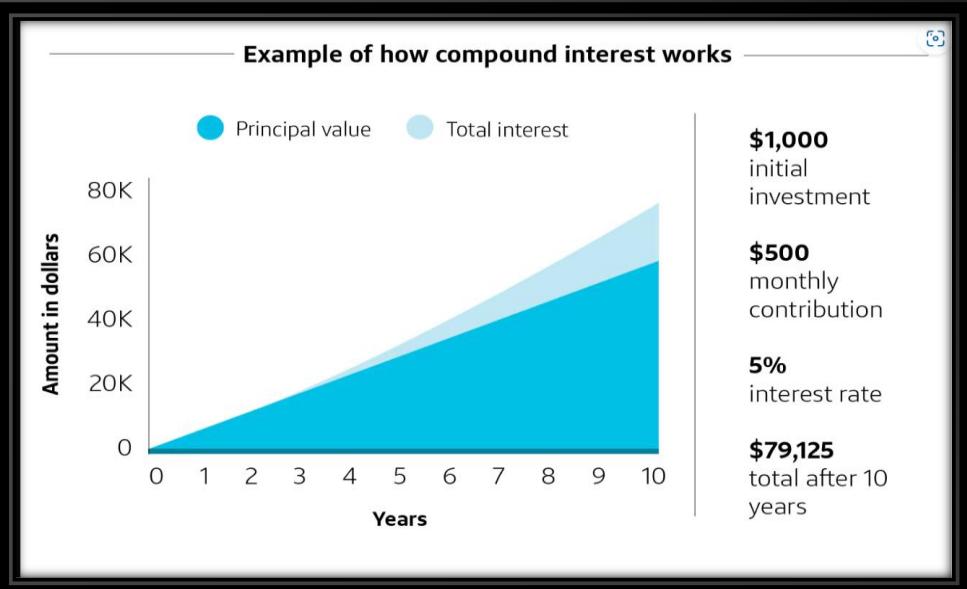
Example use cases:

Savings, Investments, & Mortgages

Simple Interest



Example of how compound interest works



SNOWBALL METHOD: PROS & CONS



Momentum and Motivation

Paying off smaller debts first provides visible progress and boosts psychological motivation for continuing debt repayment.

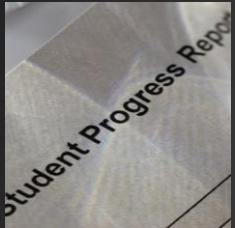
Interest Cost

This method might result in paying more interest overall since larger, high-interest debts are paid later.

Simplicity and Ease

The snowball approach is easy to manage, making it ideal for individuals seeking straightforward financial strategies.

DEBT AVALANCHE: PROS & CONS



Interest Rate Prioritization

The debt avalanche method prioritizes debts with the highest interest rates, reducing total interest paid over time.



Faster Debt Elimination

By reducing high-interest debts first, individuals can eliminate their overall debt faster and save money.



Potential Motivation Challenges

Smaller debts may linger, which can feel less motivating for some individuals compared to clearing small balances quickly.

QUESTION

- Ask yourself, which method would you use to pay off debt, and why?

UNDERSTANDING CREDIT SCORES

Credit Score Importance

A credit score is a numerical rating that reflects your creditworthiness and influences loan approvals and interest rates.

Credit Report Details

Credit reports include your borrowing history, payment habits, and outstanding debts, offering a comprehensive view of your financial behavior.

Reviewing for Errors and Fraud

Regularly checking your credit report helps identify errors and prevent fraud, maintaining a healthy financial profile.

Typical Credit Score Range

Most common system: FICO Score, which ranges from 300 to 850:

Score Range	Rating	What It Means
800-850	Excellent	Very low risk; best rates & approvals
740-799	Very Good	Low risk; good approval odds
670-739	Good	Average borrower
580-669	Fair	Higher risk; may pay higher interest
300-579	Poor	High risk; hard to get approved



What Makes Up Your Credit Score?

Factor	Weight (%)	What It Means
Payment History	35%	Have you paid bills on time?
Credit Utilization	30%	How much of your credit limit you're using
Length of Credit History	15%	How long your accounts have been active
New Credit	10%	Number of recent applications and accounts opened
Credit Mix	10%	Variety of credit types (loans, cards, etc.)

WHY CREDIT SCORES MATTER



Lenders use it to decide if they'll lend to you



Interest rates: Higher scores = lower interest rates



Renting an apartment: Landlords may check your score



Employment: Some employers check it during hiring



Utility deposits: A low score may mean paying a security deposit

- **Tips to Improve Your Credit Score**

- ✓ **Pay all bills on time**
- ✓ **Keep credit card balances low (under 30% of your limit)**
- ✓ **Don't open too many new accounts at once**
- ✓ **Keep old accounts open to lengthen credit history**
- ✓ **Check your credit report for errors (free at AnnualCreditReport.com)**

MODULE SUMMARY

Topics Covered:

- ✓ Types of Debt
- ✓ How Interest Rates Work
- ✓ Managing Debt
- ✓ Credit Scores and Reports

- ❖ Key Takeaways: Understand your debt, choose the right repayment method, and keep an eye on your credit score.

MODULE 5: INVESTING FOR THE FUTURE

BUILDING WEALTH THROUGH INVESTMENTS

WHAT IS INVESTING?

Simple Definition:

Investing = Using money now to earn more money later.

Instead of just saving money in a bank (where growth is limited), you invest it in things that can increase in value or pay you returns.



Common Types of Investments:

 Stocks

 Bonds

 Mutual Funds/ETFs

 Real Estate

BALANCING RISK AND REWARD

Risks of Investing

You can lose money (especially in the short term) due to the markets being unpredictable

Weighing Risks and Rewards

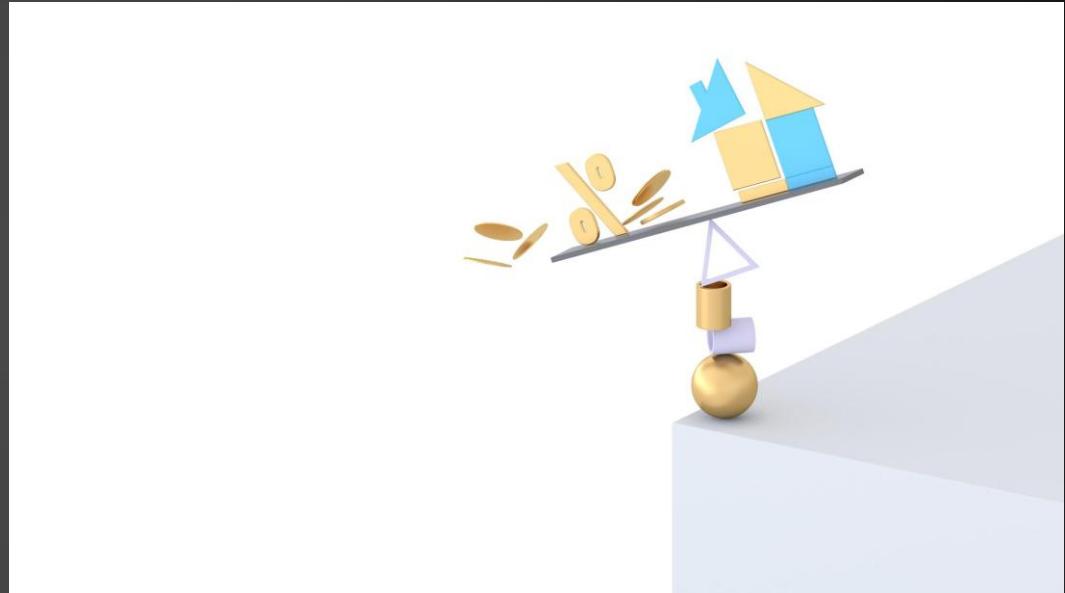
Investors must assess potential losses against possible gains to make smart investment decisions and achieve their goals.

Diversification Strategies

Spreading investments across various asset types helps reduce overall risk and supports more stable long-term returns.

Importance of Market Analysis

Understanding market trends and conducting careful analysis are essential for making informed decisions and maximizing rewards.





TYPES OF INVESTMENTS

Stocks

- **What they are:** Ownership shares in a company
- **Return:** Dividends + capital appreciation
- **Risk:** High – subject to market volatility and company performance
- **Liquidity:** High – easily bought/sold on stock exchanges
- **Best for:** Long-term growth; investors willing to accept risk

Bonds

- **What they are:** Loans made to governments or corporations, paid back with interest
- **Return:** Fixed interest payments (coupon) + return of principal
- **Risk:** Lower than stocks, but still subject to **credit and interest rate risk**
- **Liquidity:** Moderate – depends on the type of bond and market conditions
- **Best for:** Conservative investors seeking steady income

Mutual Funds

- **What they are:** Pooled investment managed by professionals; invests in a mix of assets (stocks, bonds, etc.)
- **Return:** Based on the performance of the underlying assets
- **Risk:** Varies depending on fund strategy
- **Liquidity:** High – bought/sold at end-of-day NAV (net asset value)
- **Best for:** Diversified exposure with professional management



TYPES OF INVESTMENTS

ETFs (Exchange-Traded Funds)

- **What they are:** Like mutual funds, but trade like stocks on exchanges
- **Return:** Based on index or asset performance
- **Risk:** Varies; typically tracks market/index.
- **Liquidity:** High – can be bought/sold during market hours
- **Best for:** Low-cost, flexible, diversified investing

Real Estate

- **What it is:** Investing in property – residential, commercial, or land.
- **Return:** Rental income + property value appreciation.
- **Risk:** Medium to high – market fluctuations, property maintenance, illiquidity.
- **Liquidity:** Low – takes time to buy/sell.
- **Best for:** Long-term wealth building, income generation, diversification.



TYPES OF INVESTMENTS

Ratings are on a scale from 1 (Low) to 5 (High):

Criteria:

- **Return Potential:** Expected growth or income.
- **Risk Level:** Volatility and chances of losing money.
- **Liquidity:** How quickly it can be sold for cash.
- **Diversification:** Built-in spread across assets.
- **Ease of Access:** Simplicity of investing and managing.

Investment Type	Return Potential	Risk Level	Liquidity	Diversification	Ease of Access
Stocks	5	5	5	2	5
Bonds	3	2	3	2	4
Mutual Funds	4	3	4	5	4
ETFs	4	3	5	4	5
Real Estate	5	4	1	3	2

◆ 1. 401(k)

A 401(k) is an employer-sponsored retirement plan.

Key Features:

- **Pre-tax contributions:** Reduces your taxable income in the year you contribute.
- **Tax-deferred growth:** You pay taxes when you withdraw the money in retirement.
- **Contribution limits (2025):**
 - \$23,000 if under 50
 - \$30,500 if age 50+ (with catch-up)
- **Employer match:** Many employers match contributions up to a certain percentage—this is essentially *free money*.
- **Required Minimum Distributions (RMDs):** Begin at age 73 (or 75 depending on birth year).

Limitations:

- Fewer investment choices compared to IRAs (depends on the employer's plan).
- Early withdrawals (before age 59½) are subject to taxes **and** a 10% penalty (with exceptions).

RETIREMENT ACCOUNTS AS INVESTMENTS

VEHICLES FOR LONG-TERM INVESTING

* This information is as of 2025, so check the current year for updated amounts & limits. *

◆ 2. Traditional IRA (Individual Retirement Account)

A Traditional IRA is available to anyone with earned income.

✓ Key Features:

- **Pre-tax or after-tax contributions:** Deductible if you meet income limits and aren't covered by a workplace plan.
- **Tax-deferred growth.**
- **Contribution limits (2025):**
 - \$7,000 if under 50
 - \$8,000 if 50+
- **More control over investments** than a 401(k).

✗ Limitations:

- Deductibility phases out if you or your spouse have a workplace plan and your income is too high.
- Early withdrawal penalty and tax apply before age 59½.
- **RMDs** required starting at age 73.



RETIREMENT ACCOUNTS AS INVESTMENTS

VEHICLES FOR LONG-TERM INVESTING

* This information is as of 2025, so check the current year for updated amounts & limits. *

◆ 3. Roth IRA

A Roth IRA is funded with *after-tax* dollars but offers **tax-free** growth and withdrawals.

Key Features:

- Tax-free **qualified withdrawals** in retirement (age 59½ and account open for 5+ years).
- **No RMDs** during the owner's lifetime.
- Contribution limits are **the same as Traditional IRA**:
 - \$7,000 if under 50
 - \$8,000 if 50+
- **Income limits apply**:
 - Contributions start phasing out at \$146,000 (single) and \$230,000 (married filing jointly) in 2025.

Limitations:

- Contributions are not tax-deductible.
- Early withdrawals of earnings (before 59½ or before 5 years) may be taxed and penalized.

RETIREMENT ACCOUNTS AS INVESTMENTS

VEHICLES FOR LONG-TERM INVESTING

* This information is as of 2025, so check the current year for updated amounts & limits. *

RETIREMENT ACCOUNTS AS INVESTMENTS

VEHICLES FOR LONG-TERM INVESTING

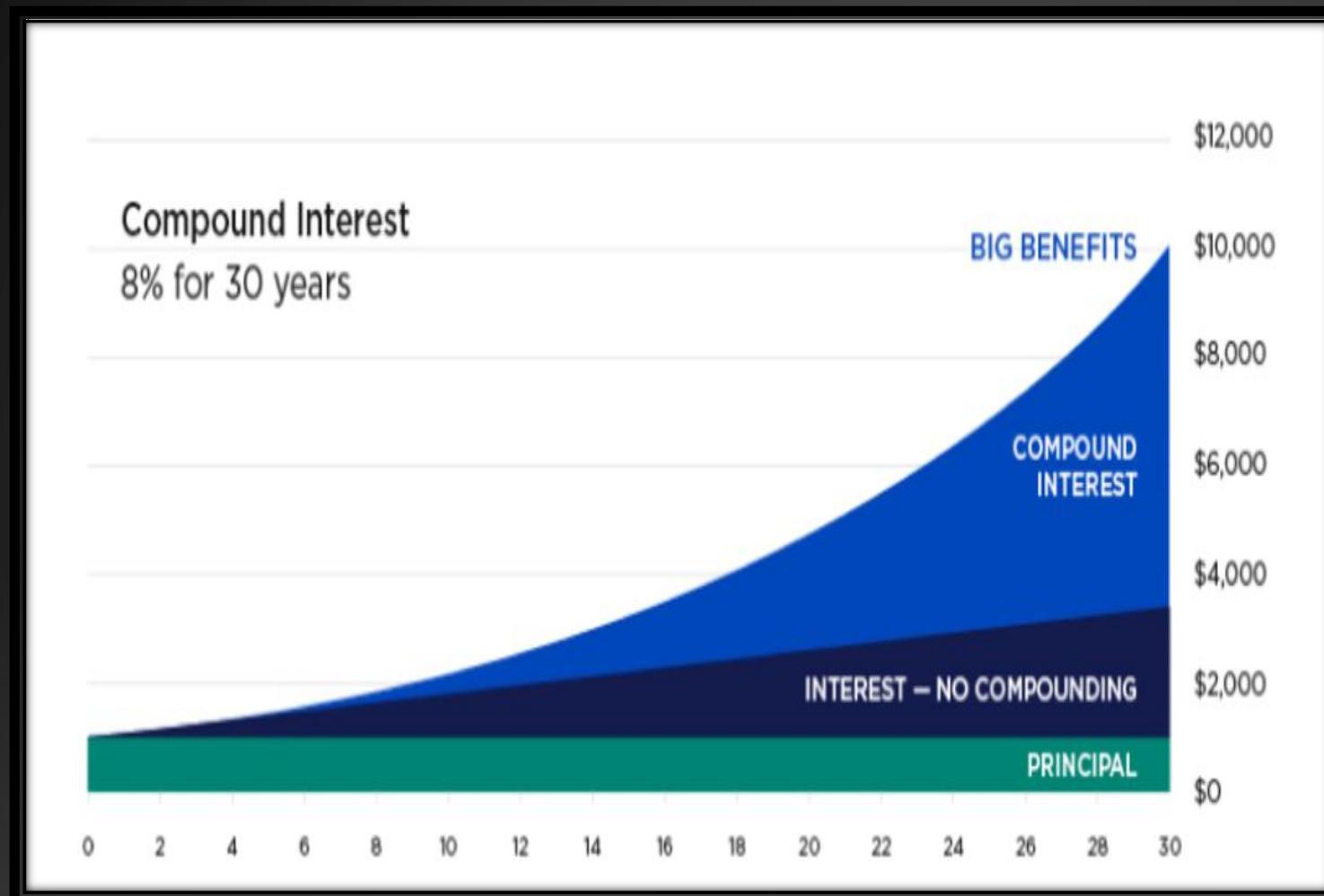
* This information is as of 2025, so check the current year for updated amounts & limits. *

Side-by-Side Comparison

Feature	401(k)	Traditional IRA	Roth IRA
Tax treatment	Pre-tax	Pre-tax (if deductible)	After-tax
Contribution limit (2025)	\$23,000 (50+: \$30,500)	\$7,000 (50+: \$8,000)	\$7,000 (50+: \$8,000)
Income limit to contribute	No	Deduction phases out	Contribution phases out
RMDs	Yes	Yes	No
Employer match	Yes (if offered)	No	No
Investment options	Limited by plan	Broad	Broad
Tax on withdrawal	Yes	Yes	No (if qualified)

RETIREMENT ACCOUNTS AS INVESTMENTS

VEHICLES FOR LONG-TERM INVESTING



In this example, an investor invests \$1,000 today, earning 8% interest annually.

With simple interest, an investor would have \$3,400 at the end of 30 years. With compounding, an investor would have over \$10,000.



CORE STRATEGY INVESTMENT TIPS

Start Early and Invest Regularly

Why: Compound interest works best over long periods.

Tip: Even small, consistent contributions (e.g., monthly) can grow significantly over time.

Define Clear Goals

Why: Your investment strategy should match your goals (e.g., retirement, buying a house, education).

Tip: Set time horizons and risk tolerance for each goal (short-term vs. long-term).

Diversify Your Portfolio

Why: Spreading investments across asset types (stocks, bonds, real estate, etc.) reduces risk.

Tip: Don't "put all your eggs in one basket." Use index funds or ETFs for built-in diversification.

Understand Your Risk Tolerance

Why: Investing involves ups and downs—your risk tolerance determines how much volatility you can handle.

Tip: Younger investors can typically afford more risk; older investors often shift to safer assets.

Use Tax-Advantaged Accounts

Why: Accounts like IRAs, 401(k)s, or Roth IRAs let your money grow tax-free or tax-deferred.

Tip: Maximize employer 401(k) matches—they're essentially "free money."



CORE STRATEGY INVESTMENT TIPS

Keep Costs Low

Why: High fees eat into your returns over time.

Tip: Favor low-cost index funds or ETFs over actively managed funds.

Stay the Course (Avoid Timing the Market)

Why: Market timing rarely works; missing the best days can hurt returns significantly.

Tip: Stay invested and rebalance periodically. Don't panic sell in downturns.

Rebalance Periodically

Why: Over time, some assets grow faster than others, shifting your intended asset allocation.

Tip: Rebalance once or twice a year to keep your portfolio aligned with your strategy.

Educate Yourself Continuously

Why: Understanding investment basics helps you make informed decisions and avoid scams.

Tip: Read books like *I Will Teach You To be Rich* (Ramit Sethi) or *You Deserve to be Rich* (Rashad Bilal and Troy Millings).

Be Patient

Why: Wealth-building takes time. Markets fluctuate in the short term but trend upward long term.

Tip: Focus on long-term goals, not short-term headlines or hype.

MODULE SUMMARY

Topics Covered:

- ✓ What is Investing?
- ✓ Risk and Reward
- ✓ Types of Investments
- ✓ Retirement Accounts as Investments

- ❖ Key Takeaways: Start investing early, diversify, and consider tax-advantaged accounts for long-term wealth building.

MODULE 6: FINANCIAL PROTECTION

SAFEGUARDING YOUR WEALTH

THE IMPORTANCE OF INSURANCE

KEY TYPES OF INSURANCE FOR FINANCIAL PROTECTION

1. Health Insurance

- **Covers:** Medical expenses — doctor visits, hospital stays, surgeries, prescriptions, preventive care.
- **Why It Matters:** Health care costs can be financially devastating without insurance.
- **Who Needs It:** Everyone — even healthy individuals, to cover emergencies or unexpected illnesses.
- **Common Types:**
 - **HMO / PPO / EPO / HDHP**
 - **Marketplace plans, employer coverage, Medicare/Medicaid**

2. Life Insurance

- **Covers:** Provides a payout to beneficiaries when the insured person dies.
- **Why It Matters:** Helps support dependents, pay debts, or cover funeral costs.
- **Who Needs It:**
 - People with dependents (children, spouse)
 - Those with debt that would impact others (mortgage, loans)
- **Types:**
 - **Term Life:** Covers a set period (cheaper)
 - **Whole Life / Universal Life:** Permanent coverage with investment features

THE IMPORTANCE OF INSURANCE

KEY TYPES OF INSURANCE FOR FINANCIAL PROTECTION

3. Auto Insurance

- **Covers:** Vehicle damage, liability (if you cause an accident), injuries, theft.
- **Why It Matters:** Often legally required; protects against costly damages and lawsuits.
- **Who Needs It:** Anyone who owns or drives a vehicle.
- **Coverage Options:**
 - Liability (required)
 - Collision
 - Comprehensive
 - Uninsured/Underinsured Motorist

4. Homeowners / Renters Insurance

- **Homeowners Insurance Covers:** Property damage (e.g. fire, theft, storm), personal belongings, and liability.
- **Renters Insurance Covers:** Belongings inside a rental and liability — not the building itself.
- **Why It Matters:** Replaces or repairs property after loss or disaster.
- **Who Needs It:**
 - **Homeowners:** Required by mortgage lenders
 - **Renters:** Highly recommended, very affordable

5. Disability Insurance

- **Covers:** Part of your income if you're unable to work due to illness or injury.
- **Why It Matters:** Income protection — more likely to become disabled than to die early.
- **Who Needs It:** Working individuals, especially those with dependents or no backup income.
- **Types:**
 - Short-Term (a few months)
 - Long-Term (years or until retirement)

CHOOSING THE RIGHT INSURANCE

Health and Life Insurance Evaluation

Assess your health, family, and financial responsibilities to choose the right health and life insurance for protection.

Auto Insurance Considerations

Examine your vehicle's value and state requirements to determine suitable auto insurance coverage for your situation.

Homeowners and Renters Insurance

Assess your home's value or possessions to select proper homeowners or renters insurance for property protection.

Disability Insurance Need

Review your income stability and job risks to decide if disability insurance is necessary for financial security.



CHOOSING THE RIGHT INSURANCE

Insurance Policy Comparison Table

Insurance Type	Average Cost (Annual)	What It Covers	Who Needs It	Key Considerations
Health	\$5,000–\$7,000 (individual) \$13,000+ (family)	Doctor visits, hospital stays, prescriptions, emergency care	Everyone	Premiums, deductibles, copays, network of providers
Life (Term)	\$300–\$600 (for \$500k policy)	Payout to beneficiaries at death	Anyone with dependents or debts	Term length, coverage amount, health conditions
Auto	\$1,200–\$1,800	Liability, collision, comprehensive, theft	All drivers	Type of coverage, driving record, vehicle age
Homeowners	\$1,000–\$2,000	Property damage, theft, liability	Homeowners	Home value, location risks (flood, fire zones)
Renters	\$150–\$300	Belongings and liability in rented home	Renters	Total value of possessions, deductible, liability limit
Disability (Long-Term)	\$500–\$1,500 (depends on income)	↓ % of income if unable to work	Working individuals	Coverage %, benefit period, waiting period

IDENTIFY THEFT AND FRAUD PROTECTION



How to Protect Your Identity & Financial Information



Create Strong Passwords

Use unique and complex passwords for every account and update them regularly to enhance security.



Monitor Financial Activity

Check financial statements and credit reports frequently to catch suspicious activity as soon as possible.



Protect Personal Information

Be careful when sharing personal details online; avoid unsecured sites and unsolicited communications.



COURSE RECAP:



MODULE 1:
INTRODUCTION
TO PERSONAL
FINANCE



MODULE 2:
BUDGETING
AND MONEY
MANAGEMENT



MODULE3:
SAVING FOR
THE FUTURE



MODULE 4:
UNDERSTANDING
DEBT



MODULE 5:
INVESTING FOR
THE FUTURE



MODULE 6:
FINANCIAL
PROTECTION

ACTIVITY

- Write down one financial action you will take immediately after the course.

Get in Touch!

Have questions about the strategies in this presentation, or want to share your success story? I'd love to hear from you.

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