



Key Financial Literacy Definitions

The following includes a collection of our definitions to key financial awareness and financial literacy terms. You can also find a complete glossary of personal finance terms in our complimentary TFAF Personal Finance Publication Set.



Financial planning is a lifelong process; that's why the *financial PARTNER* System illustration is an “infinity” sign, representing a continuous cycle.

Once you've addressed the elements of **Getting Organized** and **Financial Planning** and learned the secrets and essential principles of smart money – the foundation to personal finance knowledge – it's simply a matter of reviewing them regularly and updating areas that require attention.



Staying organized and planning wisely are keys to financial success. Short of winning the lottery or inheriting millions, few people attain and maintain financial success and security without forethought, a strategy, and ongoing management. Learn this powerful simple process to make better everyday money decisions so you have the best chance of watching your personal and family dreams become a reality.

<http://home.thefinancialawarenessfoundation.org/publications.html>

© Copyright 2020 The Financial Awareness Foundation

Essential Principles of Smart Money Management

Essential Principles of Smart Money Management: A collection of financial doctrines that pertain to the eleven components of personal financial management – the foundation to personal finance knowledge: paperwork, net worth, cash flow, employment benefits, personal & family goals, financial independence / retirement planning, major expenditures planning, investment planning, tax planning, insurance planning / risk management, estate and gift planning. “Learning, understanding, and using the essential principles to smart money management is very important as they provide the tools to address everyday money decisions in a more informed manner. This provides the best possibility to achieve and maintain personal and financial dreams, and enjoy a financially secure and debt-free future.” – 1/03/19 – View The Personal Financial Publication Set -- <http://home.thefinancialawarenessfoundation.org/publications.html>



The FINANCIAL AWARENESS Foundation

A 501(c)(3) Nonprofit Organization Dedicated to Significantly
Improving Financial Awareness & Financial Literacy...TM

959 Golf Course Drive, #273 ♦ Rohnert Park ♦ Sonoma County ♦ CA 94928 - (version 030820)

© Copyright The Financial Awareness Foundation ♦ www.TheFinancialAwarenessFoundation.org ♦ 707.586.8620

Estate & Gift Planning

Estate & Gift Planning: The process of developing appropriate strategies to accumulate, preserve, manage, and gift your values, knowledge and assets to future generations over one's lifetime, at incompetency and death. This is based upon your current personal values and objectives using appropriate written legal documents such as a will, powers-of-attorney for both healthcare and property management, and possibly a trust or trusts as well as asset titling, and beneficiary designations. - 1/3/19

Estate Plan

Estate Plan: The act of arranging one's financial affairs while living so that, in the event of incompetency or death, the assets and financial obligations are managed and gifted according to a written plan. This is usually based upon one's current personal values and objectives using appropriate legal documents and techniques that are properly executed. They typically include a will, powers-of-attorney for both healthcare and property management, and possibly a trust or trusts as well as asset titling and beneficiary designations. – 01/3/19

Gift Plan

Gift Plan: is the process of developing a strategy for making a gift to family, friends, a nonprofit or cause. This gift can be arranged in the present and allocated currently, at a future date, or after death through a will or trust. 01/3/19

Financial Capability

Financial Capabilities: The combination of knowledge, skills and self-efficacy needed to make and exercise money management decisions that best fit the circumstances of one's life, within an enabling environment that includes, but is not limited to, access to appropriate financial services and financial products. – 01/25/19

Financial Education

Financial education teaches the principles, knowledge, skills and attitudes that people can use to adopt good money management practices and make timely, informed, and lifelong everyday financial decisions around organizing and protecting financial data, goal setting, earning, spending, saving, borrowing, investing, protecting, risking and gifting. – 1/06/19

Financial Inclusion

Financial Inclusion: A comprehensive term that describes the providing of savings, credit and other financial services to the underprivileged in an inexpensive and easy to use and understand format. This includes the opening of bank accounts for those that have never had one, and allowing people to send and receive money easily. The main objective is ensuring access to formal credit for people who currently depend on informal means for their financial needs while providing financial education to ensure that the poor understand how to make better informed everyday personal finance decisions. – 05/13/19

Financial Literacy

Financial Literacy: The understanding and effective use of the essential principles to smart money management – the foundation to personal finance knowledge - to address everyday money decisions in an informed manner. This empowers people to

- Make better informed everyday money decisions
- Work with financial professionals and product providers to get the best results from their time and money
- Watch their personal / family dreams become a reality
- Make decisions about their lifestyle without financial worry
- Enjoy a financially secure and debt-free future
- Pass on their values, knowledge and assets to future generations

“Learning, understanding, and using the essential principles to smart money management - the foundation to personal finance knowledge is very important as they provide the tools to address everyday money decisions in a more informed manner.” – 01/03/19



Financial Plan

A financial plan is a comprehensive evaluation of an individual's current and future financial positions based on the individual's personal and family goals. This includes projecting one's current assets forward using predicted cash flows, asset value growth, gifts, normal expenditures, taxes, planned withdrawals and other possible variables.

The areas addressed by comprehensive financial planning include

- Getting Organized
 - Organizing appropriate personal and financial data; which includes hard copy and digital paperwork and records,
 - Inventorying what you own and owe –Net Worth
 - Understanding how you make and spend your money – Cash Flow
 - Dealing with employment benefits
- Financial Planning
 - Establishing personal and financial goals
 - Addressing financial independence and retirement planning
 - Major expenditure planning – like buying a car, a home, funding education, ...;
 - Investment Planning
 - Tax Planning & Preparation
 - Insurance / Risk Management Planning
 - Estate and Gift Planning

To develop, implement, and/or manage a comprehensive financial plan usually requires input and assistance from various financial service advisors and financial product providers that may include attorneys, bankers, Certified Financial Planners[®], Certified Public Accountants, Certified Trust and Financial Advisors, Chartered Financial Consultants[®], Chartered Life Underwriters[®] and other appropriate credentialed and licensed financial service professionals. – 1/3/19

Financial Planning

Financial Planning is a process that consists of

1. Defining goals and needs
2. Gathering and organizing relevant financial data
3. Analyzing the information
4. Identifying possible strategies
5. Selecting and implementing the appropriate strategies
6. Tracking and monitoring the process.



Comprehensive Financial Planning

The process of developing a complete strategy and plan to have the best probability to reach and maintain a defined set of short, intermediate and long-term personal and financial goals.

This lifelong process includes

1. Defining goals and needs
2. Gathering and organizing relevant financial data
3. Analyzing the information
4. Identifying possible strategies
5. Selecting and implementing the appropriate strategies
6. Tracking and monitoring the process.

The areas addressed by comprehensive financial planning include

- Getting Organized
 - Organizing appropriate personal and financial data; which includes hard copy and digital paperwork and records,
 - Inventorying what you own and owe –Net Worth
 - Understanding how you make and spend your money – Cash Flow
 - Dealing with employment benefits
- Financial Planning
 - Establishing personal and financial goals
 - Addressing financial independence and retirement planning
 - Major expenditure planning – like buying a car, a home, funding education, ...;
 - Investment Planning
 - Tax Planning & Preparation
 - Insurance / Risk Management Planning
 - Estate and Gift Planning

To develop, implement, and/or manage a comprehensive financial plan usually requires input and assistance from various financial service advisors and financial product providers that many include attorneys, bankers, Certified Financial Planners[®], Certified Public Accountants, Certified Trust and Financial Advisors, Chartered Financial Consultants[®], Chartered Life Underwriters[®] and other appropriate credentialed and licensed financial service professionals. - 1/03/19

Personal Finance

Personal Finance: involves the financial decisions and management activities of an individual or household around the eleven components of personal financial management – the foundation to personal finance knowledge: paperwork, net worth, cash flow, employment benefits, personal & family goals, financial independence / retirement planning, major expenditures planning, investment planning, tax planning, insurance planning / risk management, estate and gift planning. – 01/3/19

To view a comprehensive personal finance glossary download a complimentary copy of TFAF- Personal Financial Publication Set -- <http://home.thefinancialawarenessfoundation.org/publications.html>



About The Financial Awareness Foundation



The Financial Awareness Foundation
Improving Financial Awareness & Financial Literacy™
www.TheFinancialAwarenessFoundation.org

The Financial Awareness Foundation is a 501(c)(3) nonprofit organization; our mission is to significantly help solve a major social problem dealing with the lack of financial awareness and financial literacy.

We serve as a nonpolitical 'financial awareness advocate' for We The People - the general public, the financial service professionals, financial product providers and their organizations, nonprofits, educational institutions, municipalities, employers and the news media.

Too many people are on the verge of running out of money prematurely - long before their life expectancy. Many families are burdened with large amounts of debt, while over 120 million American adults don't have nor realize why it's important to have current financial, estate and gift plans to protect themselves and their families. **We have a serious problem.** This

lack of financial awareness, along with the **financial illiteracy epidemic** places a **HUGE** growing amount of pressure on families and friends, employers, nonprofits; as well as the ultimate safety net of the government. This is not just a local epidemic - it's an international one.

We believe that teaching financial awareness, financial literacy and the essential principles to smart money management are very important as this gives people the tools of empowerment to:

- Make better informed everyday money decisions so they can
 - Live a quality life without outliving their wealth
 - Watch personal / family dreams become a reality
 - Make decisions about lifestyle without financial worry
 - Enjoy a financially secure, debt-free future
- Work with financial professionals & product providers to get the best results from their time & money
- Pass on their values, knowledge & assets to future generations to make their lives & this world a better place

The Financial Awareness Foundation has two main focal points and they revolve around:

1. Taking an active leadership role to recognize organizations and their management as well as individuals that are championing improving financial awareness and financial literacy. We are then uniting them with other associations, organizations, nonprofits, educational institutions, municipalities, employers, and news media to actively focus their vast community resources into **The Improving Financial Awareness & Financial Literacy Movement** with its semi-annual concentrated personal finance content media blitz around the strategic campaign venues of
 - **April: Financial Literacy Month**
 - **October: Estate & Gift Planning Awareness Month**

The plan is to touch everyone at least twice a year through these strategic campaign venues, with educational and motivating content, and reminders and tools for making wise informed lifelong financial decisions to **get and keep your financial house in order by having current financial, estate and gift plans.**

2. The Foundation also delivers and develops exceptional educational content for the general public and for financial service and nonprofit professionals as well as educational institutions that support the public's financial, charitable and estate and gift planning needs.



EVERYONE needs to be financially literate and empowered to make better everyday money decisions. If not, how are they going to have any chance of living out a quality life, reach and maintain their personal and family financial dreams, and live out a debt-free and secure financial future? Without this empowerment, many many people become a burden on family and friends, employers, local nonprofits and the ultimate safety net of the local and federal government.



The FINANCIAL AWARENESS Foundation

A 501(c)(3) Nonprofit Dedicated to Significantly *Improving financial awareness & financial literacy*™ Page 5

Confidential Internal Document – Do Not Copy or Circulate

You can visit our website at www.thefinancialawarenessfoundation.org to receive your **FREE** copy of **The Personal Finance Publication Set** – which includes **smart money secrets** and the **essential principles to smart money management** – the foundation to personal finance knowledge.



These are very special empowerment tools, not a Do-It-Yourself-Kit. It is a powerful tool to empower people to make better informed lifelong money decisions and to use and work with financial professionals & product providers to get the best results from their time & money.

These materials are VERY advisor friendly and can be used with clients at no-cost!

Organizations and individuals are never required to financially support **The Financial Awareness Foundation** in any way. They do not pay any marketing or membership fee, or make a contribution in order to participate in the important improving financial awareness and financial literacy movement, campaigns and programs. And we develop and distribute high quality materials at 'NO Cost'. But as a 501(c)(3) nonprofit organization, financial support and contributions are always welcomed and very much appreciated.



Wishing you all the very best,

Valentino

Valentino Sabuco, Executive Director

The Financial Awareness Foundation

A 501(c)(3) Nonprofit Dedicated to Significantly
"Improving financial awareness & financial literacy..."

v.sabuco@TheFinancialAwarenessFoundation.org

Office 707.586.8620 | Direct 707.322.1597

959 Golf Course Drive, #273, Rohnert Park, Sonoma County, CA, USA 94928

www.TheFinancialAwarenessFoundation.org

Imagine a world in which every single person on the planet knows the secrets to personal finance!

We believe having better personal finance knowledge changes your world and the world around you... FOREVER!

Help us do even more by making a tax deductible contribution today! Thank YOU.



The FINANCIAL AWARENESS Foundation

A 501(c)(3) Nonprofit Dedicated to Significantly *Improving financial awareness & financial literacy*™ Page 6

Confidential Internal Document – Do Not Copy or Circulate

To learn more about The Financial Awareness Foundation and our work, check out the following:

About The Movement

- Supporting Improving Financial Awareness & Financial Literacy Is A Winning Opportunity For All
<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-PublicSupportfortheImprovingFinancialAwareness.pdf>
- For Financial Service / Nonprofit Advisors – How Improving Financial Awareness & Financial Literacy Can Increase Your Bottom Line
<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-AdvisorsSupport-ImprovingFinancialAwareness-CanIncreaseYourBottomLine.pdf>
- Improving Financial Awareness & Financial Literacy Movement Programs Overview / Planner
<http://home.thefinancialawarenessfoundation.org/pdf/TFAF-ImprovingFinancialAwarenessCampaign&ProgramPlanner.pdf>
- The Improving Financial Awareness & Financial Literacy Movement Report & Magazine – Now in the 11th Year
<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-FallCampaignReport&Magazine.pdf>

Global financial literacy initiatives are increasing and we are contacted regularly for assistance and ideas from around the world. In 2018 we began assisting in the creation of ***The Improving Financial Awareness & Financial Literacy Movement in Kenya, Uganda and Tanzania; this will touch ~ 150 million people***; this is modeled after our work in the US. In 2020 we are assisting in the launching of The Movement in Ghana.

The Africa Movement	http://www.thefinancialawarenessfoundation.org/pdf/TFAF-Africa-TIFA-FLM.pdf
The Movement in Kenya	http://www.thefinancialawarenessfoundation.org/pdf/TFAF-TIFA-FLMovement-Kenya-ExecSum.pdf
The Movement in Uganda	http://www.thefinancialawarenessfoundation.org/pdf/TFAF-TIFA-FLMovement-Uganda-ExecSum.pdf
The Movement in Tanzania	http://www.thefinancialawarenessfoundation.org/pdf/TFAF-TIFA-FLMovement-Tanzania-ExecSum.pdf
The Movement in Ghana	http://www.thefinancialawarenessfoundation.org/pdf/TFAF-TIFA-FLMovement-Ghana-ExecSum.pdf

In many parts of the world financial literacy deals only with savings, budgeting and debt management and many have never heard or thought about comprehensive financial planning which also includes retirement planning, investment planning, tax planning, risk management planning, and estate and gift planning.

What will the global societal and economic impact on the world's financial markets be if we can significantly increase the quality of life and buying power of THE PEOPLE around the world through ***The International Improving Financial Awareness & Financial Literacy Movement?***

Programs

- The Financially Green Organization Certification Program™ Executive Summary & Overview
<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-FinanciallyGreenOrganizationCertProgramOverview.pdf>
- The Your *financial* PARTNER University / College Program™ Executive Summary & Overview
<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-YourFPUUniversityProgramOverview.pdf>
- The City of Monterey and its Public Library (The oldest in California) made this presentation to their patrons and the Greater Monterey Bay Area Residents as a Community Gift
<http://www.thefinancialawarenessfoundation.org/pdf/TFA-Monterey-FinLiteracyFlier-Spring2018.pdf>
<http://www.monterey.org/library/Events/Financial-Awareness-Workshops>

About The Foundation

- The Financial Awareness Foundation's Website
<http://www.thefinancialawarenessfoundation.org>
- About The Financial Awareness Foundation
<http://home.thefinancialawarenessfoundation.org/pdf/TheFAFoundationIntro.pdf>

We believe having better personal finance knowledge changes your world and the world around you... FOREVER!



The FINANCIAL AWARENESS Foundation

A 501(c)(3) Nonprofit Dedicated to Significantly *Improving financial awareness & financial literacy*™ Page 7

Confidential Internal Document – Do Not Copy or Circulate



The FINANCIAL AWARENESS Foundation

A 501(c)(3) Nonprofit Dedicated to Significantly *Improving financial awareness & financial literacy*™ Page 8

Confidential Internal Document – Do Not Copy or Circulate