**Personal Finance Lecture One**

Define Personal Finance

Opportunity costs

Do we have problems with money?

Greed

Emotion

Unwise spending

Unwarranted credit

Canadian Debt levels

What does God want us to do with our finances?

Luke 16:11

Mathew 25:14 to 30

Mathew 6:24

Philippians 4:11 to 12

Psalm 24:1

Psalm 50:10 to 12

You need to have an idea of financial system to judge the advice you are getting

Components of a Financial Plan

1. Budgeting and tax planning

Yp-T= Yd=C + S

Net Worth Statement

Age Group

Financial Position

Milestones

1. Managing Liquidity
2. Plan for large purchases
3. Risk Management
4. Investing money
5. Retirement and Estate

How to develop a financial plan

1. Financial Goals

Long term and short term, less than a year

Measure goals

Realistic goals

1. Current financial position Net Worth
2. Alternate plans to achieve goals
3. Pick best plan
4. Evaluate plans
5. Changes to financial plans over time

Money

Defined by what it does

Storer of value

Unit of account

Medium of exchange

Precious Metals and efficient money

Gold standard and paper money