



Financial Freedom Seminar



Objective: To focus on Financial Freedom as a Prerequisite to Independent Adult Living

- Sociologists say there are at least three characteristics that define adulthood: Finishing (not just starting) a secondary/continuing education, financial independence and leaving the parent/guardian's home.
- By the age of 30, 77% of people had done those three things plus were married with a child vs. 13% in 2010. While this may not be realistic for all, we are promoting becoming an Independent Adult and achieving financial independence based on making sound decisions.

Characteristics of Adulthood

The traditional definition of "adulthood" according to sociologists

Milestones of Adulthood




Source: <https://www.youtube.com/watch?v=zpiAFZzKWQQ>, 2:06 of 3:47



The Importance of Continuing Education

- Statistics indicate that among the African Americans under 30 (and mainly the men), this is the first generation since slavery to actually take a step back from the prior generation in terms of achievement. This is an unfortunate distinction.
- Among evangelical churches, 57% of the church are women. In Black denominations, the numbers are even higher (approximately 66%).
- Not to mention, the ratio of women going to college (69% vs 57%) and finishing college (45% vs 36%) among African Americans greatly outpaces men. Not that college is the only way to solid earnings, but statistics show this will eventually lead to opportunity/earnings disparities and a lot of bruised male egos. Bruised egos = a greater need for validation = Problems.



The Importance of Continuing Education (cont'd.)

- Why is it that while sisters in church are getting degrees, certifications and licenses, brothers are picking up more churchy activities/skills that have little to no real world value?
- Our God-given gifts and talents are not limited to the church. We cannot over spiritualize the fact that we (especially men) must do our best to be marketable and productive for ourselves and families.



Earnings Potential Based Upon Education

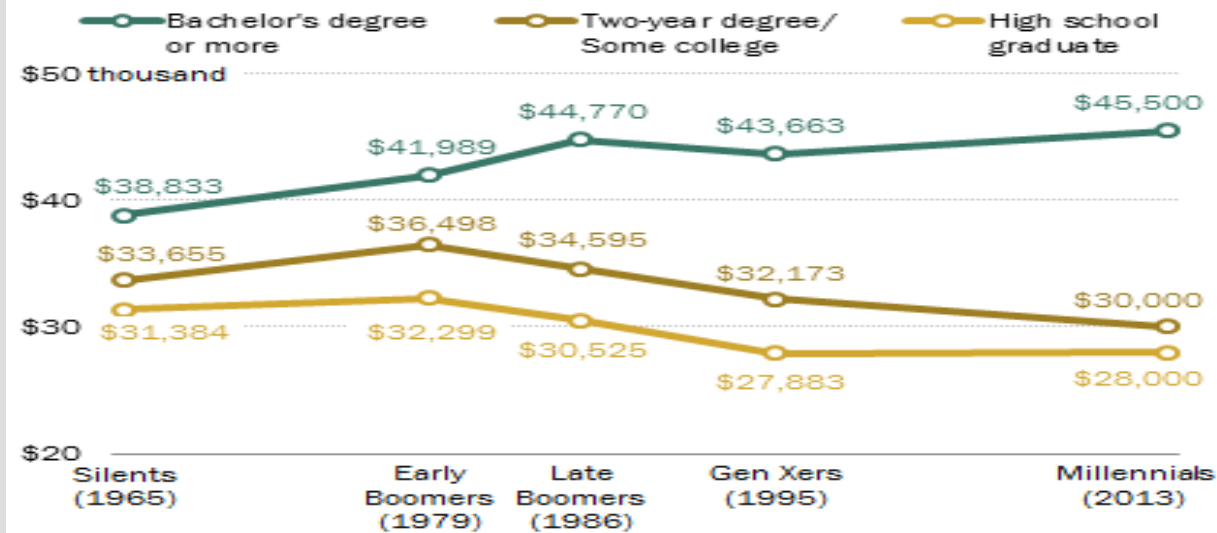
Median annual earnings for full-time working 25- to 32-year-olds with bachelor's degrees grew by nearly \$6,700 to \$45,500 from 1965 to 2013. During that same time, median annual earnings for high school graduates in that same age group fell by nearly \$3,400 to \$28,000. This differential amount balloons to nearly \$1 mln over a lifetime.

Earnings Potential Based Upon Education (cont'd.)



Rising Earnings Disparity Between Young Adults with And Without a College Degree

Median annual earnings among full-time workers ages 25 to 32, in 2012 dollars



Notes: Median annual earnings are based on earnings and work status during the calendar year prior to interview and limited to 25- to 32-year-olds who worked full time during the previous calendar year and reported positive earnings. "Full time" refers to those who usually worked at least 35 hours a week last year.

Source: Pew Research Center tabulations of the 2013, 1995, 1986, 1979 and 1965 March Current Population Survey (CPS) Integrated Public Use Micro Samples

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Earnings Potential Based Upon Education (cont'd.)

- People with college degrees have a far easier time finding a job than those without a degree. Among 25- to 32-year-olds with a college degree, the jobless rate as of March 2013 was 3.8 percent. At 8.1 percent, the rate was more than twice as high for those with a two-year degree or some college, and it was more than three times as high for those with only a high school diploma at 12.2 percent.
- Automation and technology is changing retail and entry level jobs (self check-out lines for example...) Position yourself not to be one of the expendables. While college or trade school may not be in your plans, rest assure you must pray and develop one.



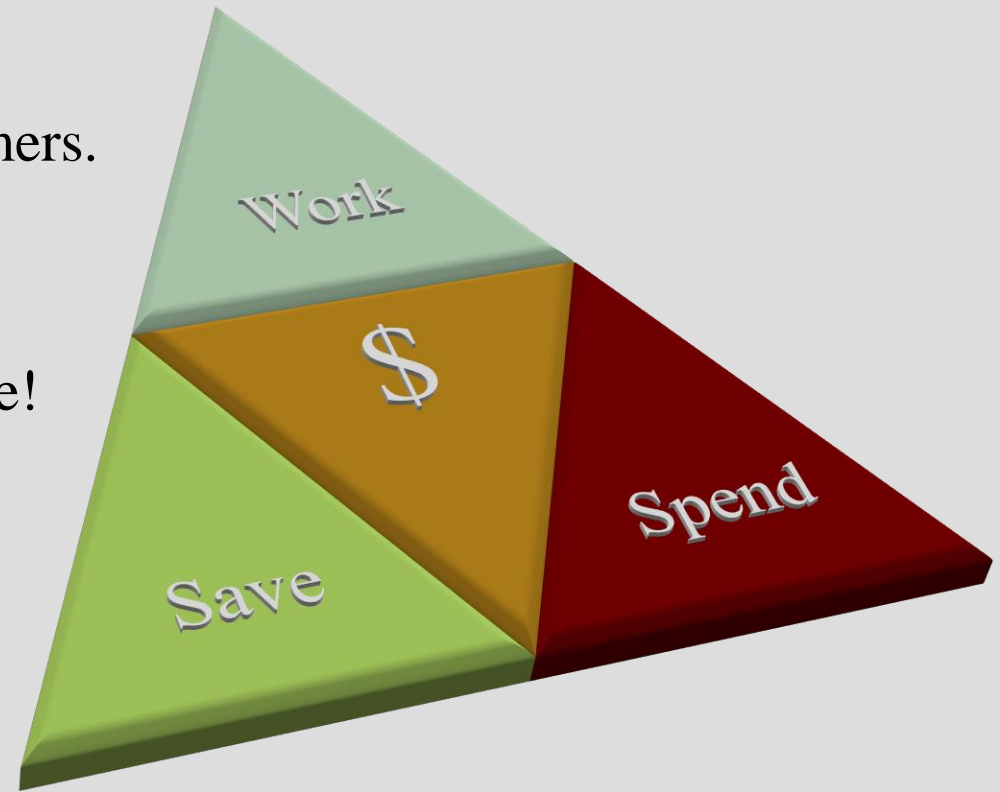
Making the Smart Decision Regarding College

- Contemplate whether or not you should attend a school in-state vs. out of state, public vs. private.
- Due to the rising cost of college, not all schools are created equal. Explore the value proposition.
- Find out what you do/don't want to do and save yourself wasted time in college (changing majors). Shadow a mentor!



Three Aspects of Finances

- Work
 - Obtain your work permit at age 15.
 - Start working at least during the summers.
- Save
 - Pay tithes and offering.
 - Pay yourself. Save as much as possible!
 - Compounding interest is powerful.
- Spend
 - Bank accounts
 - Credit cards
 - Debit cards

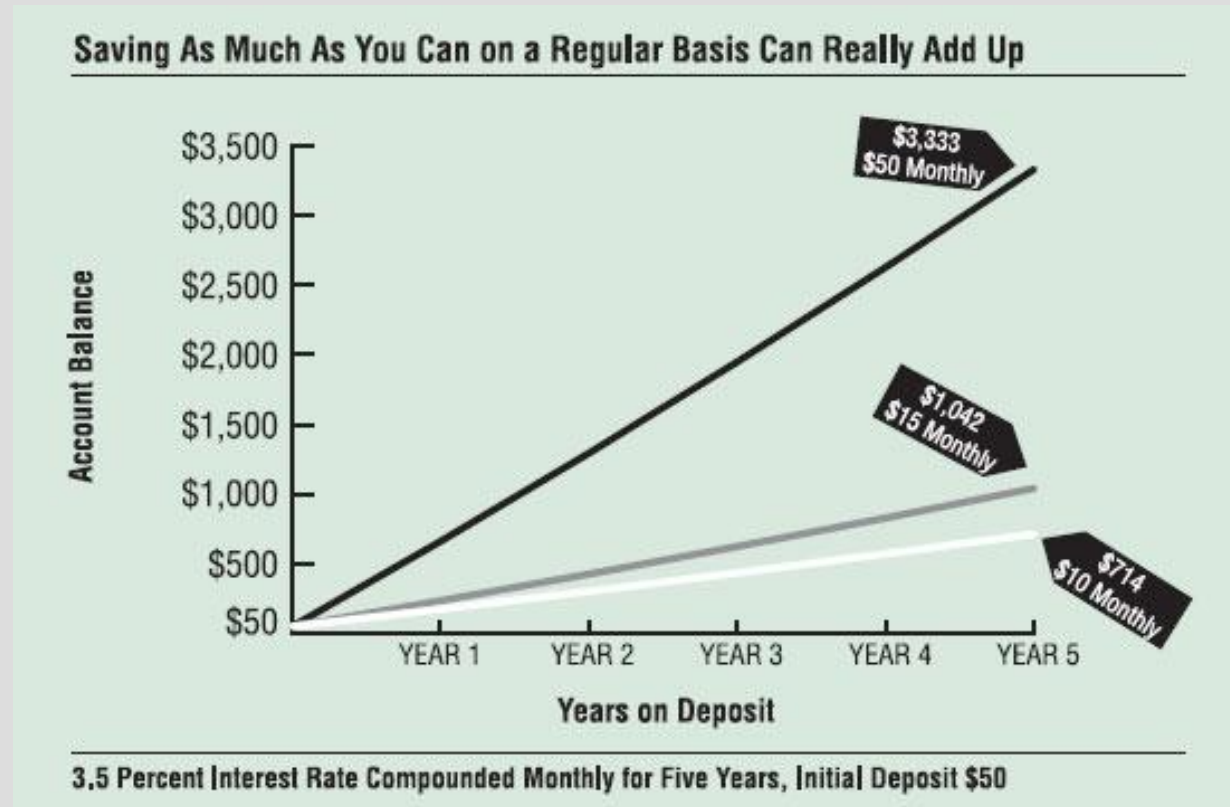


Millennials in the Workplace



Source: <https://www.youtube.com/watch?v=hER0Qp6QJNU>

Saving: The Power of Compounding Interest



Source: <http://www.fdic.gov/consumers/consumer/news/cnsum06/amazing.html>



Long-Term Savings

- While it may seem a long way off, we all should think now about our finances when we stop working (retire).
- It is more challenging for the current generation, because of disappearing pensions, an uncertain future for social security benefits, rising health care costs, and slow acceptance of traditional retirement savings (e.g., 401(k)).
- We will likely work much longer than prior generations.
- The rapture is not a retirement plan.



Account Management – Savings and Spending

- Bank accounts
 - Search for best interest rates.
 - Set up direct deposit from your paycheck.
 - Do not raid your savings.
 - Learn how to write checks and balance your checkbook.
 - Do no incur insufficient funds and overdraft charges.
- ATM
 - Avoid unnecessary ATM fees by budgeting your withdrawn cash and withdrawing from your bank or affiliated ATM.
 - If you withdraw from an unaffiliated ATM, you are charged a fee by your bank and the other bank. You are paying to withdraw your own money!



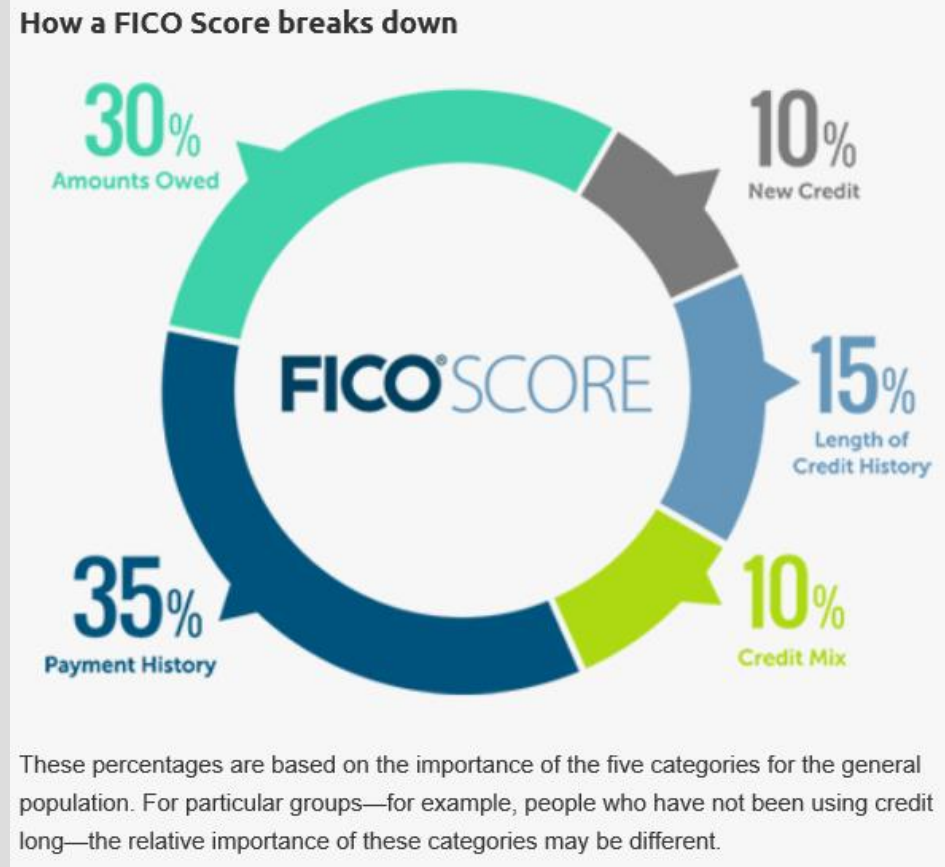
Spending - Credit and Debit



- Credit
 - Establish if and ONLY if you are responsible.
 - Credit
 - Determines your interest rate when borrowing.
 - Benefits of establishing early.
 - Difficulties in recovering from adverse credit events.
- Debit
 - Direct link to bank account.
 - May avoid overdrafts.
- Credit vs. Debit
 - Liability for fraudulent purchases is usually limited to \$500 on a credit card, but is unlimited on debit cards.
 - A debit card does not establish a credit history.

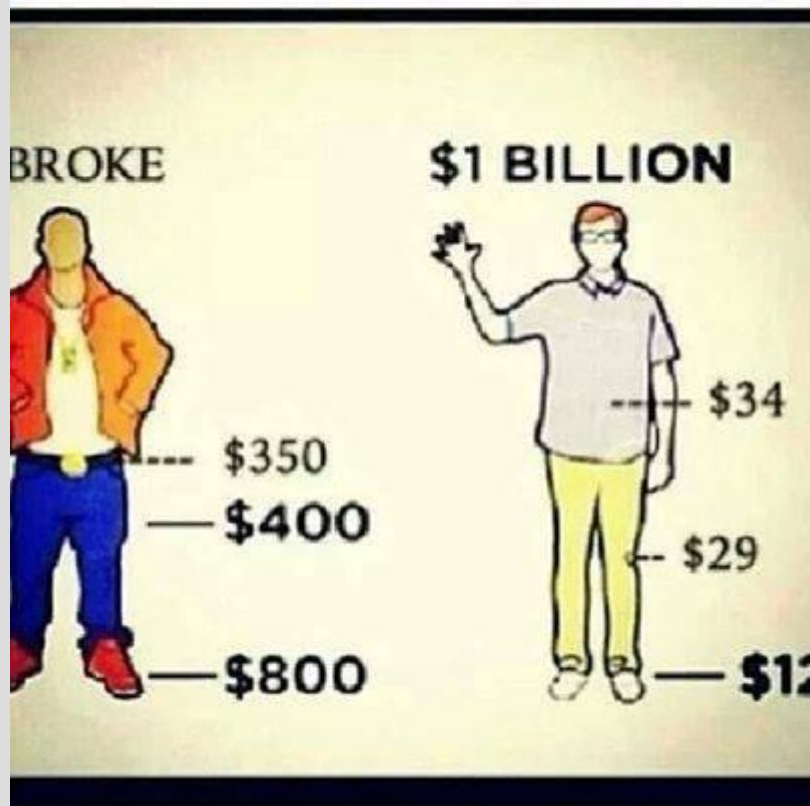


Credit Score Factors (FICO)



Source: <http://www.myfico.com/crediteducation/whatsinyourscore.aspx>

Assessing Your Spending Mentality



TRADING WALK

| MILLIONAIRES | BROKE PEOPLE |
|---|--|
| <ul style="list-style-type: none">• READ DAILY• SET GOALS• COMPLIMENT• EMBRACE CHANGE• FORGIVE• TALK ABOUT IDEAS• CONTINUOUSLY LEARN• TAKE RESPONSIBILITY FOR THEIR FAILURES | <ul style="list-style-type: none">• WATCH TV DAILY• NEVER SET GOALS• CRITICISE• FEAR CHANGE• HOLD GRUDGES• TALK ABOUT PEOPLE• THINK THEY KNOW IT ALL• BLAME OTHERS FOR THEIR FAILURES |

@TRADINGWALK



Spending Psychology

Advertisers appeal to four desires:

- The need to be like others (conformity)
- The need to be better than others (superiority)
- The need to be attractive to the others
- The need to have what others have (covetousness)
- Proverbs 22:7 - ... the borrower *is* servant to the lender.



Spending Self-Reflections

- Contentment is a matter of our spiritual walk. Happiness is being satisfied with what we already have. 1 Tim. 6:6 admonishes us that “godliness with contentment is great gain.”
- One sign of maturity is delaying gratification, as children find it difficult to discipline themselves from wanting everything now.



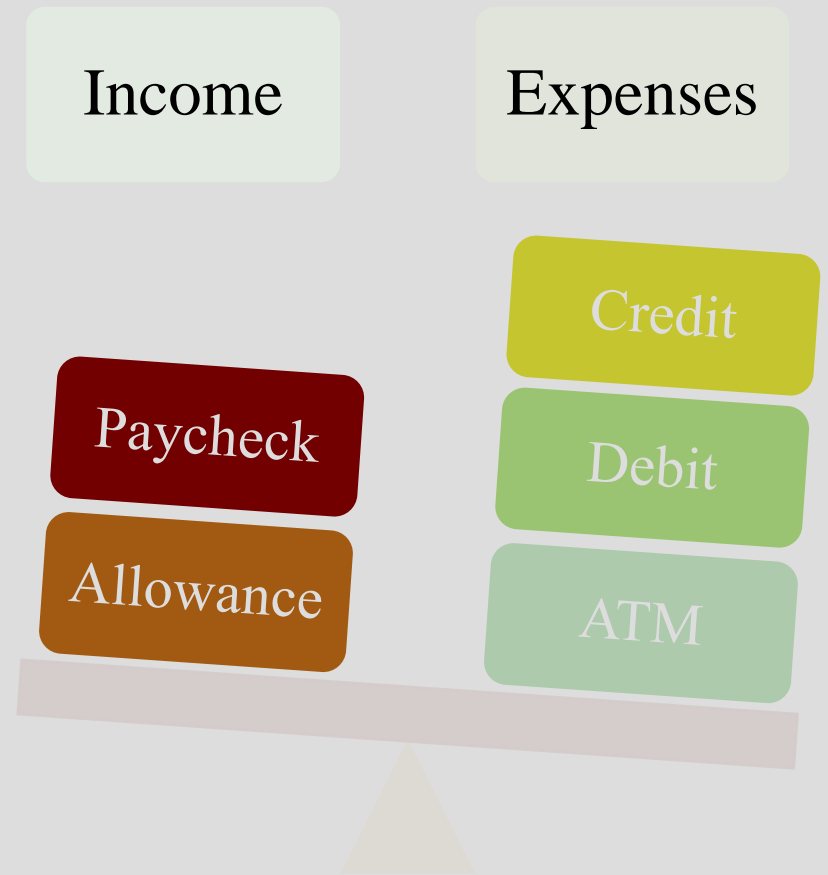
Spending Self-Reflections (cont'd.)

- FORGET THE JONES! We must stop comparing ourselves. If you live like no one else, later you can live like no one else.
- When we don't use cash, purchases almost always cost us more than we can save/invest. Average savings rates are less than 1%, while borrowing rates are 15-24%.



Living on a Budget

- Elements of a budget
 - Income
 - Expenses
 - You are off-budget if expenses exceed income.
- Questions
 - Can I afford it?
 - Do I **NEED** it?
 - Will I still want this next year?
 - Why do I want this?
- Monitoring your budget





Can You Afford It?

- Teenager with a \$50/month allowance wants to buy a bright pink Michael Kors purse for \$209.
- Teenager with a \$7.25/hour job works 10 hours/week and wants rainbow colored Kevin Durant (KD) tennis shoes costing \$155. The last KDs came out four months ago.
- Eighteen-year old wants a car that costs \$8,600. The insurance will be \$2,400/year. Maintenance and gas are additional charges.
- Twenty-year old wants to hang out with friends in Orlando for spring break. The lodging cost per person is \$62/night for five nights. Tuition is due the following week.



Closing and Questions

Thank you for being a hearer and doer!

