The Finance You Need To Know

Tips for staying calm in crazy times
Overview

- How you can teach your future self to improve your investment strategy
- Budgeting tricks and apps that makes things simple
- How do you motivate yourself to budget?
- The RRSP: A practical example of how to make more from what you have
HELLO!

I am Zachary Kahn

I love teaching people how to establish financial independence.

You can find me on LinkedIn here.
How to improve your investment strategy

Tell your future self how to be better
This time is different! I’m not panicking, I just know it’s going to get so much worse!
**BIG CONCEPT**

By logging all the “rare” events in your life you start to see the patterns.

Access the spreadsheet [here](#).

<table>
<thead>
<tr>
<th>Date</th>
<th>Company Invested In</th>
<th>Action</th>
<th>Why I made the investment/how I was feeling</th>
<th>Looking back was it a good decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Today</td>
<td>XYZ</td>
<td>Buy</td>
<td>I really like the company and I used their products everyday.</td>
<td>(Some time in the future) Yes, the company has done quite well over the past 3 years</td>
</tr>
<tr>
<td>Repeat…</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Colour Scale**

- Great
- Decent
- Okay
- Bad
Budgeting tricks and apps

You can’t improve what you don’t measure
Budgeting Tips

Manual Entry – a rude awakening
Look at everything you spend money on and write it down.

Substitute and Compromise
Can you find small changes in your spending habits that result in large savings?

Get rid of what you don’t need
Pack up everything you own, and slowly unpack what you need. You’ll be surprised what’s still packed in a month.
Budgeting Apps

Mint
Find it here.

Sprout
Find it here.
How to motivate yourself to budget?

We know the how, but what about a strong why.
Budgeting - A two fold benefit

- Spending less helps you pay off debt faster
- Reinvesting the saved money over time creates a positive money flywheel
<table>
<thead>
<tr>
<th>Time</th>
<th>Investment</th>
<th>Credit Card</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$2,000.00</td>
<td>$1,000.00</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>2</td>
<td>$2,160.00</td>
<td>$1,200.00</td>
<td>$960.00</td>
</tr>
<tr>
<td>3</td>
<td>$2,332.80</td>
<td>$1,440.00</td>
<td>$892.80</td>
</tr>
<tr>
<td>4</td>
<td>$2,519.42</td>
<td>$1,728.00</td>
<td>$791.42</td>
</tr>
<tr>
<td>5</td>
<td>$2,720.98</td>
<td>$2,073.60</td>
<td>$647.38</td>
</tr>
<tr>
<td>6</td>
<td>$2,938.66</td>
<td>$2,488.32</td>
<td>$450.34</td>
</tr>
<tr>
<td>7</td>
<td>$3,173.75</td>
<td>$2,985.98</td>
<td>$187.76</td>
</tr>
<tr>
<td>8</td>
<td>$3,427.65</td>
<td>$3,583.18</td>
<td>-$155.53</td>
</tr>
<tr>
<td>9</td>
<td>$3,701.86</td>
<td>$4,299.82</td>
<td>-$597.96</td>
</tr>
</tbody>
</table>

Debt eats away at your net worth

Investment Interest Rate: 8%
Debt Interest Rate: 20%

[Link to spreadsheet]
Reinvesting money saved squeezes out more money over time

Investing $1500 vs. $2000 per month

- Investing $2000/month
- Extra $10,000 over 5 years from compound interest
- Investing $1500/month

Interest Rate: 1% compounded monthly

Link to spreadsheet
The RRSP

A practical example of how to make more from what you have
The RRSP

Without the RRSP

Get Paid
Pay Taxes
Rest is yours

With the RRSP

Get Paid
Put money into RRSP
Pay taxes on remaining money
Rest is yours
RRSP Example

Check out the example [here](#).
The Process for Handling Crazy Times

1. Track behaviour to improve
2. Reduce and understand expenses, then reinvest savings
3. Leverage tax advantaged accounts
Bonus: Case Studies

Two examples that show when you should just go for it.
Case Study 1: Should I move for a 1 year internship?

Move to Toronto

<table>
<thead>
<tr>
<th>Monthly expenses</th>
<th>Cost</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>$1,000.00</td>
<td><a href="https://www.ryerson.ca/housing/off-campus/find_a_place/living_costs/">https://www.ryerson.ca/housing/off-campus/find_a_place/living_costs/</a></td>
</tr>
<tr>
<td>Transportation</td>
<td>$156.00</td>
<td><a href="https://www.ttc.ca/Fares_and_passes/Prices/Prices.jsp">https://www.ttc.ca/Fares_and_passes/Prices/Prices.jsp</a></td>
</tr>
<tr>
<td>Utilities</td>
<td>$50.00</td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td>$50.00</td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td>$350.00</td>
<td></td>
</tr>
<tr>
<td>Restaurants</td>
<td>$100.00</td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td>$50.00</td>
<td></td>
</tr>
<tr>
<td>Subscriptions</td>
<td>$30.00</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$100.00</td>
<td></td>
</tr>
<tr>
<td>Flights (amortized cost)</td>
<td>$58.33</td>
<td></td>
</tr>
<tr>
<td>Initial Move in Costs</td>
<td>$20.83</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,965.17</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly Income Source</th>
<th>Income</th>
<th>Hourly Income</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job</td>
<td>$4,333.33</td>
<td>$25.00</td>
<td>Assumed to be working 40 hours a week.</td>
</tr>
<tr>
<td><strong>After tax income</strong></td>
<td><strong>$3,466.67</strong></td>
<td></td>
<td>Assume that effective tax rate is 20%.</td>
</tr>
</tbody>
</table>

Savings after 1 year: $18,018.00
Case Study 2: Should I take the 1 year contract job?

5 year comparison of contract job vs. minimum wage job

- Contract Case Monthly Income
- Minimum Job Case Monthly Income
- Expenses
- Contract Case Total Savings
- Minimum Wage Case Total Savings

Assuming no income for 3 months with contract job

Savings Interest Rate: 0.5% compounded monthly

Contract Job: $25/hr  Min Wage: $15/hr  Full Time: $65k/year  Expenses: $1900/month
Compound Confidence

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THANKS!

Any questions?

You can find me at:
LinkedIn
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