

# PERSONAL MONEY MANAGEMENT

**Financial Fitness Force Workshop**

**OFFERED BY**

**COLLEGE OF BUSINESS AND ECONOMICS  
CALIFORNIA STATE UNIVERSITY, LOS ANGELES**

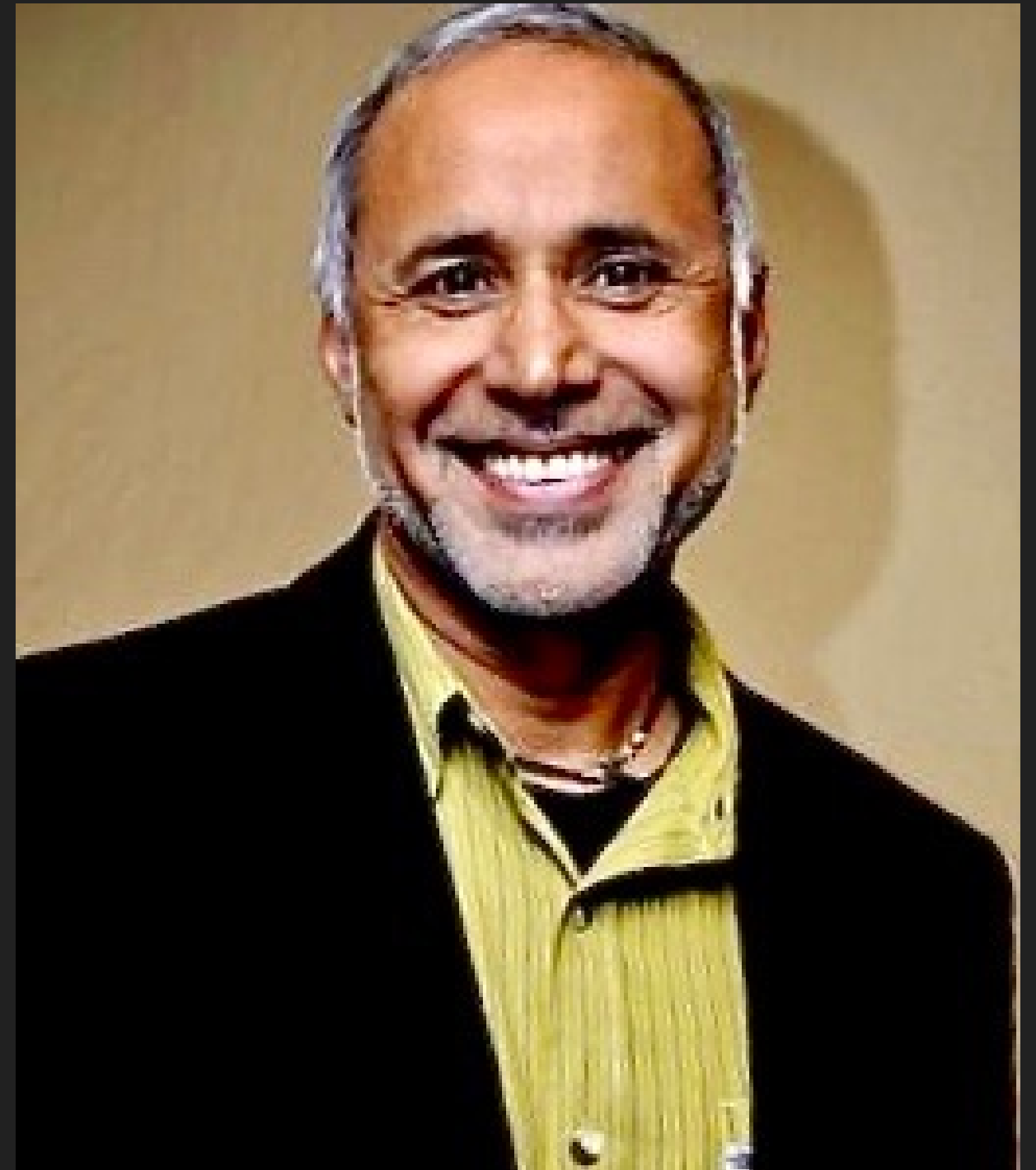


# PRESENTER

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ASMAT SAMI SIDDIQUI

- Arrived in the United States in 1971
- Graduated from CSULA in 1976
- 30 years banking experience
- Retired at age 50
- Distinguished Alumnus School of Business & Economics 1999



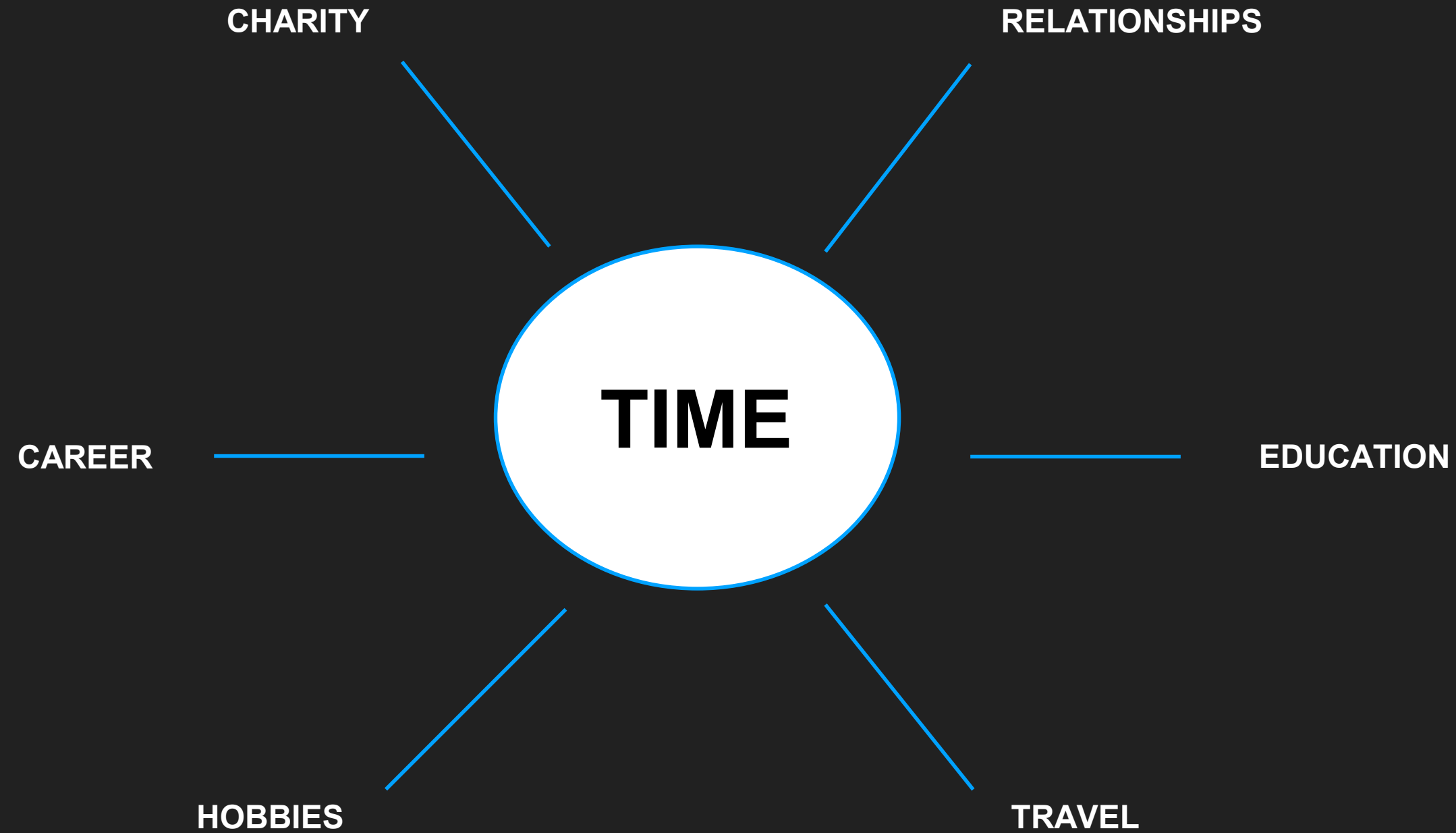
TIME



**TIME** IS THE MOST **VALUABLE** RESOURCE YOU **OWN** NOW

# IT'S VALUE IS TRANSFERABLE

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USE IT OR **LOOSE** IT.

# TIME MANAGEMENT

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**SET GOALS.** What am I when I grow up  
**PRIORITIZE.** Make a list not a laundry list  
**SCHEDULE.** Top 3 things for the day  
**FOCUS.** One Challenge at a time  
**MOTIVATION.** Visualize reward



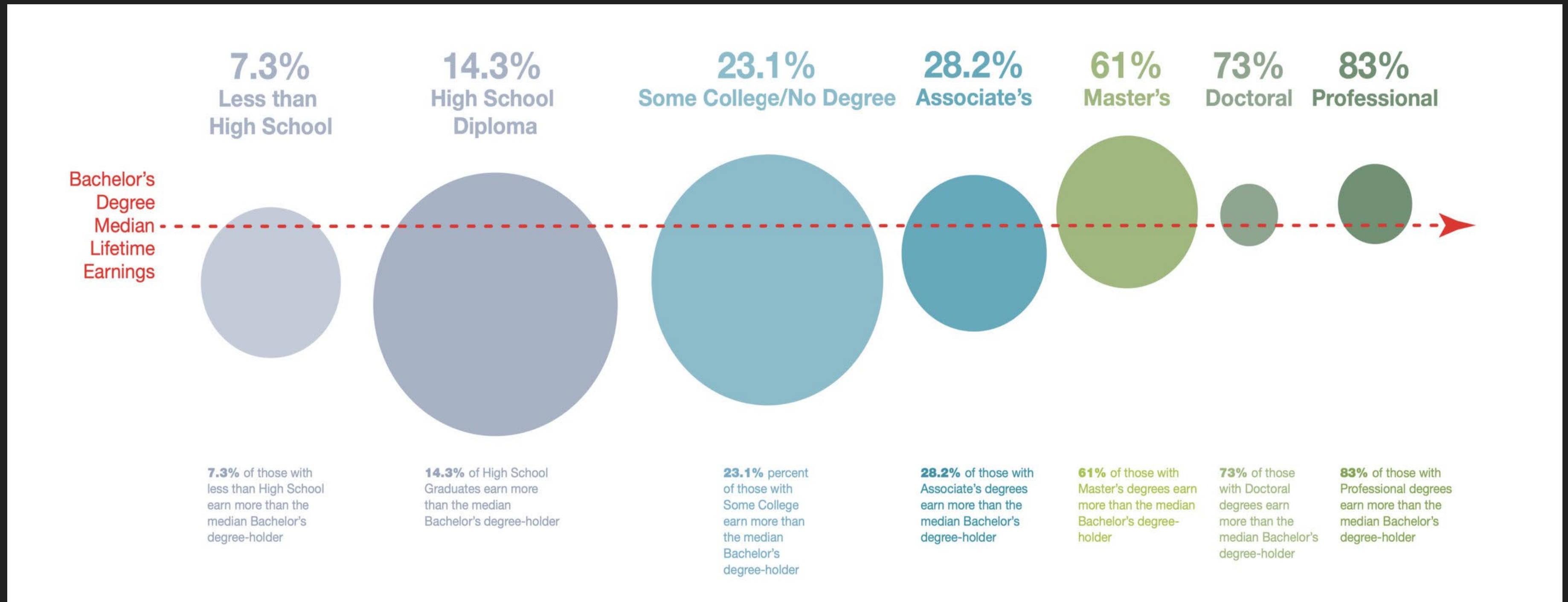
# EDUCATION IN DOLLAR AND CENTS

Educational attainment	Median Annual earnings	Unemployment rate
Doctoral degree	\$90,636	1.5%
Professional degree	95,472	1.5
Master's degree	72,852	2.2
Bachelor's degree	60,996	2.5
Associate degree	43,472	3.4
Some college, no degree	40,248	4.0
High school diploma, no college	37,024	4.6
Less than a high school diploma	27,040	6.5
<b>AVERAGE</b>	47,164	3.6

Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.

Source: U.S. Bureau of Labor Statistics, Current Population Survey.

# EDUCATION IS A **LIFE TIME** BENEFIT.



There are a number of cases, in which people with less educational attainment earn more than those with higher degrees. This graphic represents just how much earning overlap there is (relative to workers with a Bachelor's degree).

# Business of Money

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Savings



Spending



Borrowing

Investments

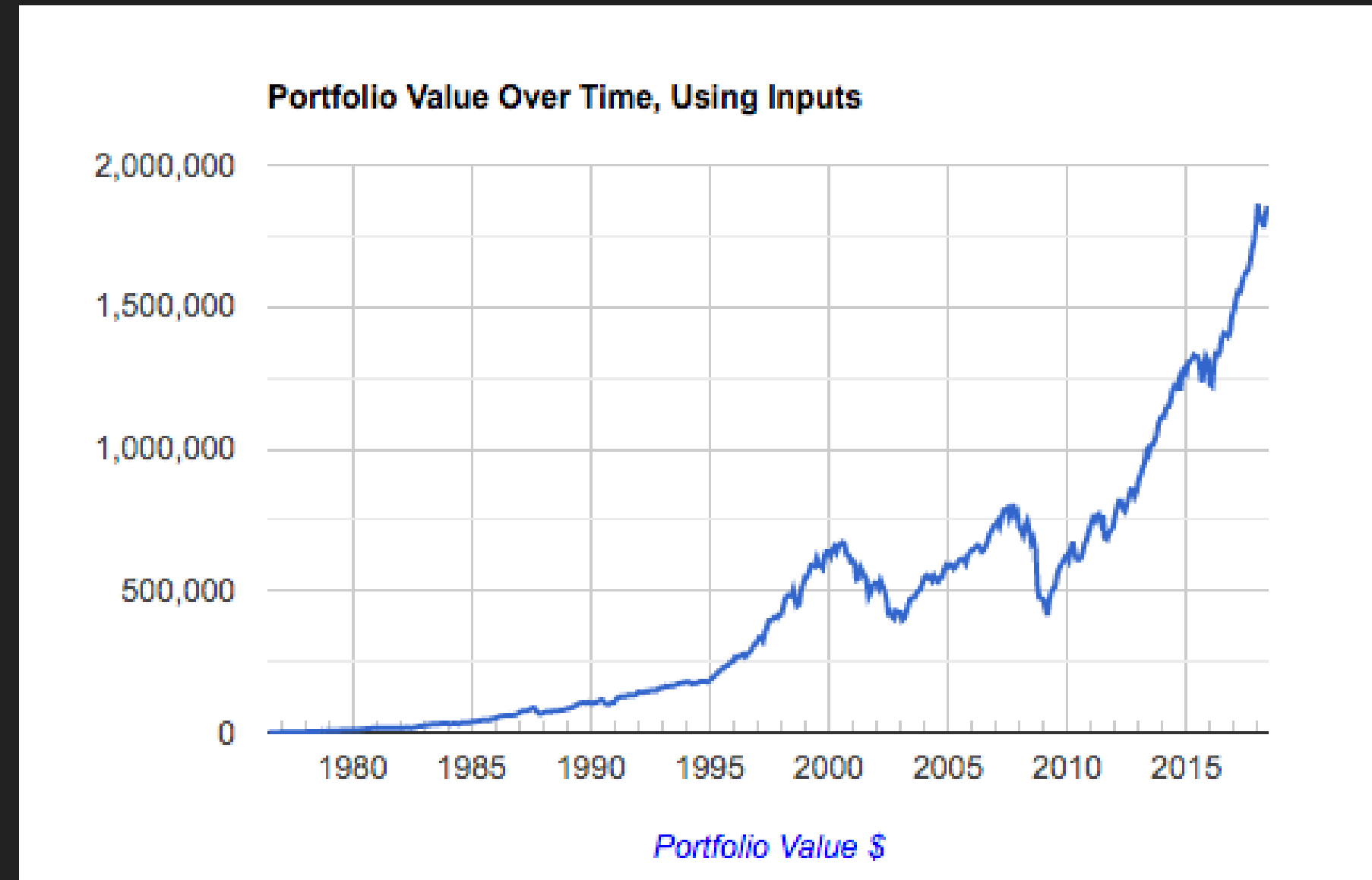




# POWER OF SAVING EARLY

## Your 401K account

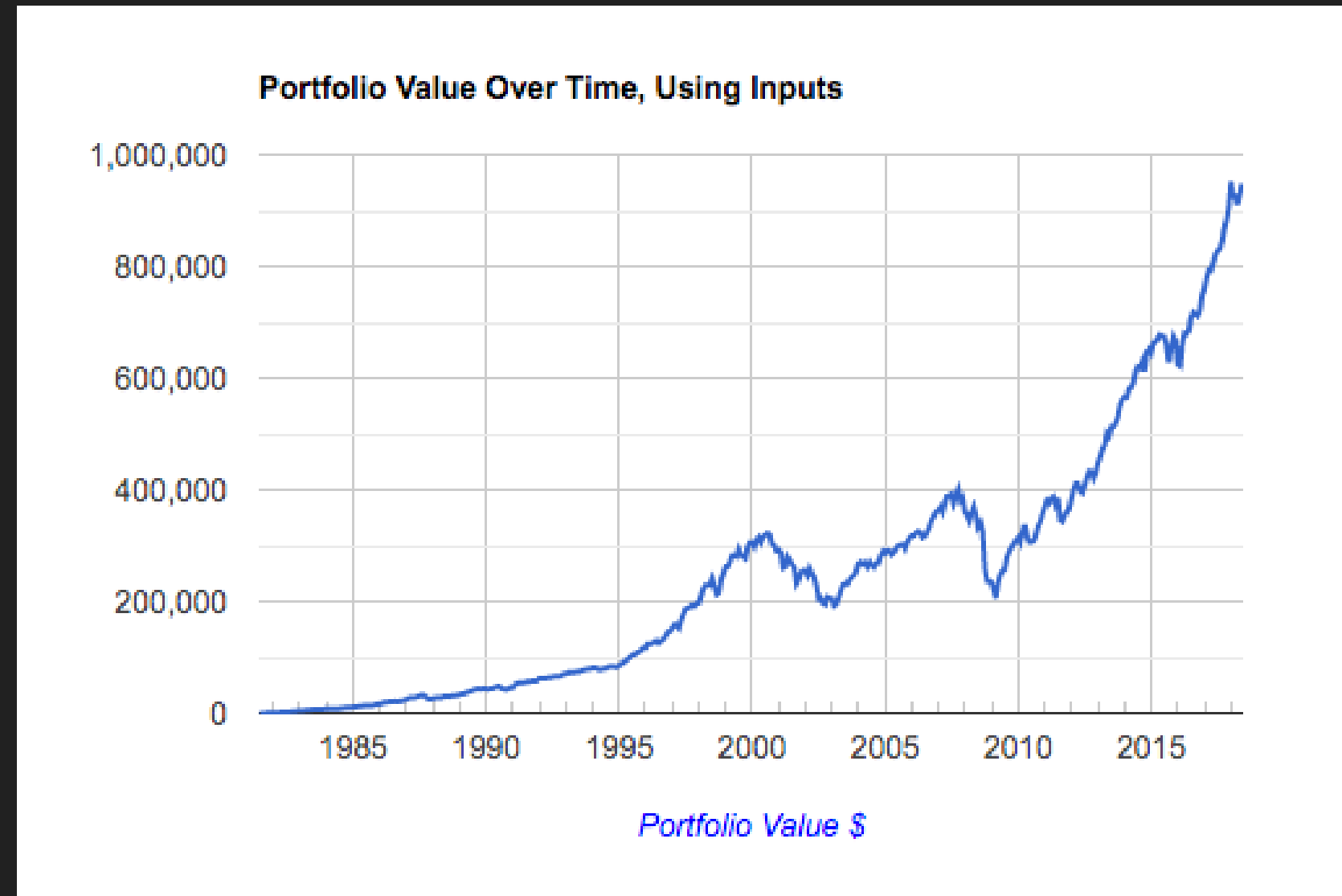
Starting amount	0
Monthly Contribution	\$200
Years to Save	42
Annualized Return	11.10%
My Contribution	\$100,600
Ending Balance	\$1,855,802



# COST OF WAITING

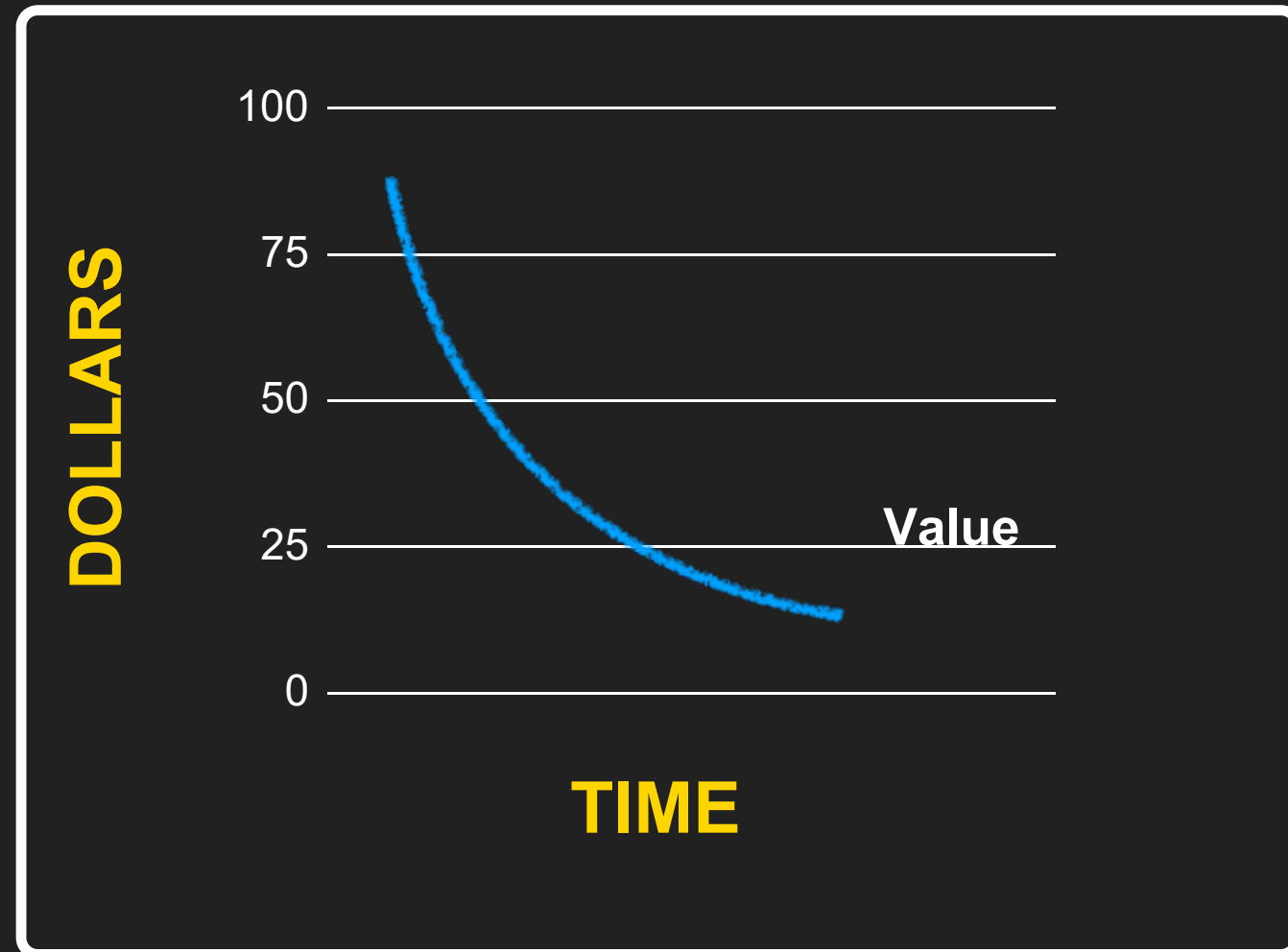
## Your 401K account

Starting amount	0
Monthly Contribution	\$200
Years to Save	37
Annualized Return	10.57%
Your Contribution	\$88,600
Ending Balance	\$948,943

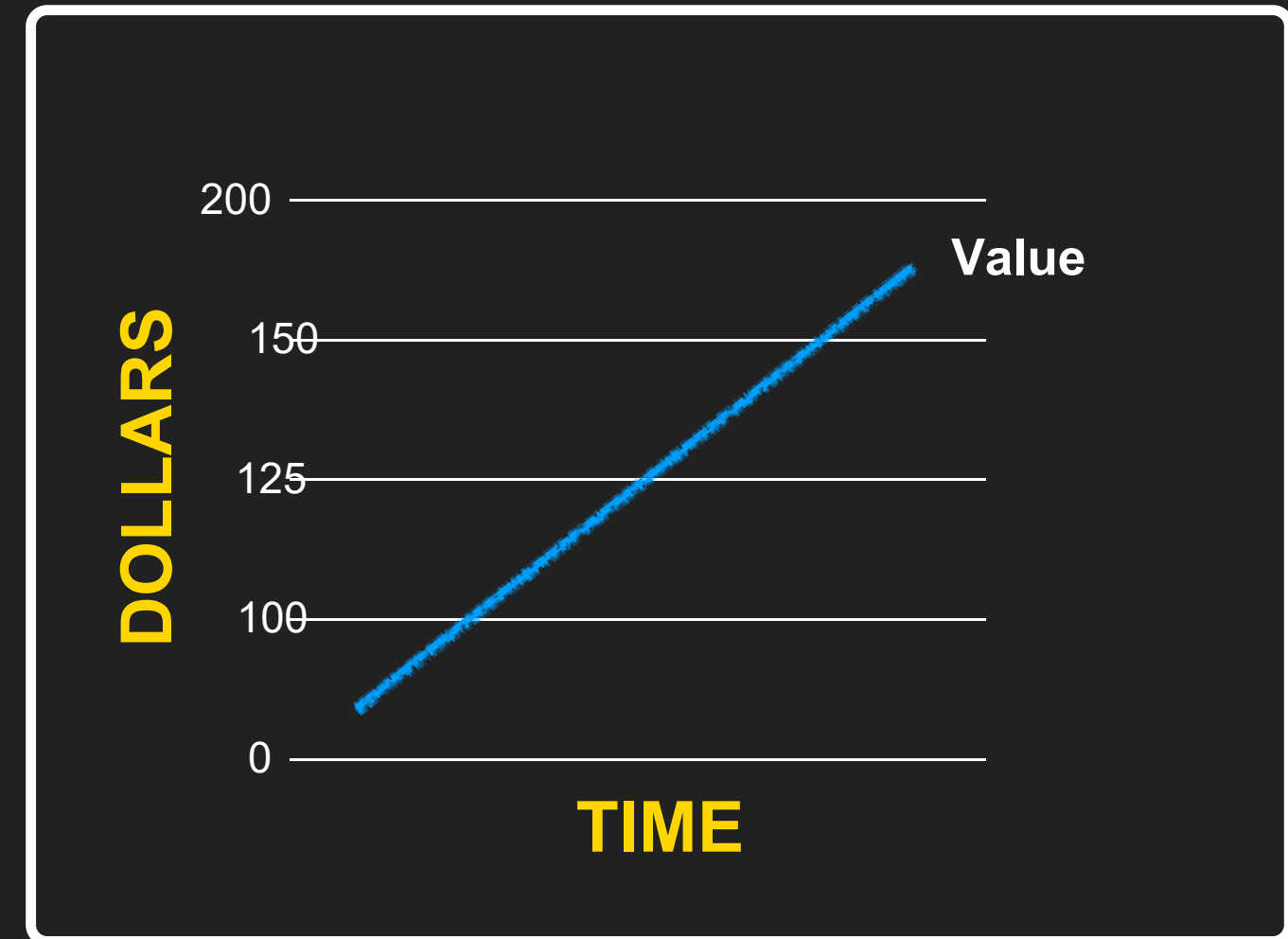


# SPENDING

## APPRECIATING ASSETS VS DEPRECIATING ASSETS



CAR



HOUSE

# IS BORROWING GOOD?

	<b>CREDIT CARD</b>	<b>CAR</b>	<b>HOUSE</b>
<small>Or</small> <b>Initial Amount</b>	<b>\$10,000</b>	<b>\$50,000</b>	<b>\$500,000</b>
<small>Interest</small> <b>Interest rate</b>	<b>18%</b>	<b>12%</b>	<b>5%</b>
<b>Monthly Payment</b>	<b>\$200</b>	<b>\$1,112</b>	<b>\$2,684</b>
<b>Years to Payoff</b>	<b>7.8</b>	<b>5</b>	<b>30</b>
<b>Total Payment</b>	<b>\$18,622</b>	<b>\$66,733</b>	<b>\$966,278</b>
<b>Interest Paid</b>	<b>\$8,622</b>	<b>\$16,733</b>	<b>\$466,278</b>
<b>Ending Value</b>	<b>?</b>	<b>\$10,000?</b>	<b>\$1,000,000?</b>

# LESSONS OF BORROWING

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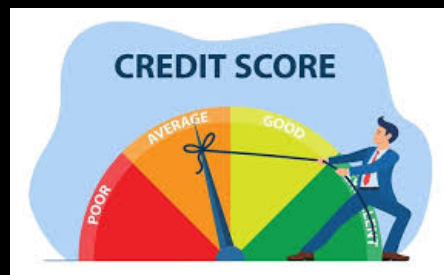
Borrowing responsibly could be good



Convenience and luxury adds up

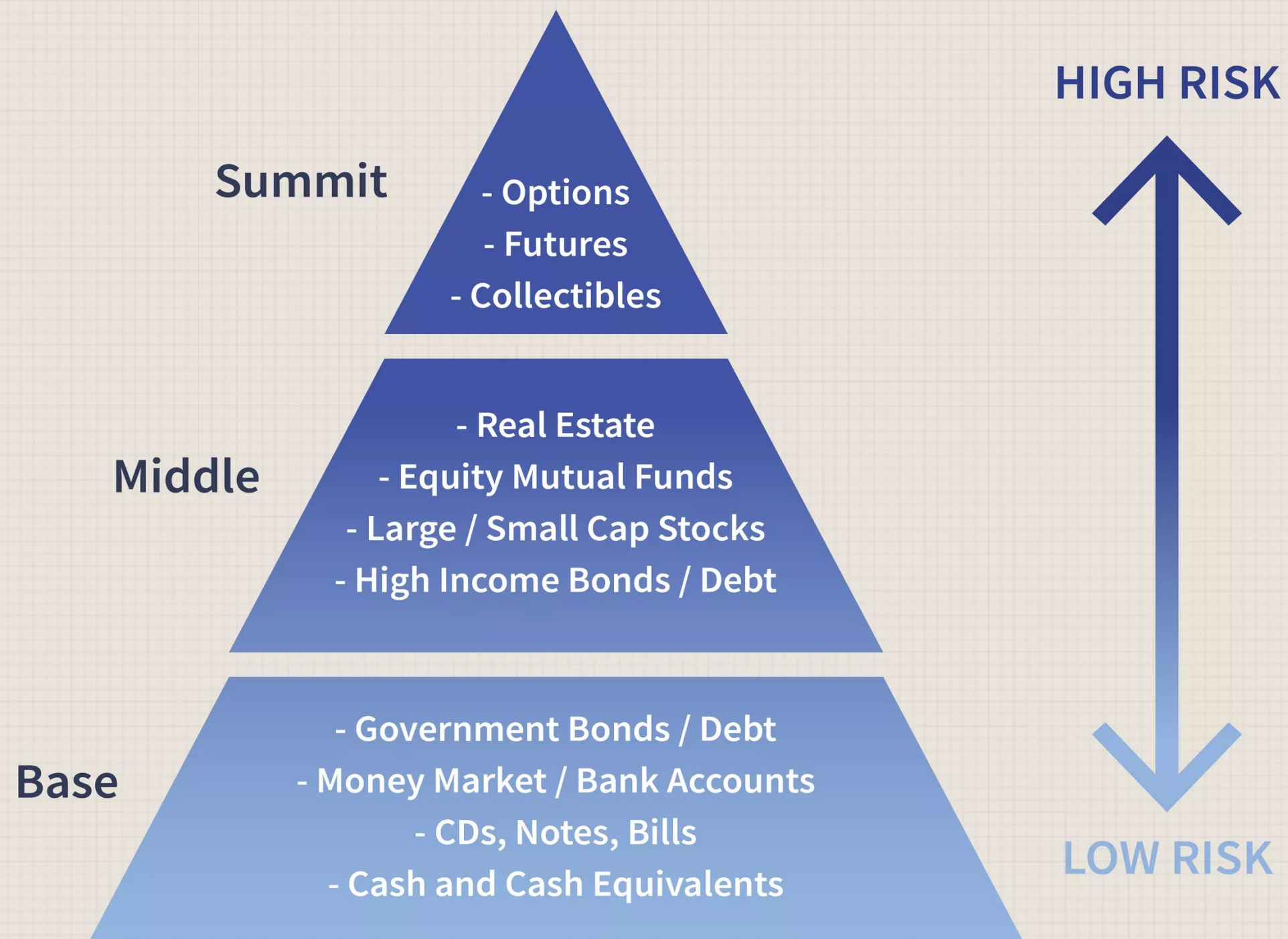


Don't fall for minimum payment



Always always pay on time

# INVESTING



# RISK AND REWARD

## Sample Return By Asset Class 2006- 1st Half 2020

	<b>Asset Class</b>	<b>Annual</b>	<b>Best</b>	<b>Worst</b>
<b>Lg Cap</b>	Large Cap Stocks – S&P 500 Index	8.19%	32.4%	-37.0%
<b>Sm Cap</b>	Small Cap Stocks – Russell 2000 Index	5.46%	38.8%	-33.8%
<b>Int'l Stk</b>	International Developed Stocks – MSCI EAFE Index	2.69%	32.5%	-43.1%
<b>EM Stk</b>	Emerging Market Stocks – MSCI Emerging Markets Index	4.23%	79.0%	-53.2%
<b>REIT</b>	REITs – FTSE NAREIT All Equity Index	5.33%	35.1%	-37.7%
<b>HY Bnd</b>	High Yield Bonds – ICE BofA US High Yield Index	6.20%	57.5%	-26.4%
<b>HG Bnd</b>	High Grade Bonds – Bloomberg Barclays U.S. Agg Bond Index	4.79%	8.7%	-2.0%
<b>Cash</b>	Cash – 3 Month Treasury Bill Rate	1.14%	4.7%	0.0%

# STOCKS VERSUS ETF's

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- Stock is an individual investment in one company  
Like Apple, Google, A T& T, etc.
- ETF ( Exchange Traded Fund) is an investment in  
a basket of companies



# BENEFITS OF ETF'S

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- It is diversified. Any thing happen to one company.
- ETF can be specialized by size or sector.
  - Small, Medium, Large companies
  - Technology, Health, Utilities
- You don't need to know a lot about individual stocks.

# ESTIMATING RISK AND RETURN

<b>Company</b>	<b>3 year price gain %</b>	<b>Dividend Yield</b>	<b>P-E Ratio</b>	<b>Beta</b>
<b>Amazon</b>	164	0	91	1.2
<b>Pepsi</b>	22	2.8	28	0.6
<b>Zoom</b>	540	0	276	-
<b>SPY</b>	40	1.6	27	1.0
<b>ARKG</b>	154	1.3	-	1.6
<b>EMQQ</b>	54	0.8	38	1.1

# TAX EFFECT

Buy and Hold				Active Trading			
Years	Initial Investment	Return Rate	After Return	Initial Investment	Required Return	Federal and State Tax Rate (t)	After Tax Net Gain (1-t)
0	100	0.100	110	100	0.10	0.25	108
1	110	0.100	121	108	0.11	0.25	116
2	121	0.100	133	116	0.12	0.25	127
3	133	0.100	146	127	0.13	0.25	139
4	146	0.100	161	139	0.14	0.25	154
5	161	0.100	177	154	0.15	0.25	171

# HOW TO GET IN THE GAME

Broker	Rating	Commissions	Promotion	Account Minimum	Learn More
	<a href="#">5.0/5</a>	\$0 per trade	None cash credit with qualifying deposit	\$0	<a href="#">OPEN ACCOUNT</a> on Schwab's website
	<a href="#">5.0/5</a>	\$0 per trade	None no promotion available at this time	\$0	<a href="#">OPEN ACCOUNT</a> on E*TRADE's website
	<a href="#">5.0/5</a>	\$0 per trade	None no promotion available at this time	\$0	<a href="#">OPEN ACCOUNT</a> on TD Ameritrade's website
	?	\$0 per trade	None no promotion available at this time	\$0	

# TRACK YOUR HARD WORK

	PLAN	December 2015	December 2016	December 2017	December 2018	December 2018	December 2020
Cash							
Personal Checking							
Brokerage Savings							
Credit card balance							
<b>TOTAL CASH</b>							
Stocks/ETFs							
Personal							
401K/ IRA							
<b>TOTAL STOCKS/ETF</b>							
Current Home Value							
<b>TOTAL ASSETS</b>							
Loans							
Remaining Mortgage							
Student Loan							
<b>TOTAL NET WORTH</b>							

# KEY TAKEAWAYS

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- Use time wisely.
- Start saving money early.
- Take your financial pulse periodically.
- Take risk methodically.



# Thank you!

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