

## Key Financial Literacy Definitions

The following includes a collection of our definitions of 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](#).

### The Foundation to Financial Awareness & Financial Literacy

Financial planning is a lifelong process; that's why **The FA Infinity Lifelong Learning Symbol**, represents 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 regularly and updating areas as required.



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.

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The  **Infinity Lifelong Learning Symbol**



### 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.

These special empowerment tools are designed to help the reader

- ♦ Make wiser informed lifelong money decisions



### The FINANCIAL AWARENESS Foundation

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

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- ◆ Work more efficiently with financial professionals & product providers to get the best results from time & money
- ◆ Get and keep their financial house in order by having a current financial, estate and gift plans
- ◆ Pass on your values, knowledge and assets to future generations and your charitable causes to help make this a better world
- ◆ Have the highest probability to reach your family dreams while you live out a financially successful life.” – 1/03/19

– View The Personal Financial Publication Set --

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

### **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

### **Financial Awareness**

Being aware of how your make, spend and manage your money; your current and future financial situation and transactions, and the financial circumstances around you and the world. – 03/24/21

### **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 Goal**

Objectives you define for how you save, invest and spend your resources. Something that you can put in writing that is specific, measurable, attainable, realistic, and time-related. – (05/08/22)

### **Financial Inclusion**

Financial Inclusion is a comprehensive term defined as the availability and equality of opportunities to access financial services. It refers to a process by which individuals and businesses can access appropriate, affordable, and timely financial products and services. These include banking, loan, equity, and insurance products. – 2/02/21 Wikipedia



## Financial Literacy

“The understanding and the effective use of a set of skills and knowledge, the essential principles of smart money management - the foundation of personal finance knowledge. This serves as the foundation of personal finance comprehension, empowering individuals to approach everyday financial choices with informed decision-making. This set of skills cover these fundamental elements:

- ◆ **Getting Financially Organized** – 1. Organizing paperwork 2. Inventorying what you own and owe (Net Worth) 3. Managing Cash Flow 4. Understanding your Employment Benefits
- ◆ **Financial Planning** – 5. Personal and Financial Goals 6. Financial Independence / Retirement Planning 7. Major Expenditure Planning 8. Investment Planning 9. Tax Planning 10. Insurance / Risk Management Planning 11. Estate and Gift Planning.

This empowers people to

- ◆ Make wiser informed lifelong money decisions
- ◆ Work more efficiently with financial professionals & product providers to get the best results from time & money
- ◆ Get and keep their financial house in order by having current financial, estate, and gift plans
- ◆ Pass on values, knowledge, and assets to future generations and charitable causes to help make this a better world
- ◆ Have the highest probability of reaching family dreams while living out a financially successful life.



Common industry definitions of Financial Literacy highlight a 'set of skills' or 'skill set' and a 'body of knowledge' crucial for informed financial decision-making, yet the specifics of this 'skill-set' remain ambiguous. We firmly suggest that this skill-set comprises the elements outlined in **The FA Infinity Lifelong Learning Symbol.**”

This is further addressed along with the 'essential principles of smart money management' within the [TFAF Personal Financial Publication Set](https://home.thefinancialawarenessfoundation.org/publications.html). These can be downloaded at <https://home.thefinancialawarenessfoundation.org/publications.html>

The following are some other's definitions of Financial Literacy

- ◆ *Financial Literacy and Education Commission describes financial literacy as: “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being.”*
- ◆ *The OECD defines financial literacy: A combination of awareness, knowledge, skill, attitude, and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.*
- ◆ *National Financial Educators Council: Possessing the skills and knowledge on financial matters to confidently take effective action that best fulfills an individual's personal, family and global community goals.*
- ◆ *Jump\$tart: Financial literacy is the ability to use knowledge and skills to manage one's financial resources effectively for lifetime financial security. Financial literacy is not an absolute state; it is a continuum of abilities that is subject to variables such as age, family, culture, and residence. Financial literacy refers to an evolving state of competency that enables each individual to respond effectively to ever-changing personal and economic circumstances.*
- ◆ *Investopedia: Financial literacy is the ability to understand and effectively apply various financial skills, including personal financial management, budgeting, and investing. Financial literacy helps individuals become self-sufficient so that they can achieve financial stability.*
- ◆ *The Center for Financial Inclusion: The combination of knowledge, skills, attitudes and ultimately behaviors that translate into sound financial decisions and appropriate use of financial services.*



## 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.

## Financial Plan (Comprehensive)

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; hard copy, digital paperwork 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

### **Gift Plan**

Gift Plan: is the process of developing a strategy for making a gift to family, friends, a nonprofit or a 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

### **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** – and go to the Glossary of The *financial* PARTNER Guidebook  
<http://home.thefinancialawarenessfoundation.org/publications.html>



# The Financial Awareness Foundation (TFAF)

TFAF is a 501(c)(3) USA-based nonprofit organization established in 2013. Its mission is to significantly help solve a major social challenge dealing with the lack of financial awareness along with the financial illiteracy epidemic. They believe that teaching financial awareness, financial literacy and the essential principles of smart money management are so very important. This provides people the tools of empowerment for making lifelong informed money decisions, giving them the best probability of living a quality life without outliving their wealth; and for passing on personal values, knowledge & assets to future generations to make their lives & this world a better place.

TFAF has three main focal points and they revolve around:

- Taking an active leadership role to recognize organizations and their management that are championing improving financial awareness and financial literacy. Unite them with other associations, organizations, nonprofits, educational institutions, municipalities, employers, and the news media to actively focus their vast community resources on **The Improving Financial Awareness & Financial Literacy Movement** built around a growing concentrated personal finance content media blitz every six months through the strategic campaign venues celebrating
  - ◆ April as **Financial Literacy Month** and six months later
  - ◆ October as **Estate & Gift Planning Awareness Month**

The plan is to touch the majority of the general public, high net worth individuals, financial service and nonprofit professionals and their organizations at least twice a year through these strategic venues, with educational and motivating reminders to get and keep their financial house in order with current financial, estate, and gift plans.

To help address the global lack of financial awareness and the financial illiteracy epidemic **The Movement** began in the USA over a decade ago; global financial literacy initiatives are increasing; we are contacted regularly for assistance, content, and ideas from around the world. In 2018 we began **The Improving Financial Awareness & Financial Literacy Movement** in several East African Countries. This will touch ~ 150 million people; modeled after our work in the US. In 2020 The Movement expanded into Ghana – West Africa, South America, and India. We now have **The Movement** developing within 5 continents, and over a dozen plus countries. We also have initiated development activities and discussions for **The International Improving Financial Awareness and Financial Literacy Research Centers** in Universities each country domestically and internationally. They are planning on taking leadership roles within their country's and community's improving financial awareness and financial literacy activities. To unite the youth around the world on this important initiative we launched **The Improving Financial Awareness & Financial Literacy Youth Movement**.

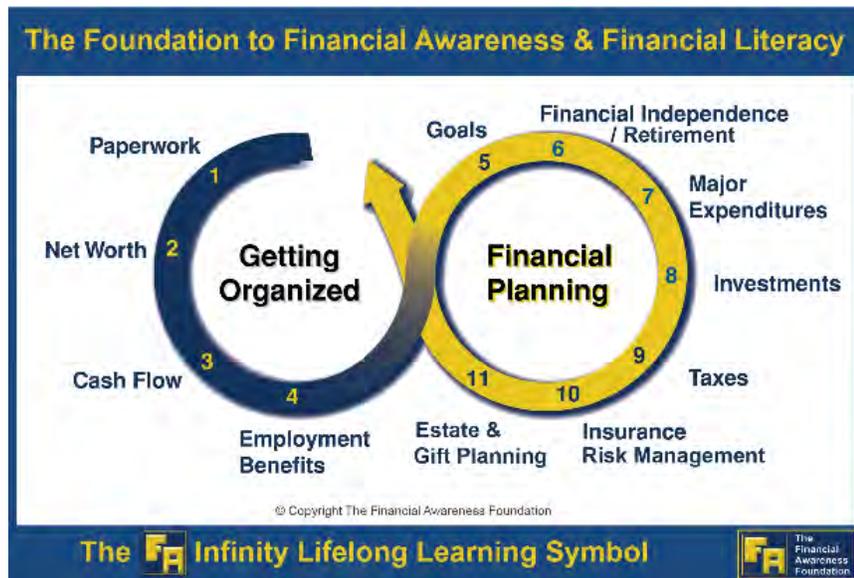
We strongly believe that financial awareness & financial literacy are fundamental life skills – not commonly taught at home or at school – required to live a successful life in today's world. As we work more internationally, we are learning that other key life skills are also not being taught, such as

- PROBLEM-SOLVING – Making things better
- COLLABORATION – Working together
- CREATIVITY – Thinking outside the box
- NEUTRAL MIND – Open to seeing the big picture both positive & negative
- PROACTIVE LISTENING & EFFECTIVE COMMUNICATIONS – Getting and delivering the message
- ETHICS – Doing the right thing, do no harm
- LEADERSHIP – Taking responsibility

Without these fundamentals, no wonder we have so many social and political challenges.



- Developing and delivering exceptional educational content and programs for We The People - the general public – rich to poor; and for financial service, nonprofit, and charitable gift planning professionals, and educational institutions that support the public's financial and estate and gift planning and charitable planning needs, ending inherited poverty for all.
- Serving as a catalyst for many needed improvements, gender equality, & sustainability.



Organizations & individuals are never required to financially support TFAF. Nor do they have to pay any marketing or membership fee, or licensing fees to participate in The Improving Financial Awareness & Financial Literacy Movement, campaigns, & programs. TFAF also develops and distributes high-quality education materials at 'NO Cost' for use for nonprofit purposes. But as a 501(c)(3) nonprofit organization, financial support, & contributions are always welcomed & very much appreciated.

To learn more about The Movement & Gifts of Personal Financial Knowledge check out these links

Additional Information	Click to View
TFAF Annual Report & Business Plans	<a href="#">View</a>
The Improving Financial Awareness & Literacy Movement Worldwide	<a href="#">View</a>
The Improving Financial Awareness & Financial Literacy Movement in Africa	<a href="#">View</a>
Complimentary – TFAF Personal Financial Publication Set	<a href="#">View</a>
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About <b>Valentino Sabuco</b> Executive Director, The Financial Awareness Foundation	<a href="#">View</a>



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



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