

## Key Financial Literacy Definitions

The following includes a collection of our definitions to 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** which you can download below.

### The Foundation to Financial Awareness & Financial Literacy

Financial planning is a lifelong process; that's why The financial PARTNER System illustration is an "infinity" symbol, representing 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.



### The FINANCIAL AWARENESS Foundation

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

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These special empowerment tools are designed to help the reader

- ◆ 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 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 you 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 Inclusion**

Financial Inclusion: A comprehensive term that describes the providing of savings, credit and other financial services to the underprivileged in an inexpensive and easy to use and understand format. This includes the opening of bank accounts for those that have never had one, and allowing people to send and receive money easily. The main objective is ensuring access to formal credit for people who currently depend on informal means for their financial needs while providing financial education to ensure that the poor understand how to make better informed everyday personal finance decisions. – 05/13/19



## Financial Literacy

The understanding and the effective use of a set of skills and knowledge - the essential principles to smart money management, the foundation to personal finance knowledge - that allows you to address everyday money decisions in an informed manner.

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 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.

The common industry definitions of financial literacy are varied and it appears that many also use the terms financial literacy, financial education and financial knowledge interchangeably. **In most definitions there is a reference to a 'set of skills' or 'skill set' and 'body of knowledge' that helps one make informed financial decisions, though this particular skillset or body of knowledge is not clearly defined.** We believe that the 'set of skills' or 'skill set' and 'body of knowledge' is the 'essential principles to smart money management' as illustrated in The FA Infinity Lifelong Learning Symbol and detailed in TFAF Personal Financial Publication Set.



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.

## Comprehensive Financial Planning

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 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>



## About The Financial Awareness Foundation



**The Financial Awareness Foundation**  
Improving Financial Awareness & Financial Literacy™  
www.TheFinancialAwarenessFoundation.org

The Financial Awareness Foundation is a 501(c)(3) nonprofit organization; our mission is to significantly help solve a major social problem dealing with the lack of financial awareness and financial literacy.

We serve as a nonpolitical 'financial awareness advocate' for We The People - the general public, the financial service professionals, financial product providers and their organizations, nonprofits, educational institutions, municipalities, employers and the news media.

Too many people are on the verge of running out of money prematurely - long before their life expectancy. Many families are burdened with large amounts of debt, while over 120 million American adults don't have nor realize why it's important to have current financial, estate and gift plans to protect themselves and their families. **We have a serious problem.** This

lack of financial awareness, along with the **financial illiteracy epidemic** places a **HUGE** growing amount of pressure on families and friends, employers, nonprofits; as well as the ultimate safety net of the government. This is not just a local epidemic - it's an international one.

We believe that teaching financial awareness, financial literacy and the essential principles to smart money management are very important as this gives people the tools of empowerment 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 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.

The Financial Awareness Foundation has two main focal points and they revolve around:

1. Taking an active leadership role to recognize organizations and their management as well as individuals that are championing improving financial awareness and financial literacy. We are then uniting them with other associations, organizations, nonprofits, educational institutions, municipalities, employers, and news media to actively focus their vast community resources into **The Improving Financial Awareness & Financial Literacy Movement** with its semi-annual concentrated personal finance content media blitz around the strategic campaign venues of

- ◆ **April: Financial Literacy Month**
- ◆ **October: Estate & Gift Planning Awareness Month**

The plan is to touch everyone at least twice a year through these strategic campaign venues, with educational and motivating content, and reminders and tools for making wise informed lifelong financial decisions to **get and keep your financial house in order by having current financial, estate and gift plans.**

2. The Foundation also delivers and develops exceptional educational content for the general public and for financial service and nonprofit professionals as well as educational institutions that support the public's financial, charitable and estate and gift planning needs.



**EVERYONE** needs to be financially literate and empowered to make better everyday money decisions. If not, how are they are going to have any chance of living out a quality life, reach and maintain their personal and family financial dreams, and live out a debt-free and secure financial future? Without this empowerment, many many people become a burden on family and friends, employers, local nonprofits and the ultimate safety net of the local and federal government.



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You can visit our website at [www.thefinancialawarenessfoundation.org](http://www.thefinancialawarenessfoundation.org) to receive your **FREE** copy of **The Personal Finance Publication Set** – which includes **smart money secrets** and the **essential principles to smart money management** – the foundation to personal finance knowledge.



These are very special empowerment tools, not a Do-It-Yourself-Kit. It is a powerful tool to empower people to make better informed lifelong money decisions and to use and work with financial professionals & product providers to get the best results from their time & money.

These materials are VERY advisor friendly and can be used with clients at no-cost!

Organizations and individuals are never required to financially support **The Financial Awareness Foundation** in any way. They do not pay any marketing or membership fee, or make a contribution in order to participate in the important improving financial awareness and financial literacy movement, campaigns and programs. And we develop and distribute high quality materials at 'NO Cost' that's used for educational / nonprofit purposes; if used for profit activities a modest license maybe appropriate. But as a 501(c)(3) nonprofit organization, financial support and contributions are always welcomed and very much appreciated.



Wishing you all the very best,

**Valentino**

**Valentino Sabuco, Executive Director**

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***Imagine a world in which every single person on the planet knows the secrets to personal finance!***

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

Help us do even more by making a tax deductible contribution today! Thank YOU.



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To learn more about The Financial Awareness Foundation and our work, check out the following:

## About The Movement

- ◆ Supporting Improving Financial Awareness & Financial Literacy Is A Winning Opportunity For All  
<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-PublicSupportfortheImprovingFinancialAwareness.pdf>
- ◆ For Financial Service / Nonprofit Advisors – How Improving Financial Awareness & Financial Literacy Can Increase Your Bottom Line  
<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-AdvisorsSupport-ImprovingFinancialAwareness-CanIncreaseYourBottomLine.pdf>
- ◆ Improving Financial Awareness & Financial Literacy Movement Programs Overview / Planner  
<http://home.thefinancialawarenessfoundation.org/pdf/TFAF-ImprovingFinancialAwarenessCampaign&ProgramPlanner.pdf>
- ◆ The Improving Financial Awareness & Financial Literacy Movement Report & Magazine – Now in the 11<sup>th</sup> Year  
<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-FallCampaignReport&Magazine.pdf>



Global financial literacy initiatives are increasing and we are contacted regularly for assistance and ideas from around the world. In 2018 we began assisting in the creation of **The Improving Financial Awareness & Financial Literacy Movement in Kenya, Uganda and Tanzania; this will touch ~ 150 million people**; this is modeled after our work in the US. In 2020 we begun assisting the launching of The Movement in Ghana, Brazil and India.

<http://www.thefinancialawarenessfoundation.org/pdf/TheMovementWorldWide.pdf>

## Programs

- ◆ The Financially Green Organization Certification Program™ Executive Summary & Overview  
<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-FinanciallyGreenOrganizationCertProgramOverview.pdf>
- ◆ The Your *financial* PARTNER University / College Program™ Executive Summary & Overview  
<http://www.thefinancialawarenessfoundation.org/pdf/TFAF-YourFPUniversityProgramOverview.pdf>
- ◆ The City of Monterey and its Public Library (The oldest in California) made this presentation to their patrons and the Greater Monterey Bay Area Residents as a Community Gift  
<http://www.thefinancialawarenessfoundation.org/pdf/TFA-Monterey-FinLiteracyFlier-Spring2018.pdf>  
<http://www.monterey.org/library/Events/Financial-Awareness-Workshops>

## About The Foundation

- ◆ The Financial Awareness Foundation's Website  
<http://www.thefinancialawarenessfoundation.org>
- ◆ About The Financial Awareness Foundation  
<http://home.thefinancialawarenessfoundation.org/pdf/TheFAFoundationIntro.pdf>

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





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