

# Personal Finance Management through Complete Information of Various Financial Instruments and Flow of Money

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**Abstract:** Financial literacy is as important if not more in terms of any other education. Money management involves knowledge of various terms related to Personal finance. Personal finance includes various methods loans, mortgages, estate planning, investments, budgeting, insurance, banking and tax planning. The complete industry that provide any kind of financial services to households and individuals person often refers as Personal finance. The Personal finance management provides advises related to investment and financial opportunities. It needs to build an efficient personal finance management process for getting the system excellence. Strategies of personal finance are discussed in this paper.

**Keywords:** Managing money, investments, budget, banking, financial opportunities

## I. INTRODUCTION

Activities of personal financial like investing, income generation, protection, saving and spending managed and planned by using Personal finance. It can summarize the process of managing the personal finances in a financial plan or budget. Most common and important aspects of financial management are described in this paper.

## II. PERSONAL FINANCE AREAS

### 2.1 Saving of Money

For future spending or investing the excess cash can be considered as saving of money. If what the person spends and what he earns as income, there is any surplus, the difference can be defined as saving or investments. Saving management is the crucial factor of personal finance. Basic types of savings are as follows:

- Securities related to market of money
- Cash in Physical form
- Savings in bank accounts
- Bank account checking



Figure 1: Personal Finance

## 2.2 Income

A source of cash flow that receive by a person can refers as income, the income is used for supporting family and themselves. Basic types of income are including:

- Pensions
- Bonuses
- Dividends
- Salaries
- Hourly wages

## 2.3 Investing

The purchasing of assets in the hope that it will give more money that previously invested can be consider as investment. It uses as an expectation of generate a rate of return. All investment does not give always positive return so investment carries some risks. Some basic types of investing are as follows:

- Commodities
- Mutual funds
- Private companies
- Stocks
- Real estate
- Bonds
- Art

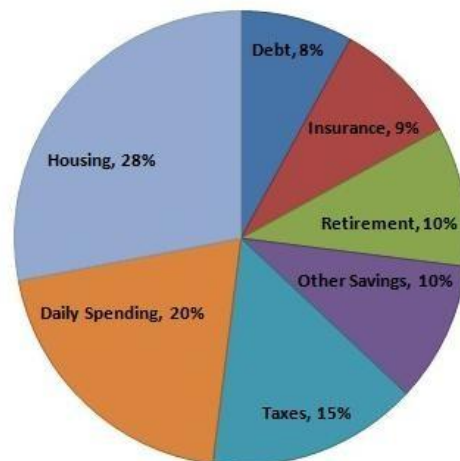


Figure 2: Personal Finance investments

## 2.4 Protection

To guard against an adverse or unforeseen event Personal protection refers to a wide range of products. Some basic types of protection products are:

- Estate planning
- Life insurance
- Health insurance

## 2.5 Spending

Related to buying services and goods or anything consumable things all types of expenses an individual incurs including in appending. All spending divided in two categories: one is credit and other is cash. Some basic types of spending including:

- Food

- Taxes
- Rent
- Credit card payments
- Mortgage payments
- Travel
- Entertainment



Figure 3: Types of Personal Financial Plan

### III. THE PROCESS OF PERSONAL FINANCE PLANNING

Good financial management comes down to having a strong arrangement and adhering to it. The majority of the above regions of individual fund can be wrapped into a spending limit or a formal monetary arrangement. These plans are usually arranged by close to home investors and speculation counsels who work with their customers to comprehend their needs and objectives and build up a suitable strategy.

The steps of process of financial planning are as follows:

- Defining Goals
- Development of plan
- Assessment
- Execution of process
- Reassessment and Monitoring



Figure 4: Steps of Personal Financial Process  
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#### IV. CATEGORIES OF PERSONAL FINANCE

The categories of personal finance are given below:

1. **People:** It most likely wouldn't consider individuals a class of individual money. In any case, you would absolutely concur that you have sentiments about cash and connections have a cash segment. So the "individuals" classification is twofold: 1) it's cash diagram and 2) it's the manner by which identify with others with regards to cash.
2. **Income Streams:** An Income stream is cash that it makes during the month. It's cash coming in. Any income that get isviewed as a pay stream. The more income streams it have, thebetter.
3. **Debt:** It will experience considerable difficulties building riches on the off chance that remain owing debtors – particularly shopper obligation. Obligation can be a device to push openings But purchasing a home with obligation will really not make rich by any stretch of the imagination – it simply will offer the chance to be a property holder.
4. **Money Management:** Money Management is the means by which you deal with the cash you have. It's the sparing, contributing, spending, and monetary objective setting that you do throughout the entire year.
5. **Career:** What it accomplishes for "normal everyday employment" is the work classification. This is the profession, where a great many people invest their energy for cash. The vast majority will always remember about this classification.
6. **Savings:** Saving cash is its very own class (particular fromby and large cash the executives and contributing). Setting aside cash implies the cash that you keep in the bank that is fluid.
7. **Material Things:** Suze Orman consistently says "individuals first, at that point cash, at that point things." This classification is the "things" in her statement. Things meaning way of life. It's the way of life that will significantly influencethe capacity to construct riches.
8. **Wealth Building or wealth Investing:** Wealth building is unique in relation to setting aside cash. The reason for richesbuilding is to expand your total assets and increment your salary.



Figure 5: Categories of Personal Finance

#### V. KEYS TO SUCCESSFULLY MANAGINGPERSONAL FINANCES

For improving the condition of money it can do some common things. For managing the personal finances successfully some steps are given as follows:

1. **Make and Stick to a Budget:** Budget is probably thegreatest instrument that will help succeed monetarily. It permits to make a spending plan so it can allot your cash such that will arrive at your objectives.
2. **Detail Financial Goals:** Take some an opportunity to compose explicit, long haul budgetary objectives. It might need to take a month-long outing to Europe, purchase a venture property, or resign early. These objectives will influence how it plan funds.
3. **Don't Be Afraid to Ask for Advice:** Advice: Once it have developed reserve funds and need to start contributing to build riches, address a budgetary organizer to settle on shrewd venture choices
4. **Pay Off Debt:** Debt is a gigantic snag for some with regards to arriving at money related objectives. That is the reason it should make killing it a need. Set up an obligation end plan, to help pay it off more rapidly.

5. Flesh Out it Plan: A money related arrangement is significant in helping you arrive at your budgetary objectives. The arrangement ought to have numerous means or achievements. An example plan may incorporate making a month to month spending plan and spending plan, at that point escaping obligation.

## VI. CONCLUSION

Financial freedom and literacy are imperative to stress free life. We here summarize the various ways of personal finance management. This enables individuals to choose the methods and combination suited for needs. The term Personal finance includes mortgages, estate planning, investments, budgeting, insurance, banking and tax planning. It can summarize the process of managing the personal finances in a financial plan or budget.

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