

STEP BY STEP WITH MONEY

By Stephen Diedericks BCom, CPA, Juris Doctor (Masters of Law)

This week (11) I will reflect on **When to Seek Financial Education**. This depends on the context. For example, when entering any transaction, seek financial education before entering the transaction. This sounds obvious, however many tax lawyers/accountants earn large incomes because people do not seek financial education before entering into a transaction.

In my view, financial education should be sort from an early age (i.e., when you can read). This is because you can go to school, college and/or university and learn absolutely nothing about your personal finances. I really only learnt about personal finances when I became involved in Network Marketing. I am continuing to learn about it.

Times to seek financial education include:

- living pay check to pay check;
- reaching for the credit card;
- worrying about finances and your future;
- when you get a pay increase and you have less money in your pocket than before the pay increase. As an employee, a pay increase means that you pay the government more money in taxes, while the government reduces your Working for Families benefit because your income has increased, thus less money in your pocket;
- when you start a business, and want to take advantage of all the benefits, including taxation, the government gives you because you started your business;
- when you cannot make any decision. This is not limited to financial decisions. The lack of making any decision will have a financial impact. For example, delaying the decision to attend an event will result in the attendance fee and airfare increasing.

An effect of limited financial education can be seen through responses provided by people after attending Network Marketing business presentations. Occasionally people will attend because they are looking for something but do not know what. After the presentation, they may say something like they are happy with what they are doing and that they want to spend more time with their family. They genuinely feel that by spending more time with their family that they are giving their best to them. In my view, this is only partly correct.

I believe that the lack of financial education restricts thinking to the here and now, i.e., *'people are happy with what they are doing now, without any thought of the impact it has on the future'*.

Their thinking has likely not been stretched to how can their finances be increased to provide for their family. It may not have been stretched to how can they manage their finances to leave a legacy for their family. This thinking will lead to people educating their family on finances. This should have a rippling effect where more and more people become financially educated.

Financial education includes an analysis of projects in any Network Marketing business. If someone is thinking about targeting their 'lukewarm market' with a 200 CD blitz. They may first conduct a cost-benefit analysis. This involves estimating the potential number of new business partners and customers compared to the costs of purchasing CDs and postage etc. Financial education is not only limited to costs, it also includes a review of the time required for follow ups and Upline availability.

Financial education includes an understanding of opportunity costs. This is where your Upline decides whether they will spend time with you or with another person or activity. Spending time with you means that your Upline forgoes spending that time with another person or on another activity. Each one has a financial impact, an opportunity costs. For example, with a follow up, it is important to qualify a potential business partner to the best of your ability because your Upline is forgoing another financial opportunity to assist you. Being aware of this increases your financial education because your actions are likely to include better qualification of prospects so that your Upline's time is used efficiently. In return, your Upline will always give you their time, which increases the possibility of a potential new business partner joining you and this has a positive impact on your finances.

Financial education should be obtained from people who have gone the pathway and trusted resources. Resources includes books, DVDs, CDs and seminars.