

**Deloitte.**

Personal finance and  
wealth building



**MAKING AN  
IMPACT THAT  
MATTERS**  
*since 1845*



What would you  
do with a N50  
million cash gift?

# Course Outline

Below are what we will discuss today:

**1** Myths about personal finance and wealth building

**2** Understanding personal finance

**3** Developing budgeting and saving habits

**4** Building financial resilience and investment strategies

**5** Investment planning and strategies

**6** Wealth preservation and financial security



**Myths about personal  
finance and wealth building**



## Myth #1: Personal Finance is Only for the Rich (I no get money, I no fit save)

### Reality

- Every kobo counts in your financial journey.
- Whether you earn ₦50,000 or ₦500,000, managing your money wisely is crucial.

### Example

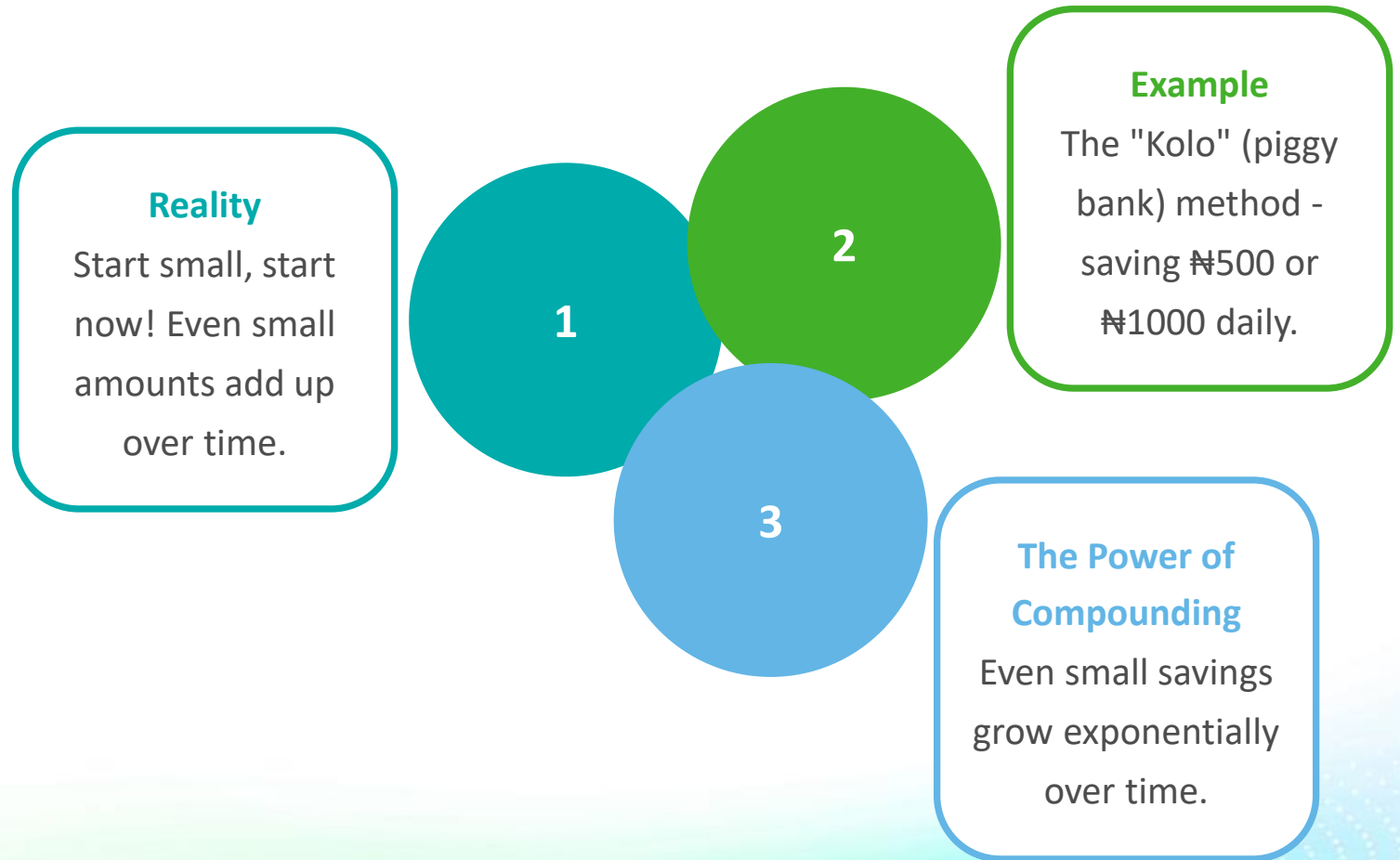
A small business owner saving a percentage of profits, even when income is irregular.

### Quote

It's not about how much you earn, but how much you keep.

## Consistency beats one-time large deposits.

Myth #2: I'll Start Saving When I Earn More (Investment na for big boys only)



## Myth #3: Investing is too risky/complicated (I no need financial plan, I dey manage)



### Pension Funds

I will starting planning my retirement once I clock 50 years



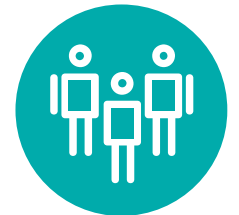
### Treasury Bills

Low-risk government investments.



### Cooperative Societies (Esusu)

Community-based savings.



### Mutual Funds

Diversified investments managed by professionals.





# Understanding personal finance



# Understanding personal finance

How does your personal financial scorecard look like?

You cannot  
measure what you  
cannot manage

What are your  
financial ratios or  
KPIs?



# Understanding personal finance

Which of the following items takes a significant proportion of your income.



Expenses



Human capital



Capital expenditure



Savings/  
Investment








Giving

# Understanding personal finance

Personal finance encompasses the effective management of a person's financial resources and includes activities like investing, saving, and budgeting

## WHY IS PERSONAL FINANCE IMPORTANT?

 <b>Financial security</b>	Effective management of finances helps to build a safety net for emergencies and unexpected expenses like medical bills or car repairs.
 <b>Goal achievement</b>	Personal finance helps individuals successfully set and achieve financial goals such as buying a house, funding education or planning for retirement.
 <b>Debt management</b>	Understanding personal finance helps individuals to make informed decisions regarding spending and evaluate needs versus wants. This can help to manage or reduce debt.
 <b>Stress reduction</b>	A properly managed financial plan can reduce the stress caused by financial issues, improving mental health in general.
 <b>Long-term planning</b>	Personal finance helps to properly plan for the future, ensuring adequate preparation for life changes such as starting a family or retirement.

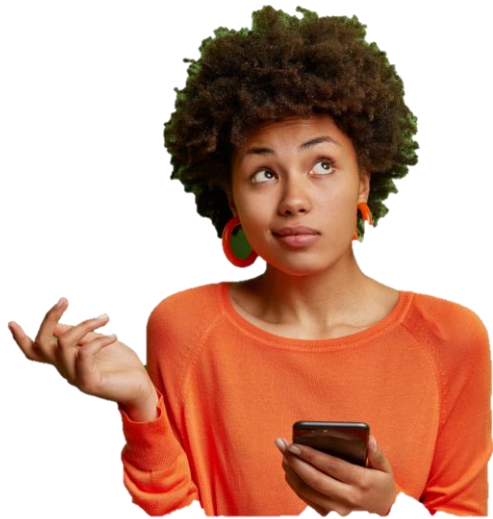




**Developing budgeting  
and saving habits**

# Developing budgeting and saving habits

## Key questions on budgeting



01

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What does budgeting mean to you?

02

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How often do you track your expenses?

03

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What unexpected expenses have you faced recently, and how did you handle them?

04

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Do you have a monthly budget?

05

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What tools or applications do you use for budgeting?

06

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What challenges do you face when trying to stick to a budget?

07

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How do you feel about your current savings? Are you comfortable with it?

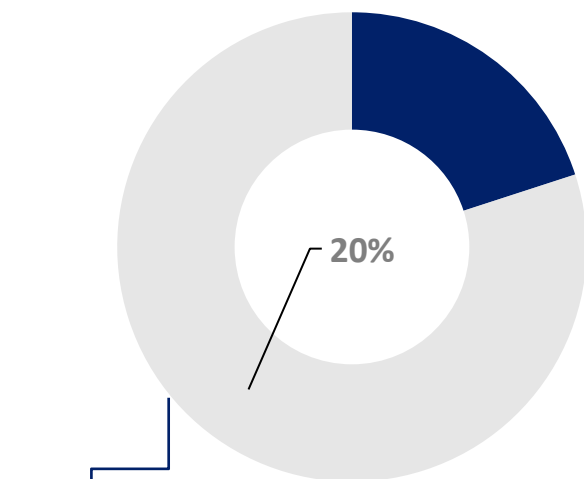
08

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How do you celebrate financial milestones or successes?

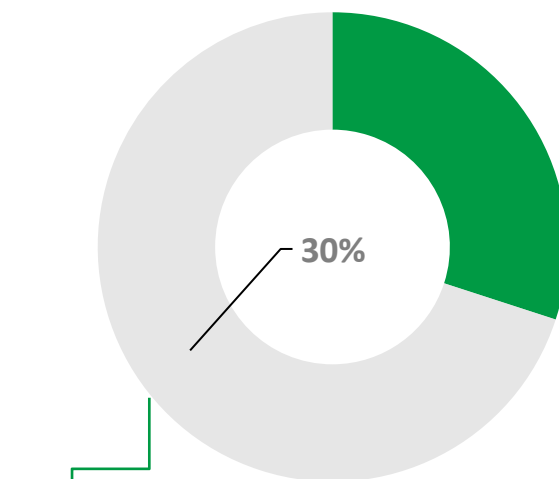
# Developing budgeting and saving habits

## Rule of Thumb



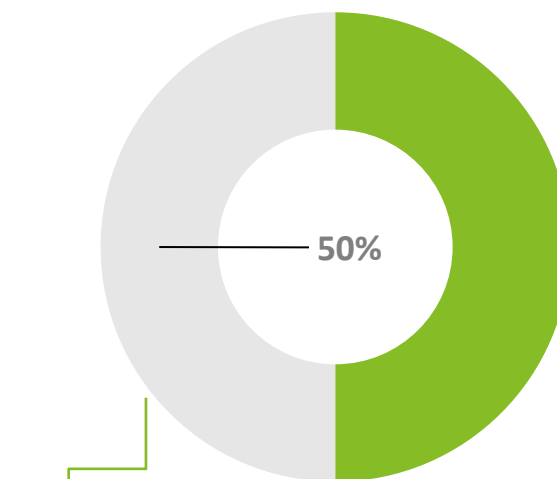
### **20%** Investments

- Emergency funds
- Mutual Funds
- ETFs



### **30%** Wants

- Electronic gadgets
- Wigs, shoes, bags, skin care, cloths
- A car
- A vacation



### **50%** Needs

- Feeding expenses
- Rent/house
- Medical bills
- School fees

The target for an emergency fund should be typically three - six times your monthly expenses as it would provide adequate sustenance for a short period in the case of a job loss.

# Developing budgeting and saving habits

## Practical ways to save more and spend less

### Manage food costs

Some considerations

- Buying takeouts
- Cooking at home
- Eating healthy
- Buying in bulk

### Cut transportation costs

- Replace high-maintenance cost vehicles
- Carpool
- Buy fuel-efficient cars
- Service your car regularly

### Lower energy costs

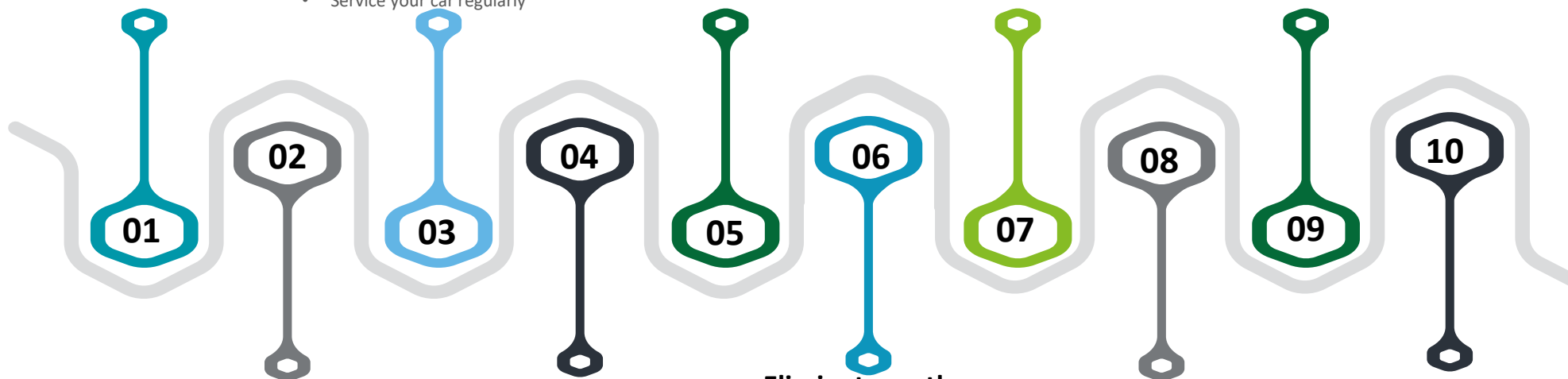
- Consider switching to solar
- Switch off appliances that are not in use
- Use energy-saving appliances

### Indulge responsibly in fun and recreation

- Don't borrow to go on vacation
- Engage in low costs hobbies and interests
- Consider house activities

### Curtail personal care costs

- Money spent on fixing nails, wigs and lashes
- Gym subscriptions
- Price of make-up items



### Save on shelter

- Negotiate your rental increases
- Move to a lower-cost rental
- Buy rather than build
- Rent an unused space

### Control clothing costs

- Don't go on impulse shopping
- Limit your money you spend on asoebi
- Buy only what you need

### Eliminate costly addictions

- Quit gambling
- Betting
- Get rich quick schemes

### Spend wisely on technology

- Consider paying for applications that are priority
- Consider splitting some of these payments with a friend

### Manage medical expenses

- Consider health insurance



**Building financial resilience  
and investment strategies**



# Building financial resilience and investment strategies

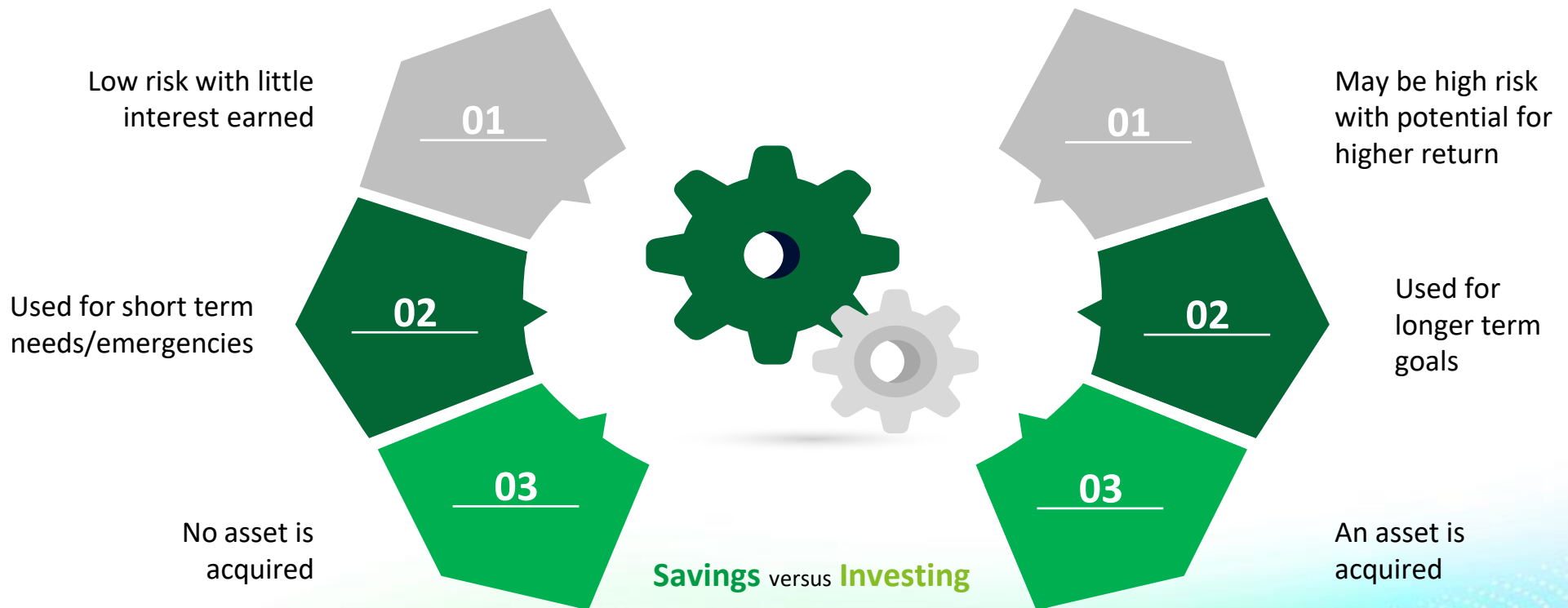
## Key differences between savings and investments

### Savings

Saving is the money you don't spend but you set aside in a safe place e.g. a bank for a particular reason or purpose.

### Investments

To invest is to put money into a venture to generate more money. It can come in different forms, like buying of assets e.g. a house or buying stocks etc.



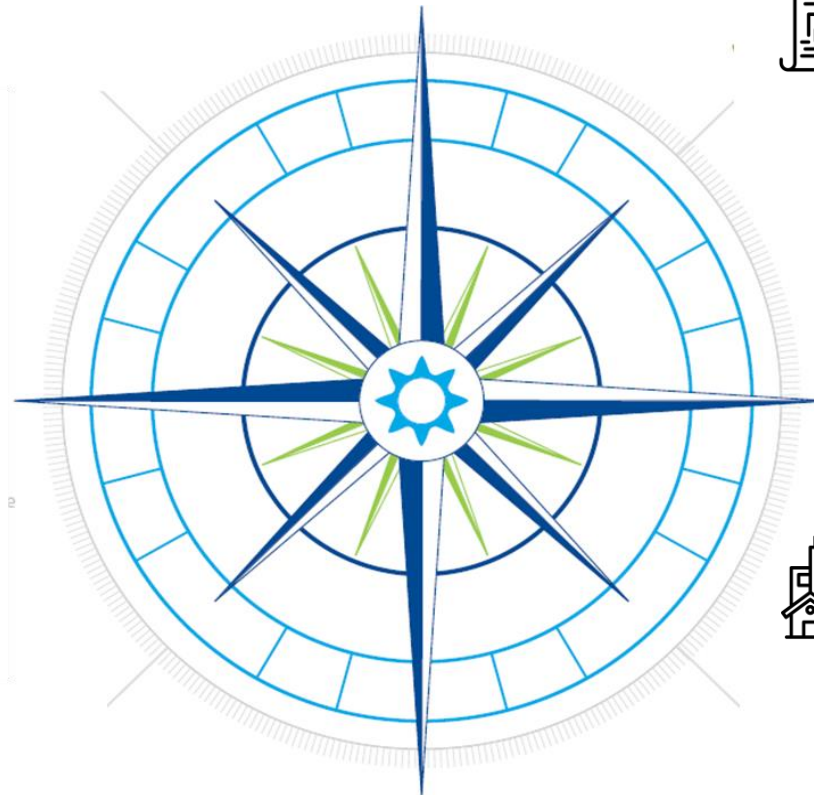
# Building financial resilience and investment strategies

## Investment vehicles



### Equity

This is also called stocks or shares, and it gives investors a stake in a company and its profit or gain. The equity market can offer high returns, but they come with higher risk due to market volatility.



### Fixed income securities

They are debt instruments issued by the Government or corporations with the expectation of periodic interest payments and the return of the face value of the bond after a set period.



### Mutual fund

This is a pooled investment vehicle managed by an investment manager that allows investors to diversify their portfolio in stocks, bonds or other securities.



### Real estate

Investing in real estate offers rental income and potential appreciation of properties over time. Real estate owned by investors can be rented or sold to provide higher net profits for the owner.

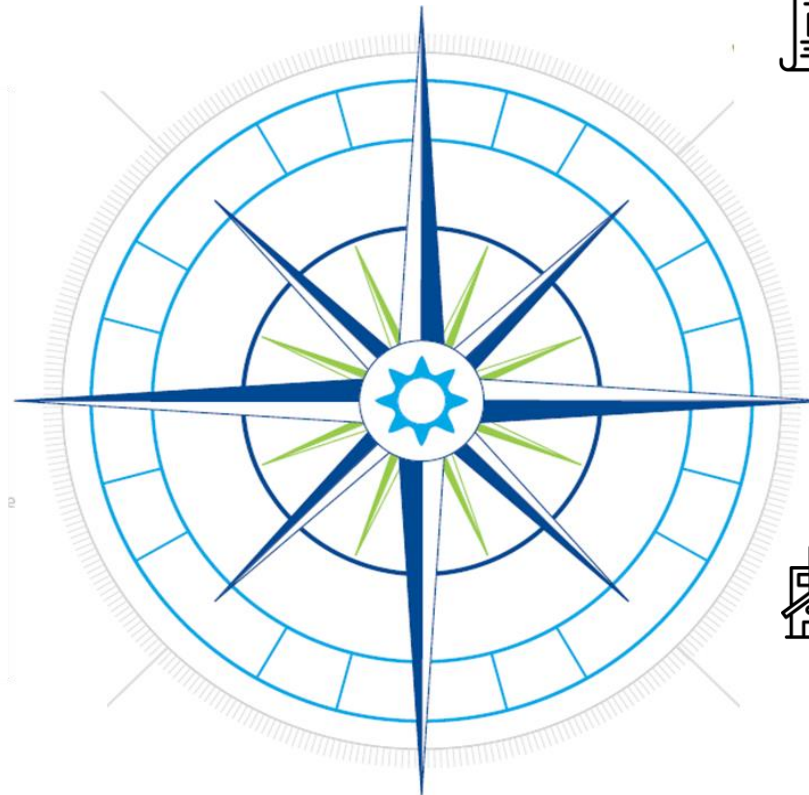
# Building financial resilience and investment strategies

## Investment vehicles



### Agriculture

Crop production, livestock farming, and agro-processing offer high yields. The sector also benefits from government incentives and growing domestic and international demand.



### Commodities Trading

Commodities trading involves buying and selling goods like oil, gold, and agricultural products. It can be profitable but requires an understanding of complex market trends and a risk tolerance.



### Fintech and Startups

The fintech and startup ecosystem in Nigeria is burgeoning, driven by innovation and a growing market demand. Investing in startups and fintech companies can be highly profitable but comes with high risk.



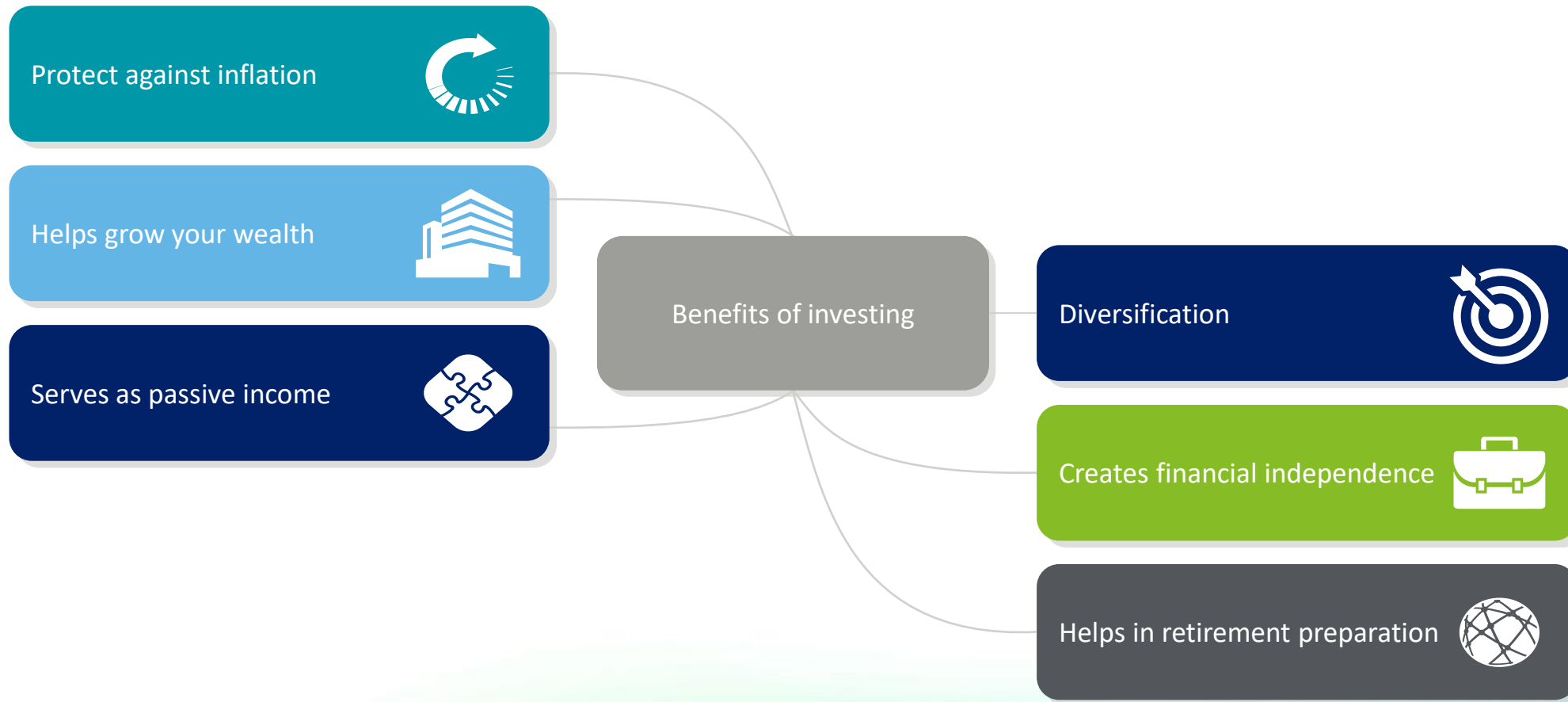
### Foreign Currency Trading (Forex)

Forex trading involves buying and selling currencies to make a profit.

It's a high-risk, high-return investment that demands a thorough understanding of currency market trends, global economic conditions, and geopolitical events.

# Building financial resilience and investment strategies

## Benefits of investing

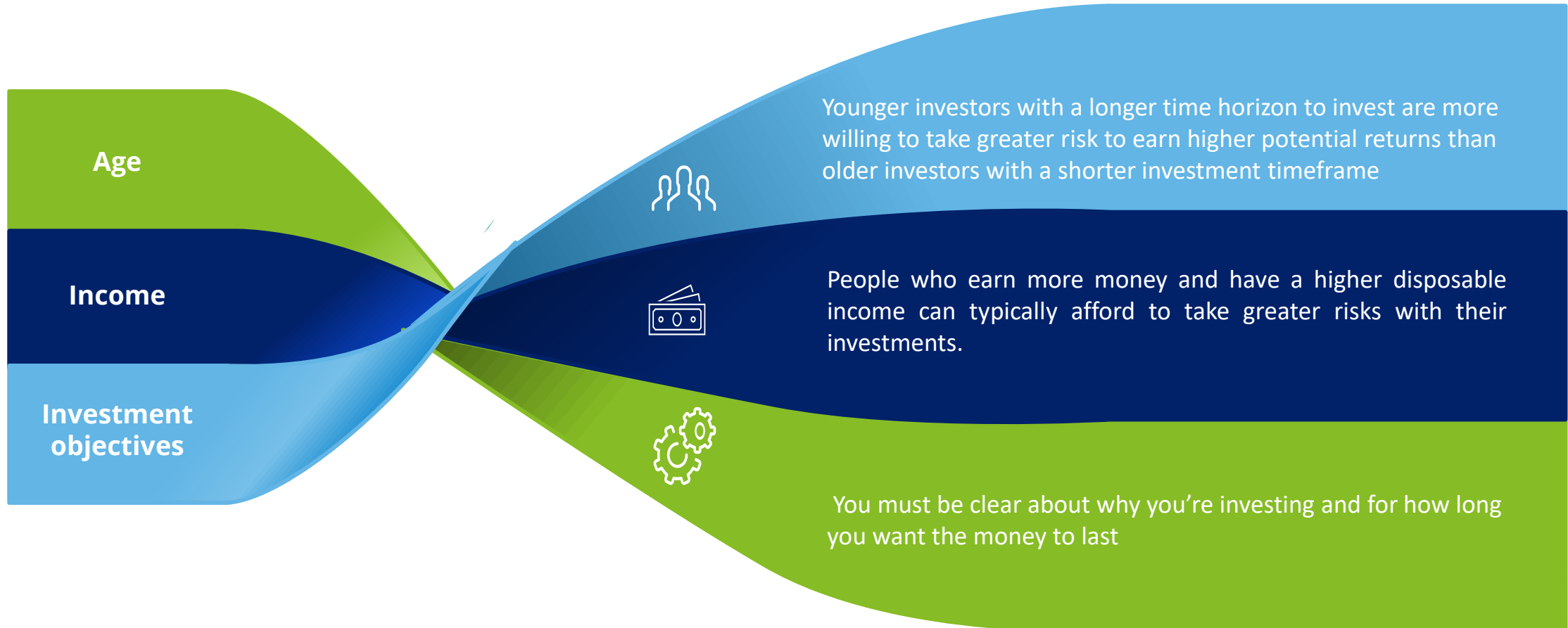




# Investment planning and strategies

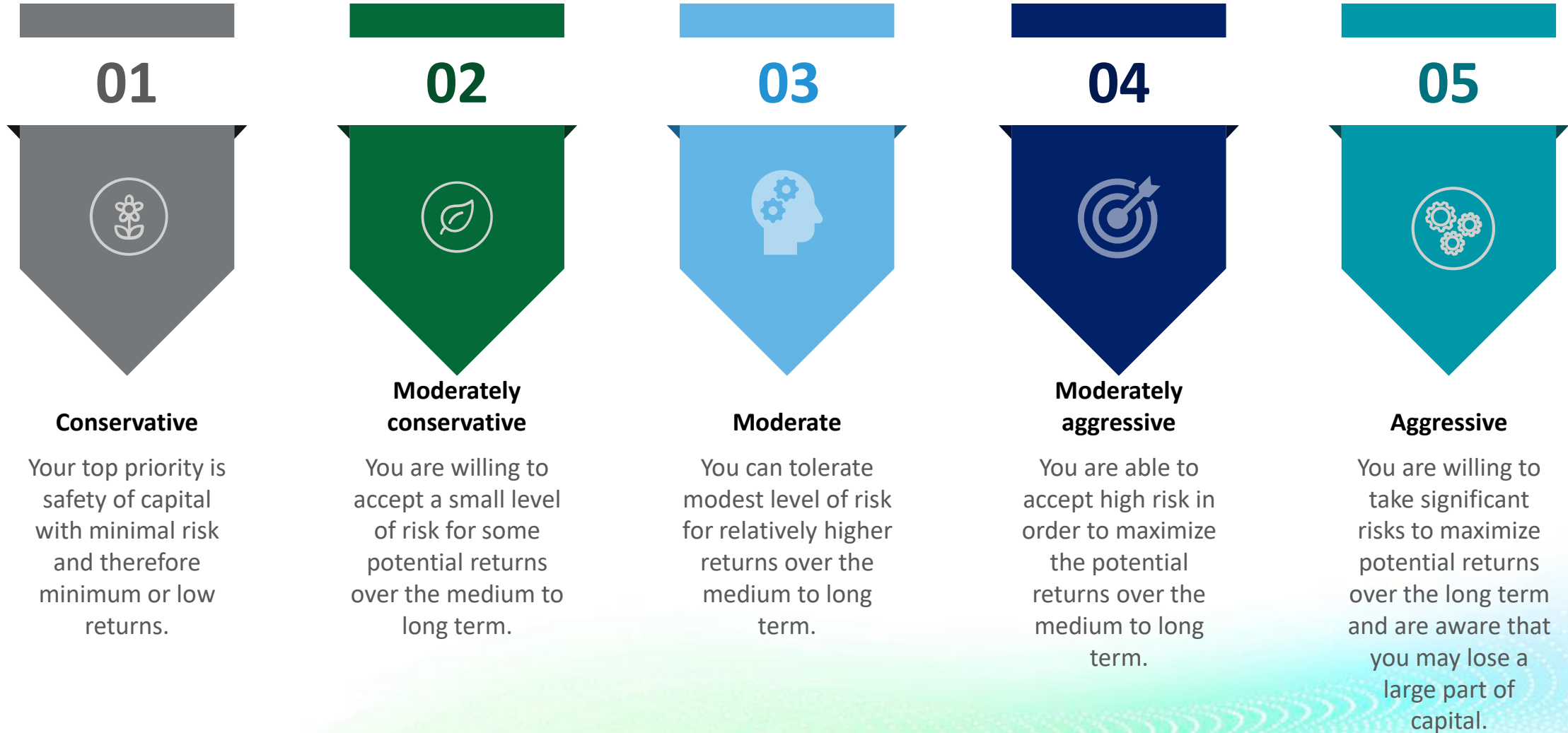
# Investment planning and strategies

## Key considerations in determining risk appetite



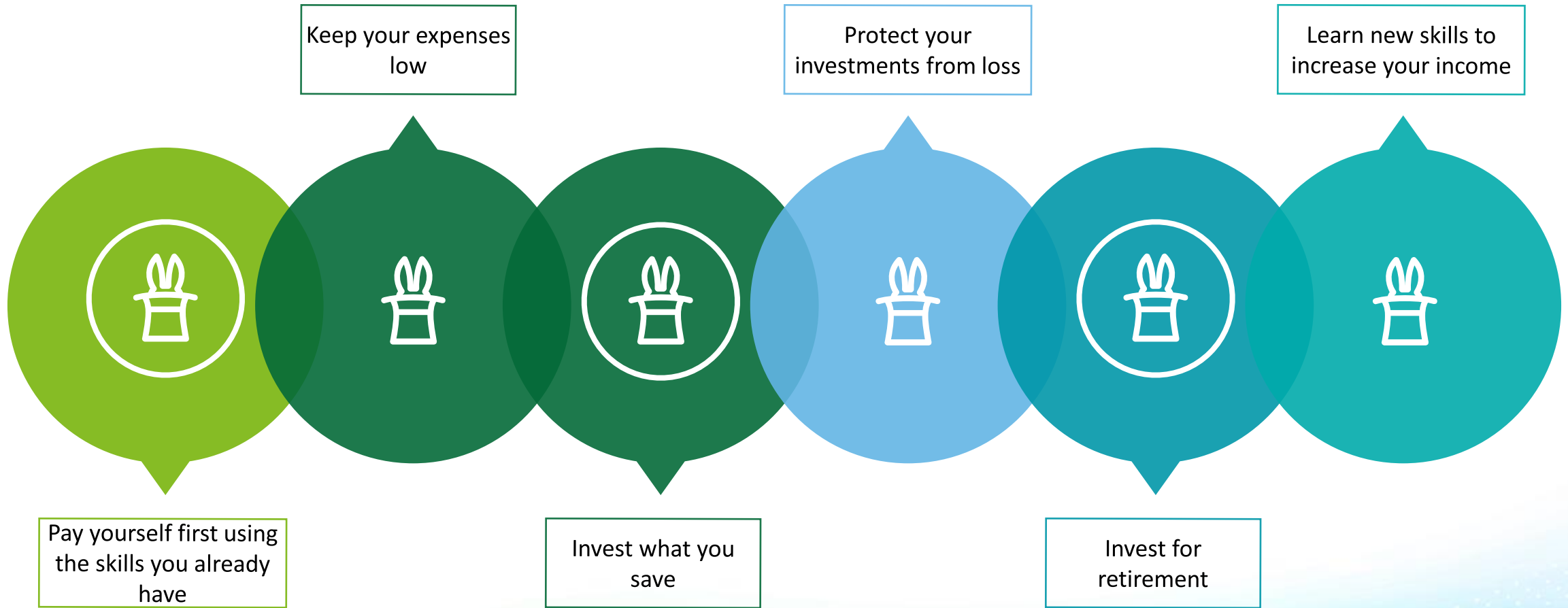
# Investment planning and strategies

## Key considerations in determining risk appetite



# Investment planning and strategies

Investment strategies to guarantee a fat purse







**Wealth preservation  
and financial security**

# Wealth preservation and financial security

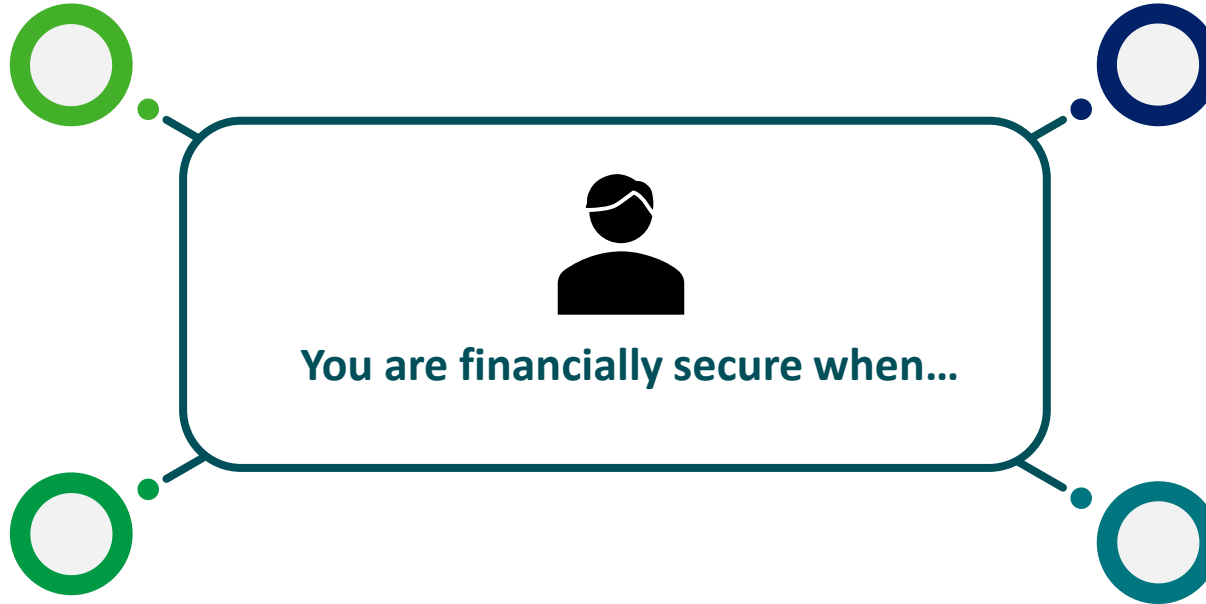
## Financial security



They have an emergency fund



They hold assets and have savings



They have a retirement fund

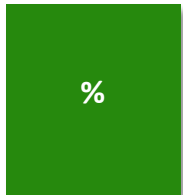


They can meet their expenses and are financially independent

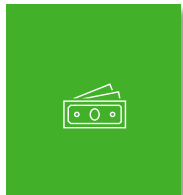
# Wealth preservation and financial security

While financial security and financial stability are very similar, however, there are some distinguishing factors between them

## Financial stability



- Financial stability refers to an individual's ability to meet short-term expenses and remain debt-free.

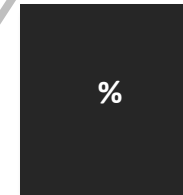


- Financial stability denotes an individual's existing financial condition with limited relevance to how they may fare in the future.

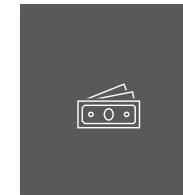


- Financial stability leads to financial security, which means it is a prerequisite for attaining security eventually.

## Financial security



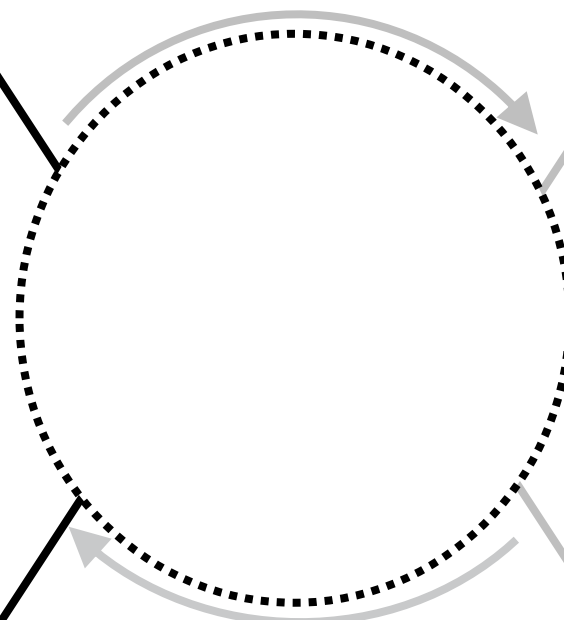
- Financial security is the ability to cover monthly expenses while keeping emergency funds safe and ensuring long-term financial growth.



- Financial security is based on a long-term vision and sound planning



- Financial security is a comprehensive plan driven by financial literacy, good investment techniques, and sound retirement planning.



# Wealth preservation and financial security

## Wealth preservation strategies

### Prioritize estate planning



Estate planning is an important part of wealth transfer, and it includes a series of legal instruments that enable a person to pass on their wealth and assets. E.g. Will, Trust, Family Offices etc.

### Consider insurance for risk management

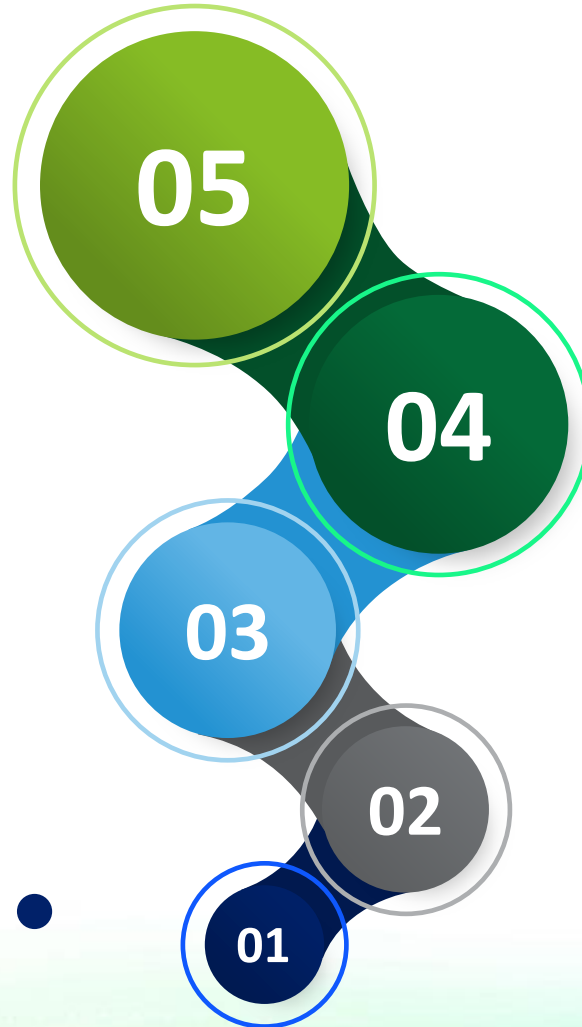


Having emergency savings helps, but considering insurance and other risk management options may also provide some cushion.

### Diversify your portfolio



A diversified investment portfolio ensures that wealth is not reliant on success in only one kind of investment, no matter how safe it seems.



### Teach financial responsibility to the next generation

Teaching financial literacy and responsibility to your children and/or others who may be part of your wealth transfer plan is very important.



### Build a long-term financial plan

Setting financial goals, creating a budget, and regularly reviewing and adjusting a financial plan are essential steps of wealth preservation.



# Questions and Answers





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