

Staying Connected

For the Alumni of the ECCB's Savings and Investments Course

FINANCIAL FITNESS-

Money and Relationships

Money may not buy you love but fighting about it will bankrupt your relationship.

Before you marry, fix your finances. Too many couples start off their married life with an enormous amount of debt. That's a lot of pressure on a new marriage. Michelle Singletary, "Your Money and Your Man"

Couples need to establish a financial plan and have open communication about their financial situation.

One partner's hidden spending can ultimately lead to credit problems that affect both partners. Without complete financial disclosure, it can be difficult for couples to create effective long-term financial plans. *Attorney Alan Kopit, lawyers.com's legal editor.*

Love & Money

Pamela Herbert-Daniel



One of the reasons couples disagree about money is that money means different things to

each person.

For some people, money provides a sense of security, of being taken care of. This kind of person would tend to be cautious about spending money and would try hard to put money in the bank.

For others, money provides a sense of

freedom; and they might exercise a more carefree attitude, most people fall somewhere in between.

There is no right or wrong way to think about money, but it is important to create a budget that works for both persons in the relationship.

The first step is to figure out each other's opinion with respect to money. If you are a saver, you probably have some of the following traits:

- *You can never have enough money in the bank.*
- *It's a waste of money to order a drink in a*

Your Passport to Prosperity

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Editor's Note



Maybe you never considered me as your passport to prosperity. But I am. Use me wisely and you will reach your financial destination.

Though I am not one to boast, being somewhat shy, it must be noted that I am one of the strongest currencies in the Caribbean and I am well known and respected internationally.

Forget about the need to seek dual

citizenship by holding both EC and US savings accounts. My value is fixed since 1976 at EC\$ 2.7 to 1US\$, so you can have certainty in the value of my exchange rate to the US dollar.

It is this strength and stability that I give to you to pursue your personal financial stability and strength. Build on it and create your personal wealth.

Note well, however, that just like with any other passport, you have to take good care of me and use me wisely if you are to reach your financial destination.

Secure me. Don't lose me to foolish, wanton, unbridled spending. Save and invest me wisely and see your future soar to new and amazing heights.

But be warned. If your theme song is **"I make money to spend it"**, then I will soon be lost to you and you will find yourself at the airport of life without access to the many destinations you could have reached if only you had saved and invested me wisely. *SLW*

Love and Money *Cont'd*

restaurant. The water is free.

- *You always keep your eye on the time when you're making a long-distance telephone call.*
- *Meeting the household budget is very important to you.*
- *It's better to travel at an inconvenient time than spend extra money for an airplane ticket.*
- *You try to buy everything on sale.*
- *You spend a lot of time planning for the future.*



In a saver and spender household you will probably have frequent squabbles about money. When the spender buys what he or she wants, the saver will feel resentful because he or she won't indulge themselves in the same luxury.

If you and your spouse view money differently, you can turn it into a positive experience. The spender can learn about security and the saver can learn to have more fun.

When making financial decisions both of you should be involved in the financial planning of your lives. If one of you were bringing in more income than the other, it would be easy to feel that one of

you should have more control in the decision making about the budget. The person making less might feel less valuable and give up an equal voice in financial decisions.

Money can mean power in your relationship. Thinking this is yours, this is mine, can be devastating to a marriage.

Although it is valuable for each person to have some of his or her own money, the basic thinking must be **our** money. Money that either of you make must contribute to the household, not to the individual.

Making financial decisions together is the healthiest way to approach money in your marriage. Don't forget that you are part of a Team.



The Household Budget

This is a topic that many married couples dread tackling, but it is important to recognise that sitting down ahead of time to determine the budget not only gives couples a sense of teamwork but also allows for more freedom about money, not to mention less anxiety.

A budget will lessen disagreements about money, because you shift the focus from money to thinking about how to meet your household needs such as food, shelter, entertainment etc.

When you sit down with your spouse to do your household budget, keep in mind that money issues can become emotional very quickly. Disagreements about money are often not about money, but about something else such as power and control.

When you and your spouse are having a disagreement about money, take a moment to understand your emotions and explain them to your partner. He or she will probably be more receptive to your point of view.

Don't let managing your finances become a back-burner project. Too many couples let petty annoyances fester until they become major problems. Take the time now to make a financial plan with your spouse.

Presentation on ZIZ Radio by Mrs Pamela Herbert-Daniel, Personal Banking Manager, Scotia Bank, St. Kitts as part of the activities commemorating Financial Literacy Month, October 2008.



TALK IT OUT







Money is an important dynamic in any relationship, so take the time to talk openly and honestly to your spouse about the family's finances. Make sure both of you spend quality time planning financial obligations and goals.

Where Are Your Nest Eggs Nesting





Where are your nest eggs nesting?

Are they spread across various investment instruments, like:

-  savings accounts
-  treasury bills
-  bonds
-  shares
-  real estate
-  other investments ?

Let's be clear, you don't have to be Donald Trump or Warren Buffet to have an investment portfolio.

Think about it, our forefathers who did not have the market access or education that we enjoy today, understood the concepts of investing and building an "investment" portfolio quite well. Though they did not have access to formal financial markets, they amassed quite an investment portfolio which included:

-  Livestock— *cattle, pigs, goats and fowl*; and
-  Real Estate— *one or two plots of land on which they farmed.*

The returns of their investments were used to expand their portfolio holdings as well as improve their homes, send their children to school and finance their retirement.

So here we are decades later with access to top financial and educational services. But, how have we fared? Have we been good stewards of the financial opportunities that have come our way? Have we planted wisely, sowing more than one crop, spreading our risks so that we are able to reap a bountiful financial harvest?

Most of us get quite comfortable if we are able to acquire our own home even though we may not own anything else in terms of real assets. A home is a significant asset and so owning our home is quite an accomplishment. The problem is that we get comfortable and complacent and do not strive to go beyond this. We forget the very sound risk management advice captured in the old adage "don't put all your eggs in one basket".

But since we are vulnerable to hurricanes for six months each year, if our home is our only investment, then every hurricane season our nerves are completely on edge...knowing that in the passage of one night, a terrible hurricane could totally obliterate

our only valuable investment. Sure, insurance might prevent us from having a complete financial meltdown but we would still be faced with a financial disaster.



Our ability to nurture and grow our savings and investments into solid nest eggs depends not only on how much we put aside to save and invest, but also on how well diversified our investments are as well as on how well allocated they are across different asset classes.

This is why it is so important to build a strong investment portfolio comprising different asset classes which have different risk/return profiles.

The objective of investing is to maximise returns and minimise risks. However, this cannot be achieved if our assets are nesting in a single nest. Think of a bird who lays her eggs in a nest only to have a strong wind destabilise that nest causing all the eggs to meet their peril on impact with the hard earth below.

When it comes to our financial nest eggs, let's ensure that they are nesting in more than one nest. Then watch over them to see them hatch and go on to produce new eggs. *SLW*



Towards Ultimate Financial Freedom

TUFF Investment Club

A group of co-workers of the National Commercial Bank (SVG) Ltd. has formed an Investment Club.

The initiative was driven by staff members' participation in the ECCB's Savings and Investments Course organised by the Eastern Caribbean Central Bank in collaboration with the Eastern Caribbean Institute of Banking and Financial Services and the University of the West Indies Open Campus, St. Vincent and the Grenadines.

The club is called TUFF Investment Club - TUFF being an acronym for their motto **"Towards Ultimate Financial Freedom."**

The club began with a membership of twelve persons. However, membership is open to staff members of NCB and their immediate family members.

The Executive of the Club comprises the offices of President, Vice-President, Treasurer, Assistant Treasurer, Secretary, and Education Officer.

The goals of the club are to build and share knowledge in investment management; to increase members' wealth and to encourage social interaction and camaraderie among members.

The Club will engage in joint investment in stocks, shares, bonds, mutual funds, securities and investments of a like nature for the mutual benefit and interest of members.

The current executive includes

- Jeffrey Ledger – President;
- Michele Samuel – Vice-President;
- Chiaka Martin – Treasurer;
- Celestine Jackson – Assistant Treasurer;
- Monifa Latham – Secretary; and
- Shanta Providence – Education Officer.

The TUFF Investment Club is the second investment club to emerge from the ECCB's Savings and Investments Course. The first being the National Treasures Investment Club, St. Kitts.

***Your Financial News** congratulates the members of the club and encourages other alumni members to consider an investment club as a possible route to wealth creation.*

People without money are without choices.

Jeff D. Opdyke
Love and Money: A Guide for Financial Success

Dream about all the things you could do if your were financially fit

Buy real estate, a new car, retire young, start your own business.....

Dream big and write it down. Use those ideas as your motivation to get financially fit.

By watching your expenses and changing a few spending habits you can add to your nest egg every day.

We all have times when we don't see the light at the end of the tunnel, but be reassured then, when you think something's not possible, that it is.

Alek Wek
International Supermodel