Week9: **Assignment 1:-** **Journey To Financial Independence**

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**Introduction**

In the pursuit of financial stability and independence, it is imperative to embark on a journey of strategic financial planning. This report serves as my guide for the development of my financial goals over the next five years, accompanied by a comprehensive monthly budget. The budget is designed to encapsulate essential components, including a thorough examination of monthly income streams, a clear distinction between needs and wants, a delineated intended savings amount, and a meticulous listing of other potential expenses. Furthermore, a contemplation of potential challenges and pitfalls that could impede the successful execution of the budget is essential to fortify my financial roadmap. The whole point of this report is to help me feel confident and in control of my money so I can have a better financial future.

**Financial Goals for the Next Five Years**

1. **Emergency Fund:**
   * Save three to six months' worth of living expenses in an emergency fund, considering costs in Kenyan Shillings.
2. **Debt Reduction:**
   * I plan to live a debt free life. No unnecessary borrowing and just living by my means.
3. **Investment and Retirement:**
   * Explore NSE-listed stocks or government bonds for investment.
   * Increase the stock in my retail shop and start offering wholesale services
   * Save in Taqwa Sacco
   * Buy land and build some rentals
   * Contributing to the National Social Security Fund (NSSF) or personal pension plans.
4. **Short-term Savings:**
   * Save for specific short-term goals, such as a local holiday or a down payment on property.
   * Save for the furnishing of my house

**Monthly Budget**

**Monthly Income Streams:**

* Salary/Wages(Ksh.50000)
* Income from Side Hustles (freelance services, Business)(Ksh.20000)

**Needs:**

1. **Housing:**
   * Rent(Ksh.15,000-20,000)
2. **Utilities:**
   * Electricity(Ksh.2000)
   * Water(Ksh.2000)
   * Internet(Ksh.2000)
3. **Transportation:**
   * Matatu/Bus fare or fuel costs(Ksh.5000)
4. **Groceries:**
   * Essential food items, considering local prices.(Ksh. 6000)
5. **Insurance:**
   * National Health Insurance Fund (NHIF)(Ksh.1500)
   * Private Health Insurance(Ksh.2500)
6. **Debt Repayment:**
   * The fact that I have tried to live a debt free life is amazing because borrowing money is not in vocabulary

**Wants:**

1. **Entertainment:**
   * Local entertainment options, maybe streaming services with local content.
   * Budget for local hobbies and interests.
2. **Dining Out:**
   * Restaurants or local food joints
   * Occasional takeout
3. **Subscription Services:**
   * Gym memberships or local subscription services.
4. **Personal Care:**
   * Toiletries

**Intended Saving Amount:**

* Ksh. 10000 is the specific amount towards savings and investments in Kenyan Shillings.

**Other Expenses:**

* Miscellaneous expenses like gifts or unexpected costs.(Ksh.3000)

**Potential Challenges:**

1. **Unexpected Expenses:**
   * Consider the local cost of healthcare and potential emergencies.
   * Medical emergencies
2. **Income Fluctuations:**
   * Plan for months with irregular income, common in freelancing industries.
3. **Overspending:**
   * Be mindful of local prices and regularly review the budget to avoid overspending.
4. **Inflation:**
   * Consider that the cost of living in Kenya may increase over time.
5. **Unplanned Life Changes:**
   * Account for major life events, possibly traditional ceremonies or family obligations.
6. **Economic Instability:**
   * Kenya's economic conditions can be variable; be prepared for fluctuations.