

# PERSONAL FINANCE MANAGEMENT



The Institute of  
**Internal Auditors**

**ALEX RURII**

May 12th 2022

19<sup>th</sup> Annual Seminar, “A Glimpse into the Future – Agility & Impact”

Sarova Whitesands Hotel



Success is often times hidden in  
plain sight!



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# BENCHMARKING AFRICA VERSUS THE REST OF THE WORLD'S WEALTH

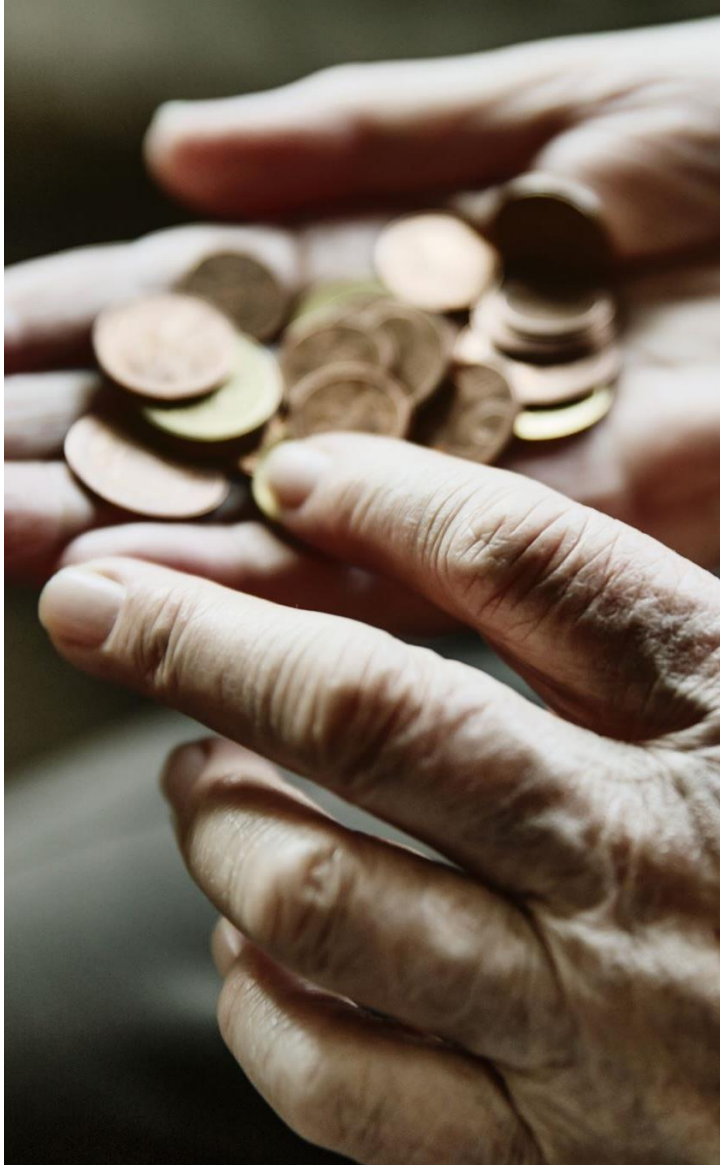
CATEGORY	GLOBAL	AFRICA	COMMENTS
Total Private Wealth held	US\$204 trillion	US\$2.2 trillion. Around US\$920 billion (42%) of this is held by HNWIs.	1%
Net assets owned by the average individual (wealth per capita)	US\$27,000.	US\$1,900	7%
HNWIs (with net assets of US\$1 million or more)	14 million	140,000	1%
Multi-millionaires (net assets of US\$10 million or more)	560,000.	6,900	1%
Centi-millionaires (net assets of US\$100 million or more)	25,000	310	1%
Billionaires (net assets of US\$1 billion or more)	2,140	23	1%

Source [https://e.issuu.com/embed.html?u=newworldwealth&d=africa\\_2021](https://e.issuu.com/embed.html?u=newworldwealth&d=africa_2021)

Despite accounting for 16% of the world's population and 40% of natural resources, Africa only accounts for 1% of total worldwide Private Wealth?

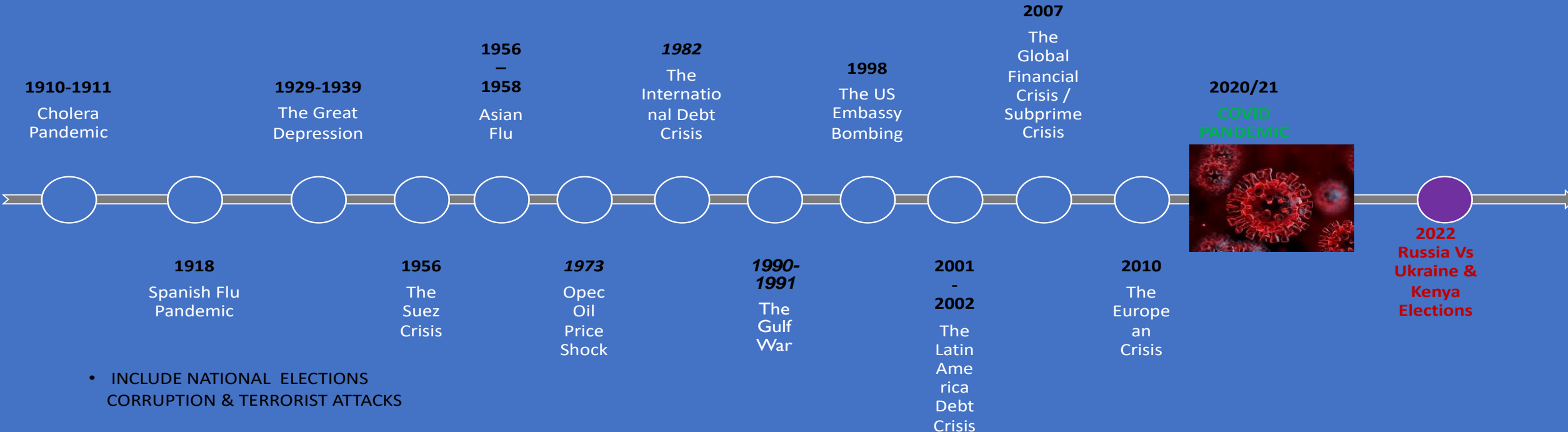
# CREATION & PRESERVATION OF WEALTH IS BOTH A SCIENCE AND AN ART

- **THE ART**
  - Borrowing to present/create a false sense of success and security
  - A pop culture which sells a brand of wealth accumulation that is simply not attainable for most, by flashing celebrity status.
  - An aspirational culture that becomes status quo without education or exposure to wealth management symmetry
- **THE SCIENCE**
  - Having the right Habits
  - Having the right value system
  - Understanding and acting on emerging issues such as new asset classes (technology) & regulatory issues.
  - Forecasting future expenditure and creating an agile action plan
  - Avoiding influencers with no track record in creating wealth





# A CRISIS Roadmap



- INCLUDE NATIONAL ELECTIONS  
CORRUPTION & TERRORIST ATTACKS

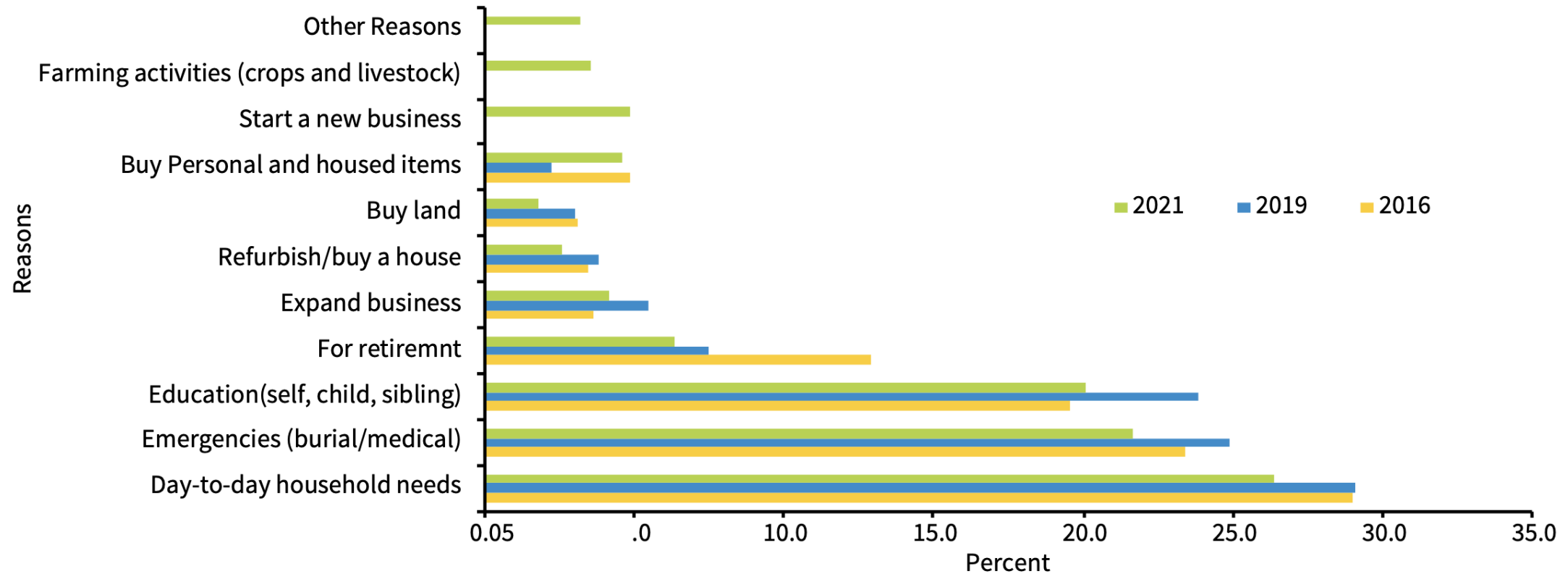




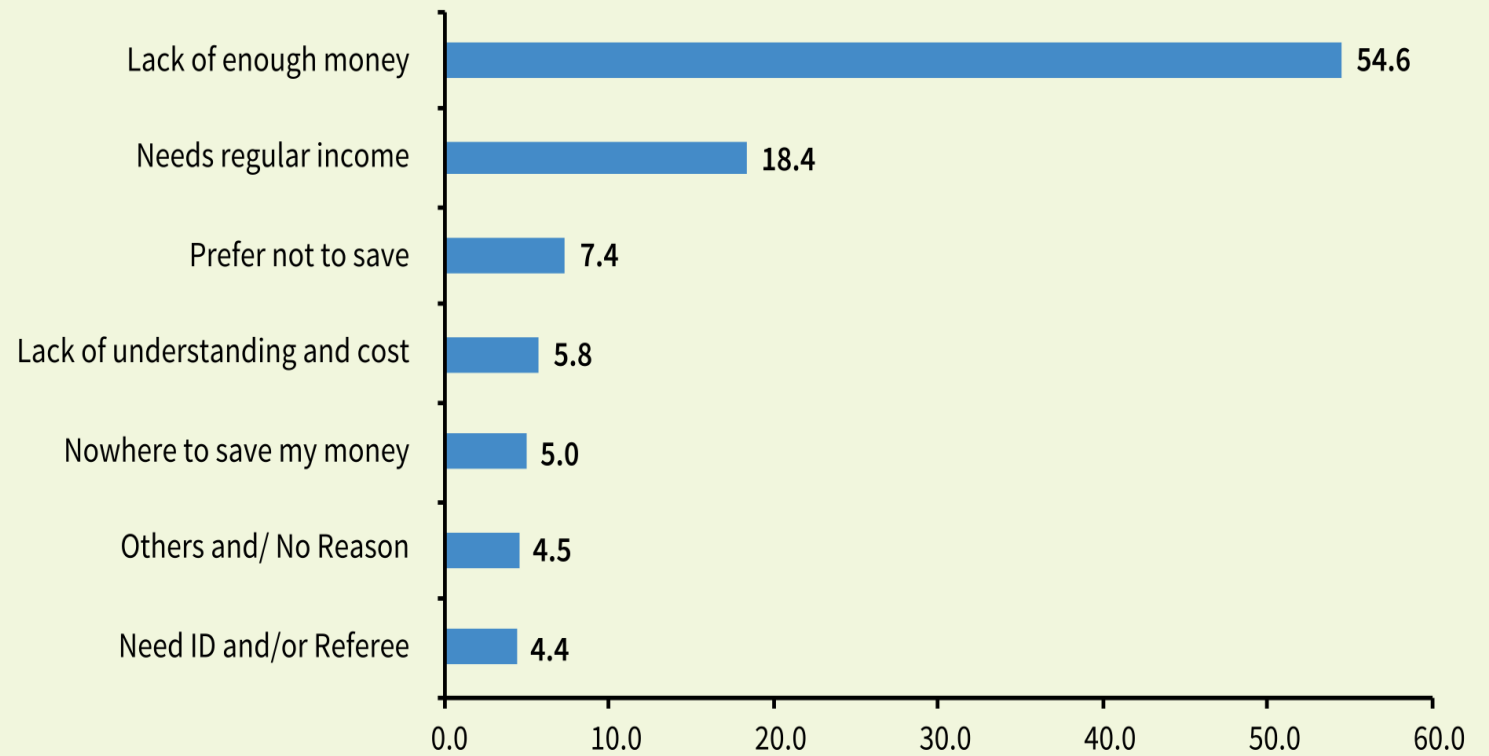
**“Preparing  
today for the  
Inevitable  
future”**

**“You might live as long in retirement as you did working!”**

# MAIN DRIVERS OF SAVING OVER TIME

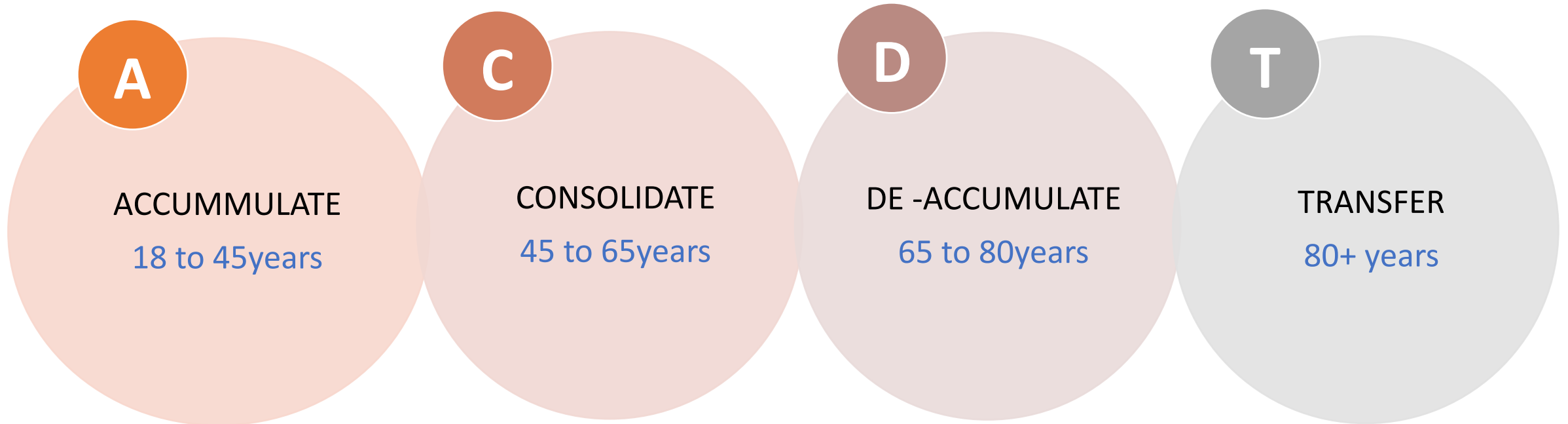


# REASONS FOR NOT SAVING





# Growing & Sustaining Incomes - The INVESTOR LIFE CYCLYE



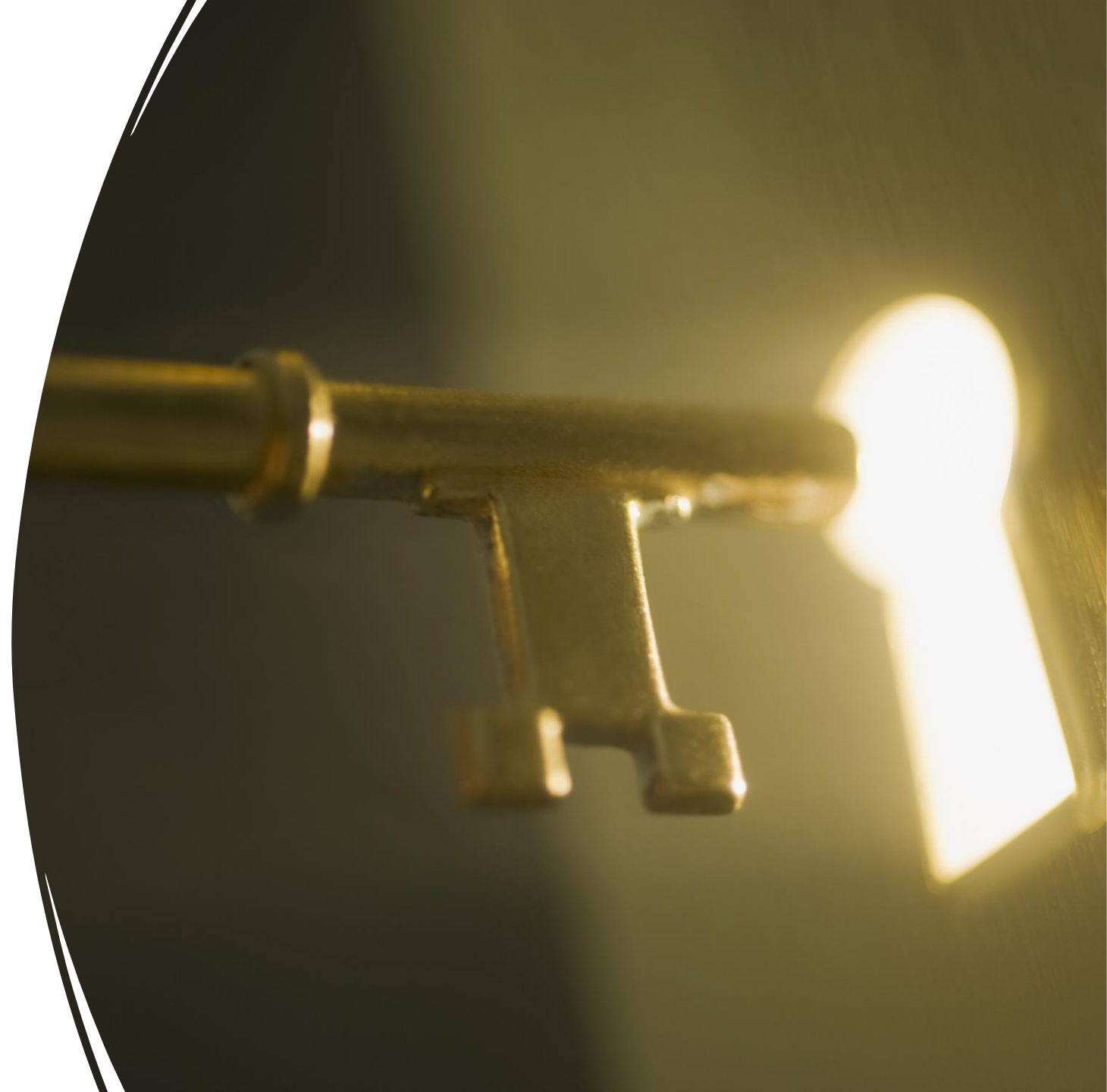
**\*Key Considerations:**

- i. Income Potential
- ii. Expenditure
- iii. Structure

# Income Generation

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- Employment Income  
(Salaries, Bonuses,  
Gratuities, ESOPs)
- Business Income
- Investments



# Managing Income/expenditure



## Contingencies/Reserve

These are items relating to your family's security example rent/mortgage, domestic expenses, insurance, education & other redundancy measures



## Operations

These are your regular monthly expenses such as house shopping, fuel, domestic expense and other regular maintenance costs



## Growth

These are expenses related to investment for future expenses and personal growth such as higher education, business growth, travel & passive income for retirement.

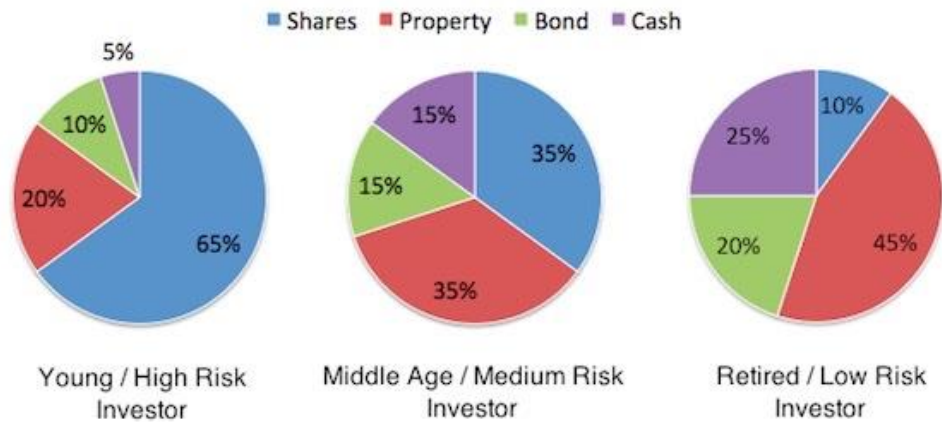


# ESTIMATING RETIREMENT EXPENDITURE

1. Estimating expenditure for 360 Months (30years) can be daunting, think in 3 - 5year increaments.
2. Budget based on the Phases of Retirement
  - Stage 1:** Transition to Retirement – Working part time and expenditure stays the same
  - Stage 2:** Early Retirement – Focus is Primarily on Leisure, most time is spent spending money and not earning it
  - Late Retirement:** Health Status may decline and you slow down, spending also slows down
  - End of Life:** This can be the most expensive period, long term care and medical costs spike to the millions of shillings.
3. Predict big one time expenses – Education, travel, second home, philanthropy.

What matters is that you create a plan that is detailed and personalized!





# Investment Portfolio Options

- Real Estate/ Property
- Paper Assets / Representative Money
  - Unit Trusts
  - Bonds – Govt or Corporate
  - Shares
  - Alternative Investments
  - Derivatives
  - Commodities

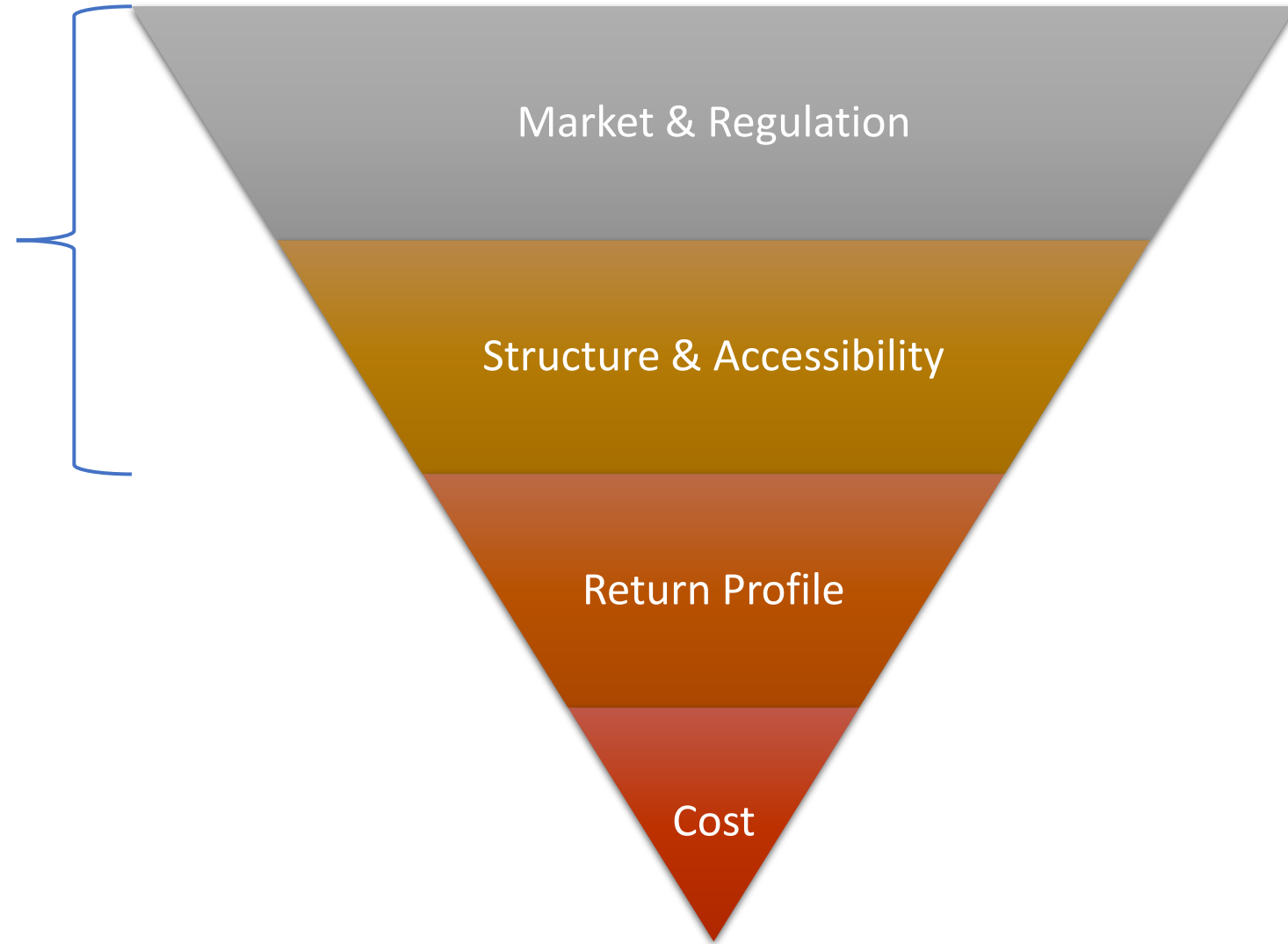


# Primary Investment Considerations

## Main Regulatory Authorities:

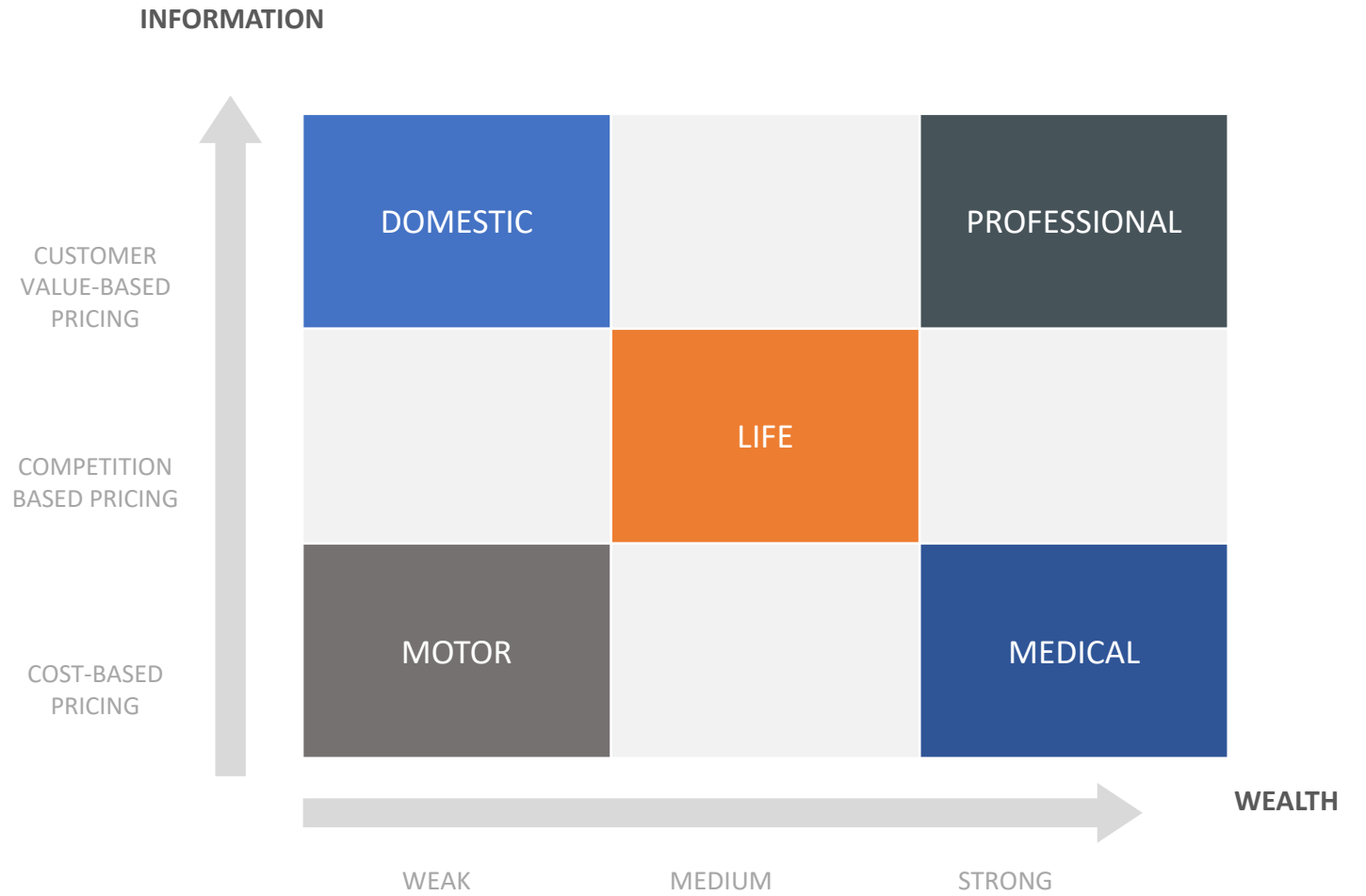
1. Central Bank Of Kenya
2. Capital Markets Authority
3. Retirements Benefits Authority
4. Insurance Regulatory Authority
5. NEMA
6. KEBS
7. Kenya Revenue Authority
8. Communications Authority
9. KIPI
10. SASRA
11. Others: CFA, ICPAK, NSE, FCA, IIA , ICIFA

Risk Profile





# PROTECTION





The Institute of  
**Internal Auditors**



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