

# SECURING YOUR FINANCIAL FUTURE



## *A GUIDE TO INVESTING FOR WANANGEGE SACCO*

# Godfrey K. Gichuki: Profile



What drives me? Desire to help people achieving their God given potential.

Current Role: Chairman, Elevate TV; Trainer, Coach & Consultant with EDA Ltd; Pastor, Life Church Int'l.

Experience: Over 25 year Work; Elevate TV, EDA Ltd, IAT, GMEA (Izuzu), Ministry of Public Works.

Education: PhD candidate (JKUAT), PGD in Marketing (CIM, UK), MBA (Manchester, UK), Btech (Moi)

Family: Married & Father of 4 Children (27, 26, 24, 20)

# A Brief Outline

How people make a living – big picture

Culture: Mind vs Muscles

What is wealth?

6 Steps to financial freedom

Final Thoughts

Risk, Team & Compounding

**“You will be the same person  
in five years as you are today  
except for the people you meet  
and the books you read.”**

**-Charlie “Tremendous” Jones**



# How do make a living?

Commerce

Farming

banditry/mercenary

Civil Service



# Mind versus Muscles

Right: Ugandan Women carrying water on their heads

Below: Owen Falls Dams in Jinja Uganda

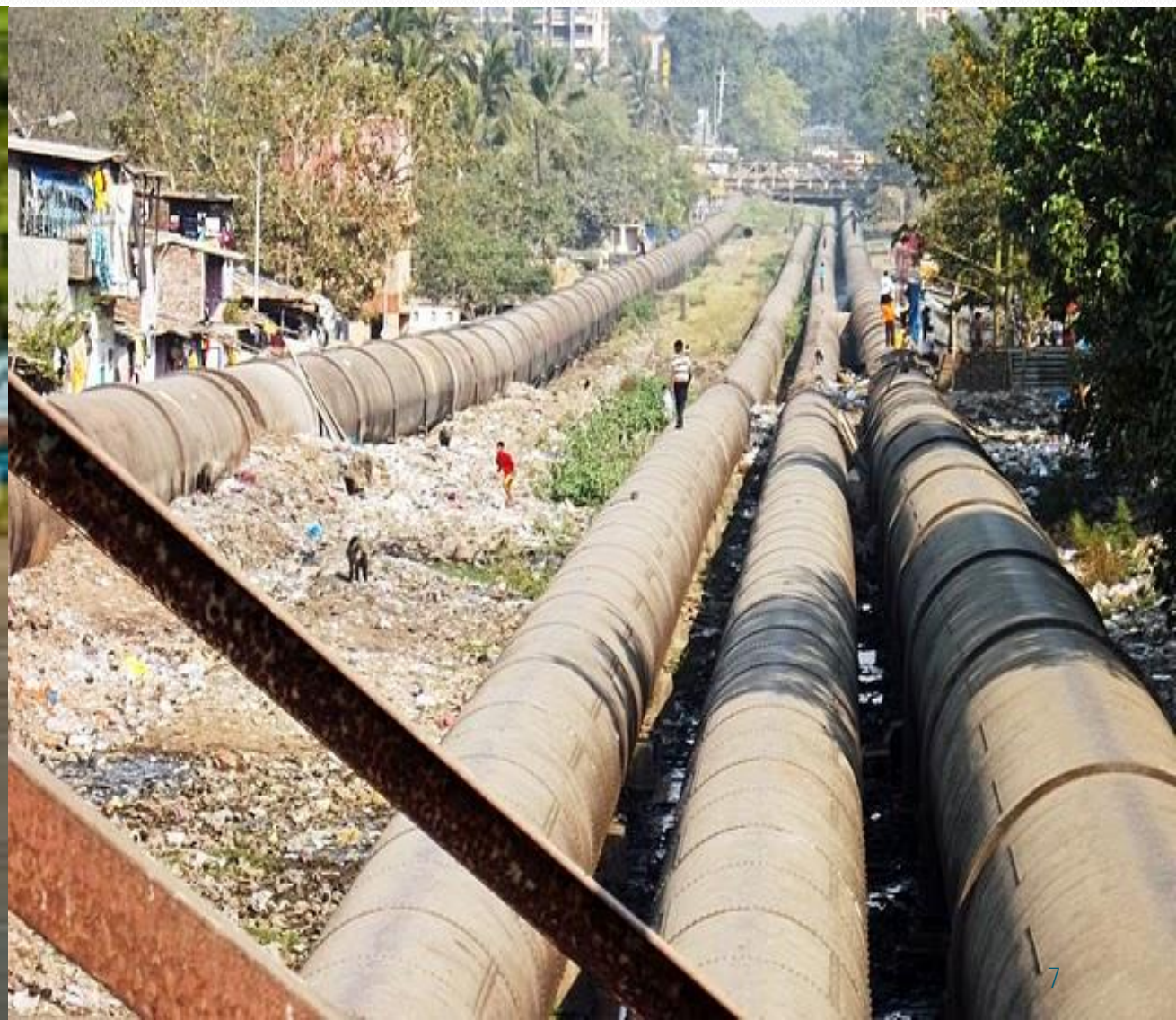
Why do with your muscles what you can do with your mind?



# Which Side Are You?



Wanandegge SACCO



# No Water Freedom ..... Water Freedom





# Why Copy Others?



Wanandegge SACCO



# How long did it take to move from left to right?



Mesopotamian technology developed 3000 - 4500 BC (toy in Mexican museum)

Wheel adapted onto a travel bag 1954 (5000 years later)

# Wealth – what is it?

A measure of how long you can survive at your present lifestyle without having to work – Robert Kiyosaki, Author Rich Dad Poor Dad

# Will you be wealthy at retirement?

Only 6% retire with enough to maintain their lifestyle (i.e. 40% of their last salary)

# How is Kenya's Economic Structured?

- 92% Earn < 40K (poor & working Class)
- 7% Earn between 40-500K (Middleclass)
- 1% - Earn > 500K (Rich)

# Investing- What is it?

The science/art of money making  
money

# Financial Investment Myths – Watch out!

1. You got to take huge risks to get big returns
2. The lies we tell ourselves (Our strategy, our state, and our story)
3. Invest with us, we will beat the market (Mutual funds and real estate brokers)
4. Am your broker and am here to help – note everybody protects their backs
5. Our fees are a small price to pay –remember brokers act in their self-interests and charge you fees and taxes you can avoid
6. Our returns? – what you see is what you get (They promise heaven and deliver hell)

# What is Financial Freedom?

FF= Having money to pay for everything you need  
without having to work anymore

Home for your family

Utilities – electricity, water & phone bills

Food for family

Transportation needs

Insurance – Health Insurance

Luxury holiday

Donation to church/charity

Ranch/Holiday home etc



# 6 STEPS TO BUILDING AN INVESTMENT THAT GIVES YOU FINANCIAL FREEDOM



# STEP 1: Save



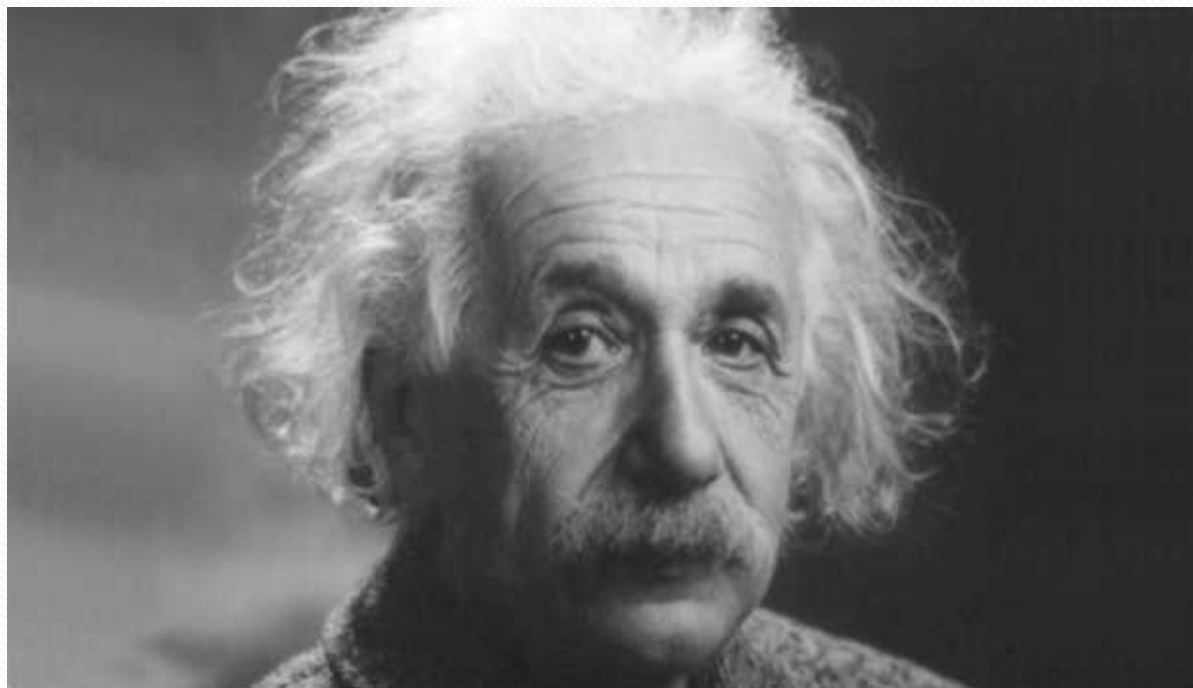
Wanandege SACCO

Start your financial freedom fund by saving.

(Saving Account, SACCO, Chamas, Investment Group, etc)

# Step 2: Become an Insider

“You have to know the rules of the game, and then you have to play better than everyone else”  
–Albert Einstein



Knowing the rules helps you avoid the financial myths  
doing the rounds

# STEP 3: Make the Game Winnable

Determine the amount of money that define your financial freedom

Estimate how long will it take to reach that goal

How can you accelerate yourself to reach the goal

2 Strategies to Accelerate Yourself



# Exercise 1: Set Goal Your financial freedom

## Goal (KSHS \_\_\_\_\_)

Home for your family ----- Kshs/year  
Utilities – electricity, water & phone bills ----- Kshs/year  
Food for family ----- Kshs/year  
Transportation needs ----- Kshs/year  
Insurance – Health Insurance ----- Kshs/year  
Luxury holiday ----- Kshs/year  
Donation to church/charity ----- Kshs/year  
Ranch/Holiday home ----- Kshs/year  
Total: ----- Kshs/year

# STEP 4: Allocate Your Investment Assets Wisely



Security  
Bucket



Risk/Growth  
Bucket



Dream  
Bucket



# a) Security Bucket – What goes here?

Treasury Bonds (currently paying 8-12%)

Long-term bonds

Short-term Bonds

Allocate 30%-40% considering your age



## b) Risk/Growth–What goes here?

Equities

Common Stocks

Corporate Bonds

Real Estate investments

Currencies,

Commodities

Structured papers

Allocate 50%-60% considering your age





## c) Dream Bucket–What goes here?

This where you set aside something for yourself

Holiday to the Maasai Mara

Car for your wife

Trip to Dubai

Allocate 10%-20% considering your age

Note: Allocate funds to this bucket LAST



# STEP 5: Protect Your Wealth

Protect yourself from;

- Economic Cycles
- Loss of Wealth
- Loss of Income





19th April 2011

# Ex-millionaire walking to pay back loan



TO WALK 700 KM Wanandegge SACCO

# STEP 6: Create a Life-Time Income plan

Set your portfolio to give you a life-time income without ever working

Think long-term

Automate your wealth building machine



# Which Side Are You?



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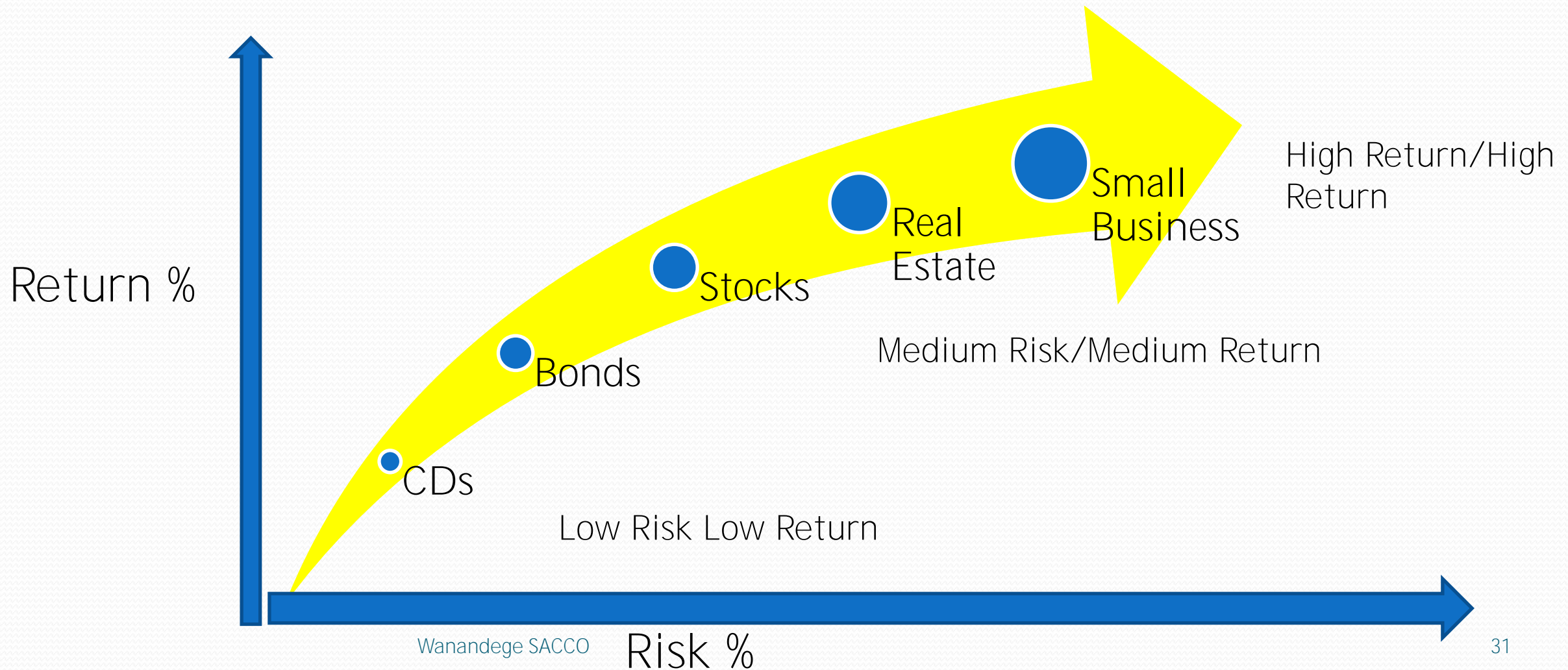
# Final Thoughts:

Risk vs Return,

Choose the right Team,

Take advantage of Compounding

# Final Thoughts: Consider Risk Vs Return



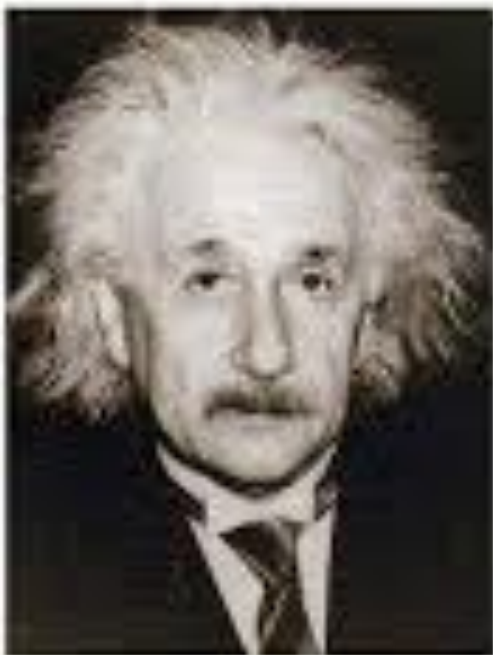
# Final Thoughts: Choose the right team



\* WANANDEGE  
SACCO IS THE  
RIGHT TEAM



# Final Thought: Think Compounding



**“The most powerful  
force in the universe  
is **compound  
interest.**”**

**Albert Einstein**

# Q&A

