



INVESTMENT PROFILE 2

JOSEPHINE NINJA

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INVESTMENT PROFILE 2: JOSEPHINE NINJA

Age: 35 years old

Marital Status: Single, with 2 children (6 and 8 years old)

Profession: Marketing Manager at a Bank

Income: KES. 280,000

Debt: KES. 3 million

MONTHLY EXPENSES

Item	Amount (KES)
Rent	75,000
Pension	5,000
Car loan payments	40,000
School fees	40,000
Household costs	60,000
Education Policy	20,000
Total monthly expenses	240,000

GOALS

Item	Amount (KES)
Children's education (5-7 years)	
Buy a home	
Increase pension contributions (Retirement)	
Pay off car loan	3 million
Increase investments	
Plant 100,000 trees	
Provide capital for SMEs	

Josephine should:

1. List all her goals, categorize and quantify them.
2. Track expenses to find where he can cut spending to fund his goals.
3. Prioritize her goals
4. Pay off her debt by selling her car and buying a less expensive one, and
5. Clarify what is in the education policy, the current value, and what the insurance cover on the policy is to ensure that it is sufficient.

Categorization of the goals

We categorize her goals and explore how she can work towards them

(NB: This is our own categorization. Keep in mind that priorities will vary based on personal circumstances. What is security for one person may be aspirational for another)

SECURITY BASKET

Pay off Car Loan: She can get rid of her debt by selling the car and buying a cheaper one.

Goal: Get rid of her KES. 3million debt by selling her car.

This will result in a saving KES. 40,000 per month.

Strategy & Asset:

- Once she's saved for a new car, she can invest the additional cash in a Money Market Fund to be able to take advantage of opportunities that arise.

Emergency Fund: Josephine needs to make sure she has enough money saved up in case of loss of income due to disability or job loss.

Goal: Save 3 months of expenses (KES. 660,000).

Strategy & Assets:

- Increase her income and pull all additional income into her Emergency Fund.
- She can increase her income by aiming for a raise at work, or consulting on the side.
- Money Market Fund
- Fixed Deposit Account

Insurance

Goal: Pay for her children's education and secure their future even if something happens to her.

Strategy & Assets:

- Josephine needs to find out the details of her education policy so she can know if she is on track to pay for her children's education in the future.
- Contributing KES. 20,000 per month will compliment her goal to transfer her kids to an international school in 5-7 years.

Definition - **Education Policy**: This is an endowment policy that provides a life insurance cover and ensures that Josephine's kids can go to school even if she loses her life.

Please note that insurance is not an investment, however, it brings us peace, so we put it in the security basket.

Take care of dependents

Goal: Make sure her family (parents, kids etc.) are protected.

Strategy & Assets:

- **Health & life insurance**: for family, including her parents.

Retirement:

Goal: Save for retirement.

Strategy & Assets:

- Josephine's pension plan will give her an opportunity to enjoy tax benefits as she saves for retirement. She should increase her pension contribution from KES. 5,000 to KES. 20,000 to get the full tax benefits.

Please note: Contributions to a retirement benefits scheme are tax exempt as per the set limits (Kshs. 20,000/- per month or 30% of salary, whichever is **less**). The return earned on the investment is also tax exempt.

Read more on pension plans here:

<https://www.akinsure.com/images/pdf/pension/A%20guide%20Personal%20Pension..pdf>

LIFE ENHANCING BASKET

Kids Higher Education (5 – 7 years):

Goal: Take kids to an international high school.

Strategy & Assets:

- She needs to increase her income. (Consulting or pay rise)
- Invest in high grade corporate bonds or high grade commercial paper
- Invest in real estate

- Invest in Stocks or ETFs

Parent's needs: Have a candid conversation with her family to discuss where they're at where finances are concerned. This way she can prepare in advance and also manage expectations, as well as pull in siblings to help out.

Goal: Prepare in advance for her parent's needs.

Strategy & Assets:

- Discuss financial goals & assets with her family.
- Investing in an income generating asset such as real estate, annuity or a bond would be helpful.

ASPIRATIONAL BASKET

Home ownership: Ownership of a home is an aspiration for Josephine at this stage.

Goal: Save the 20% down payment.

Strategy & Assets:

- Consider investing in high yielding real estate opportunities to build capital.
- Invest in low to middle income real estate. She can get a mortgage that is affordable, and use rental income to save towards her down payment
- Real estate investments can also be used to generate income that can pay rent for a home.

Plant 100,000 trees:

Goal: Plant 100,000 trees in her lifetime.

Strategy & Assets:

- Consider partnering with others. She can reach out to CSR departments from companies.
- She may also consider partnering with investment groups

Provide capital to SMEs:

Goal: Provide capital for SMEs.

Strategy & Assets:

- Begin to evaluate potential companies that she can invest in with a view to understand how businesses run.
- Before investing in shares in an SME, can consider lending to them first after thorough due diligence.
- Seek help from financial analysts when evaluating these businesses.

- Consult legal advisors to draft the necessary documentation to ensure that her rights are protected.

Curveball: Josephine's parents get sick.

In this situation, Josephine would shift the timeline of her goals. Here is how her goals might potentially change;

- She can use a portion of her additional 40,000 to support her parents.

As a preventative measure, she should sit down with her family to understand their parents' financial plans.

Pro Tip: When hit with unexpected circumstances take the time to re-evaluate your goals, and their categories and costs.

Things to keep in mind:

1. You don't have to have your safety net or security basket fully funded to begin the pursuit of a life enhancing or aspirational goal.
2. But it's important to ensure that your Emergency Fund is funded to at least 3 months of your expenses.
3. We allocate assets that provide safety and have potential to hold their value in a market crash or recession.

