

# FACING YOUR FINANCES



## THE PRACTICAL GUIDE TO ECONOMIC STABILITY

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# INTRODUCTION

Welcome to the book "Facing Your Finances – The Practical Guide to Economic Stability". In this journey of knowledge and self-transformation, we will explore the key aspects of personal finance and provide practical strategies to help you achieve the balance and freedom you desire.

Throughout this book, we will cover fundamental topics for building a solid foundation in your financial life. We will start by understanding the relationship between fear and money. Does the way we were educated have a correlation with the way we deal with debts? Find out if you are financially mature, learn about the pillars of balance and the importance of mapping your finances with meaningful objectives.

According to a survey by Serasa, in May 2023, the default situation reached 71.90 million people in Brazil, with this in mind we created a complete step-by-step guide on how interest influences your debts, negotiation strategies and summary information importance for those in debt.

Throughout this book, we will also cover the world of financial investments, providing a clear and practical introduction so that you know the possibilities of how to make money work for you.

And, as could not be missed, we will dedicate an entire chapter to emergency reserves. Our goal is to provide you with proven knowledge, tools, and strategies to transform your financial life.

Be prepared to challenge your limiting beliefs, develop healthy habits, and take control of your money. By following the path we will walk here together, you will be taking a significant step towards financial freedom and a life of prosperity.

We are excited to embark on this journey with you. Let's start transforming your financial life towards the stability and freedom you deserve!

## Chapter 1

# Fear and Money

## The Culture of Financial Silence

*"The first rule of fight club is don't talk about fight club."*

**Tyler Durden – Fight Club**

In 1999, Brad Pitt challenged society and consumerism by punching the members of a clandestine fighting group, alongside the bored and frustrated character of Edward Norton. This cult classic from the 90s brings to light several reflections on the way we were raised and taught to deal with money.

Just like the characters in the film, our family also passed on rules for coexistence in society. One of the first rules they gave us about money was not to talk about it. However, unlike the objective of the characters in "Fight Club", our parents did not seek to destroy the symbols of consumerism, but rather to avoid discomfort during conversations. The subject of money was discussed only when necessary, creating a habit of thinking about it only when we needed it.





Over the years, we have perpetuated this behavior, forming a kind of culture of silence regarding finances, which ends up having a profound impact on our ability to deal with debt. Although it may seem harmless to grow up with these limitations, everyone in debt knows that they have a habit of avoiding thinking about this issue. But what could be the origin of this fear of facing financial issues? Could it be a remnant of that childhood in which we learned not to talk about money?

Perhaps, unconsciously, we postpone facing debts and our own financial control because thinking about money seems ugly or wrong. For years, we have been conditioned to associate the act of discussing money with discomfort and taboo, which leads us to avoid any mention of the subject unless it is strictly necessary. However, it is important to understand that thinking about money in advance is, in fact, an assertive decision to maintain a good financial reputation and avoid future problems.

Overcoming this initial barrier involves adopting a mature mindset regarding money. Financial maturity is not necessarily linked to age. You may be a completely respected and mature person in all other aspects of life, but when it comes to money, you may still feel like a child afraid of "saying something wrong in front of your visitors." We need to break this cycle of fear and recognize that thinking about money consciously is fundamental to our financial growth and well-being.

Therefore, it is important to reflect on the influences that shaped our relationship with money and how this impacts our ability to deal with finances. By understanding that the fear of thinking about money is the result of a culture of silence rooted in our upbringing, we can begin a process of change, adopting a more conscious and mature approach to our finances. From that point on, we will be able to make more informed decisions and build a solid foundation for our financial stability.



# Assessing Your Financial Maturity: The Pillars of Balance

## Understanding your financial maturity

If you want to know if you are financially mature, there are three basic questions that can help you discover your level of maturity in this area. Being honest with yourself is essential to answer these questions honestly and objective. Reflecting on these aspects can provide a clear picture of your financial situation and help you identify areas for improvement. Below, I present the three key questions to assess your financial maturity:

1°

### What is the monthly amount of your expenses?

**Awareness about expenses:** A financially mature person is aware of both fixed expenses and superfluous expenses.

**First step towards financial maturity:** Find out how much you spent in the last month, including all expenses, from your home loan to that cheese bread you buy daily.

2°

### What is your monthly income?

**Understanding your income:** If you are not self-employed, obtaining information about your monthly income is relatively easy. However, it is essential to know exactly how much you earn to answer the next and most important question.

**Record of recipes:** Write down all the entries you have had in the last month. If you are self-employed, include all deposits received during the 30 days of the previous month.

## Are your earnings greater than your monthly expenses?

**Reflection of your financial health:** This question reflects your financial health and maturity in money management. If the answer is no, it may indicate a lack of maturity.

**Assessment of financial balance:** Do the math and assess whether your earnings are greater than your monthly expenses. If you earn more than you spend, congratulations, you're on the right track. However, if you are spending more than you earn, it is essential to focus on balancing your accounts. This should be your priority to achieve a financially stable life.

**Note:** It is essential to emphasize that financial maturity reflects how you deal with your money. If, after carrying out all the assessments mentioned, you mathematically determine that your salary does not cover the minimum essential expenses, such as supermarkets, water, electricity, rent or real estate financing, this does not necessarily mean that you are financially immature. It indicates, however, that it is necessary to find another solution to make your income financially viable. We will address this topic in the next chapters.



### Chapter 3

# The rabbit hole: Mapping your finances

*"This is the last chance. Afterwards there is no going back. If you take the blue pill, the story ends and you will wake up in your bed believing whatever you want to believe. If you take the red pill, you'll stay in Wonderland and I'll show you how far the rabbit hole goes." **Morpheus – Matrix***

In the iconic dialogue between Morpheus and Neo in The Matrix, the characters are faced with the famous choice between the blue or red pill. This duality between reality and fantasy also applies to our finances. We are often faced with an illusion of consumption that leads us to believe that our salary is just enough for the daily use of the credit card. However, this mindset can lead to accumulating debt and increasing financial difficulties.

Choosing the path of financial wisdom means facing reality and starting to map your finances. This is when we go down the rabbit hole, exploring the true financial picture and understanding where our money is being targeted. Just as Neo discovered a world beyond the Matrix, by mapping your finances, you will have a clear picture of your financial situation and can take concrete steps to improve it over time.

This stage is decisive for your financial life, as this is where many people end up giving up on this transformation. Facing your expenses and your financial reality requires courage and determination. This journey requires time, patience and, above all, maturity to understand spending patterns, identify areas for improvement and take concrete measures to regain control of your finances. It is by facing this reality that you will be prepared to follow a path of financial prosperity and achieve greater stability and



peace of mind in the long term. This attitude can be challenging, but it is essential for your financial evolution and for building a solid future.

So by choosing the red pill and exploring the rabbit hole of your finances, you'll be taking a transformative step toward a healthier, more balanced financial life. Don't be afraid to face reality, because it is only through this deep understanding that you will be able to take the necessary steps to change your situation and build a prosperous financial future.

It is important to recognize that many people tend to postpone these actions, delaying the decision to confront their finances for different reasons. However, it is essential to make a meaningful decision. In this case, you have the option of remaining unaware of where your money is going or choosing to face financial reality and discover how to improve your situation.

Don't let fear or procrastination stop you from taking control of your finances. By choosing to act with determination and face your financial situation head on, you will be opening the doors to a significant transformation in your life. Remember, taking action is key to creating positive change in your finances. Feel motivated to take the first step and embark on this journey of financial progress and self-development.



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## Organizing your life

The first step to organizing your spending is classifying your expenses. Making a well-structured budget will show you what your real economic situation is. This detailed analysis will allow you to identify where your money is being directed, enabling necessary adjustments to achieve balance.



### Fixed Expenses and Variable Expenses

The practice of categorizing your accounts into fixed and variable expenses is extremely useful for organizing your finances due to the regularity and predictability of expenses.



#### Fixed Expenses

These refer to monthly expenses that tend to remain constant over time, such as rent, financing, condominium fees, electricity and water.



#### Variable Expenses

These are those that vary according to our consumption, encompassing items such as food, fuel, entertainment, among others.

What are your Fixed Expenses? Make a list of all the fixed expenses you have in your home, you can include your internet and streaming costs for example. Use the last month as a base and write down the variable expenses you had.

# Essential, Necessary and Superfluous.

Now let's classify your expenses by priorities, each expense needs to be included in one of three lists, they are classified according to the order of importance;

## 1 Essential Expenses:

These are essential expenses to meet your basic needs, such as housing, food, medicines and basic maintenance.

## 2 Necessary Expenses:

These are expenses that, although not essential for survival, are important for maintaining an adequate standard of living, such as spending on leisure, preventive health, education, aesthetics and extra maintenance.

## 3 Superfluous Expenses:

These are expenses considered expendable, that is, if reduced they do not cause a significant impact on well-being and quality of life, such as expenses on restaurants, cinema, theater, impulsive purchases, clothing and electronics by brand.

**Note:** It is important to note that this guide is intended as a general guideline, but you can customize your own classifications according to your specific needs. For example, if you depend on the internet as a work tool, it may no longer be considered a necessary expense and become an essential expense, as without it you would not be able to guarantee your subsistence. The same principle can be applied to other categories. Personalizing the list is essential so that it reflects your financial reality and helps you make decisions that are best suited to your individual context.



## Chapter 4

# Protecting your Dreams: How to Set Meaningful Financial Goals

*"Never let someone tell you you can't do something. Not even me. If you have a dream, you have to protect it. People who can't do it themselves will say you can't do it. If you want something, go and fight for it. Full stop."* **Chris to your son – The Pursuit of Happiness**



**"The Pursuit of Happiness"** is a moving film and is on many people's favorite lists, but how many of them truly believe in protecting their dreams?

In an increasingly anxious and stressed society, immediate pleasures become almost religious, be it that iFood delivery or that Shein outfit. If your favorite pastime is adding items to your cart on Shopee, don't worry, you're not alone.

This type of behavior happens because buying any trinket on the internet brings much more immediate pleasure than, for example, planning to buy a car or saving money for a short trip. After all, realizing a dream "takes a long time" buying something smaller seems more viable, but mainly fast.



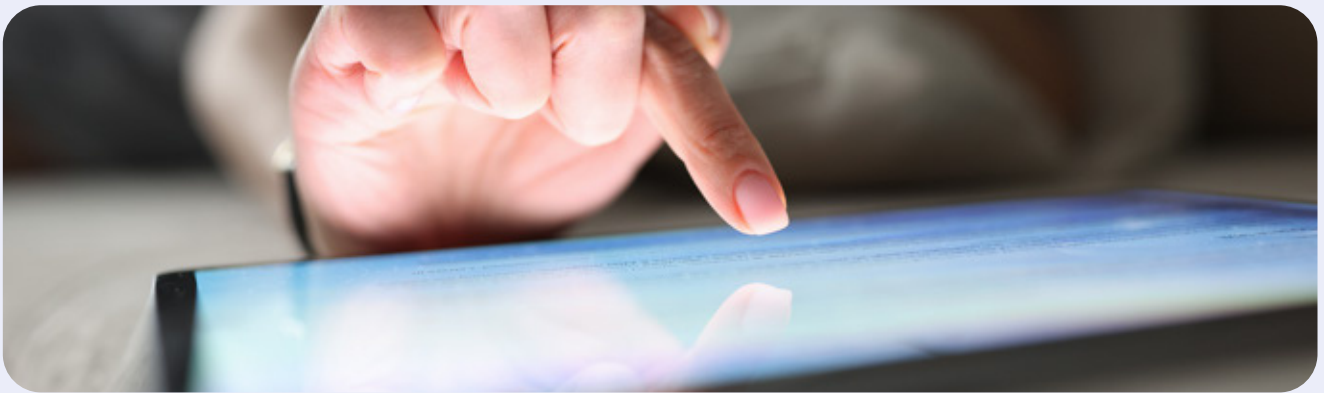
When you have a tiring day, you only think that you deserve to receive a "treat", and that's when your money ends up running through your hands. Smaller purchases are the most dangerous: spending R\$30 here, another R\$15 there, and when you close out the month, small purchases are worth almost the same as your rent.

This is when having pre-established goals will save your budget. This is a powerful tool for you to stay firm in your financial purpose. Clear, specific goals with a scheduled date make you reconsider unnecessary purchases.

## But is any goal worth it?

For an objective to work as a cost containment tool, it must be your desire and yours alone. A common dream among people is to go on a trip with beaches and trails, but if you don't like nature and sand, this won't make sense for you. Although it may seem obvious, many people end up assuming other people's wishes. You are a unique person, and perhaps your biggest dream is to buy a tool that makes your job easier, an appliance that makes your life easier or even an extravagant purchase that only you fully understand.

The dreams themselves don't matter; What matters is that they are yours and, above all, that they are tangible objectives. Being more patient is not a measurable dream and does not serve that purpose. You need to desire this dream, it also needs to be measurable, and you need to add a reserve amount per month to achieve this goal with a pre-established deadline. Saving money for a dream is much easier, and you will use your money in a much more efficient way.



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## 5 Steps to transform a dream into a tool



**1°- Desire:** You will only be able to stay focused on your goal if you really want to purchase. For a dream to become a tool, you really need to want it.



**2°- Planning:** Find out how much your dream costs, how much you can save every month and how long will it take you to achieve this objective.



**3° - Turn your dream into a goal:** Add it to your budget monthly the amount allocated to your dream, with a date set for achieve your goal!



**4°- Stay focused:** Save every month, do the math, try make money boosters when possible and try to have fun with this process!



**5° - Realize:** With the money in hand, make your dream come true! But don't forget to negotiate a discount for paying in cash!

When you can make your dream come true without debt, with payment in cash, You will realize that this is truly the best reward your work can provide. There is nothing more rewarding than feeling like you have genuinely achieved something.

**Bonus Tip:** Enjoy the process! While the ultimate achievement is important, it is essential to appreciate each step along the way. Understand that you are accomplishing something extraordinary for yourself, and that feeling can be even more powerful than the accomplishment itself. It's like taking control of your life and being sure that you are capable of achieving anything you want. Enjoy every moment of this journey and value the personal growth it provides.

And don't forget to protect your dreams.



## Chapter 5

# Strategies for achieving financial stability: What to do when expenses exceed income

*"Sell me that pen!" – Jordan Belfort– The Wolf of Wall Street*



You calculated all expenses, from fixed to variable, taking into account what is essential and necessary. However, even after eliminating all possible superfluities, expenses continue to exceed your financial possibilities. What to do?

Spending more than you earn should be seen as a warning sign that something is wrong. The first step is to realize and accept that something must change. Next, it is crucial to identify the source of the problem.

If the financial imbalance is related to loans, debts, credit cards and interest, as we will discuss in detail in the next chapter, it is important to understand and address these specific issues.

On the other hand, if basic and necessary expenses are responsible for this lack of balance, the alert becomes even more urgent. In this case, it is necessary to find a new effective solution to resolve and balance your finances. The search for viable and realistic alternatives becomes fundamental at this moment.

## Living one level below

There is a concept in finance management known as ***“living one level below”*** our means. See how it works:

Imagine that you have received a salary increase. The natural impulse is to start planning new expenses, you immediately start making plans with the new inflow of money, making your budget completely fair to the new value of the monthly budget, this makes you vulnerable to unforeseen financial events, i.e. the slightest possible unforeseen event you will need to resort to credit.

Now, let's consider a more strategic alternative. When you receive the same salary increase, instead of immediately including it in your monthly budget, you decide to create a cash reserve with this extra income. Your cost of living remains unchanged, you continue to live at the same level as before. However, you now have a financial reserve that can be used in cases of small emergencies.

This technique offers a series of benefits. First, you start to live within your real means, avoiding the debt trap. Furthermore, by building a cash reserve, you will be prepared to deal with unforeseen financial events without resorting to credit or loans.



## Addressing financial imbalance



**Establish a realistic budget:** you need to analyze your expenses and be realistic with your condition, you can cancel the gym and start running outside, you can give up your health plan, cancel your audio and video subscriptions. Redo your budget based on your new reality.



**Sell items to pay off debts:** If you have outstanding payments, a faster way to save your monthly budget is to pay off these debts in cash. Search your belongings for used products that you can get rid of, even if you need to buy them again at another time, getting rid of them temporarily to pay off some bills is worth it.



**Prioritize paying off debts:** In addition to selling items to pay off debts, it is important to establish a plan to prioritize paying them off. Identify those with higher interest rates and focus your efforts on paying them off first, preventing charges from accumulating.



**Stop using your credit card:** Sometimes it's necessary to state the obvious, but if you're looking to reduce expenses, stop acquiring new accounts. The credit card is not your salary and should not be used as such. Choose to pay for your purchases only by debit, thus avoiding the accumulation of unnecessary debt and interest.



**Invest in financial education:** To improve your financial situation in the long term, consider investing in financial education. Read books, take online courses, or attend workshops on personal finance. The more knowledge you acquire, the better equipped you will be to make sounder financial decisions and avoid future problems.



**Seek additional sources of income:** Lastly, but perhaps the most important advice, increase your income, if reducing expenses is the easiest way to resolve your financial situation, increasing your income is the fastest alternative to paying off your debts and solve your economy. Think about your skills, talents or available time that can be used to generate extra income.

# 10 ALTERNATIVES FOR YOU TO INCREASE YOUR SOURCES OF INCOME!

These alternatives require some skill or time, but they can provide an interesting return to supplement your income. Don't limit yourself to this list, research and find an activity that makes sense for your reality.



## 1st Sale of homemade foods:

Consider selling food products. This alternative is low-cost and you can earn good money if you manage to publicize them to a large number of people. You can sell sweets, savory snacks, cakes, bread or ready-made meals.

## 2° Offer Private Classes

Depending on your skills, you can offer private lessons in musical instruments, languages, crafts or school subjects. Hourly rates vary according to the type of class, but an average of R\$50 per hour is estimated.



## 3° Offer services for PETs:

If you like animals and have availability, you can offer pet walking, care and boarding services to people who are absent or need help. Prices start at R\$15 for a tour and can reach up to R\$60 per night of accommodation.





#### 4° Carry out cleaning and organization work:

Offer residential cleaning or space organization services. Look for tips on the internet on the subject. The price per night can reach up to R\$200, depending on the size of the house and your negotiation capacity.

#### 5° Creation and sale of plants:

If you have a green thumb and space to grow seedlings, there is an interesting market for this business, the investment is not high, maintenance is low and some plants only take 3 months to grow, succulents are on the rise, but there are many other options!



#### 6th Shopee and Shein Affiliate:

Instead of spending money on these sites, you can earn money as an affiliate. If you have skills with Instagram, TikTok or Twitter, this tip may be interesting, as these platforms already have promotional videos. Your job would be to reach more people.

#### 7th Craft:

If you have craft skills, there is a huge variety of techniques you can master to earn extra money. Crochet bags, paper souvenirs, charming soaps – the variety of products is huge and with dedication, your work can be greatly appreciated.



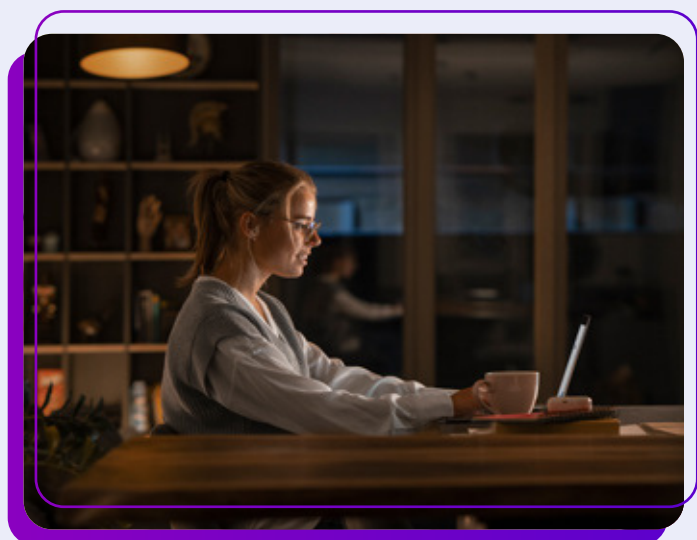


### 8° Manicure at home:

This tip is even more interesting if you live in a condominium. Offering manicure services can be a profitable extra income. The price per service can vary between R\$30 and R\$50, and you can also supplement this income by offering other services, such as makeup and eyebrows.

### 9°Upholstery cleaning:

Upholstery cleaning is an interesting activity, with high demand, and offers a great opportunity to supplement your income by selling cleaning products. Each wash can yield up to R\$250 per sofa.



### 10th Freelancer

If you have skills in areas such as graphic design, writing, translation, programming, digital marketing or video editing, you can work as a freelancer offering your services online. There are several specialized platforms, such as Upwork, Freelancer, Workana and Fiverr, where you can register and find remote work opportunities.

## Strategies to achieve financial stability

### **Diversify your sources of income:**

Consider combining activities to further increase your chances of earning additional income. For example, you can offer private language lessons and also sell homemade foods.

### **Research the viability of each alternative:**

Before embarking on a new activity, it is essential to research and evaluate the viability of this venture. Analyze the competition and costs, identify your target audience, and make sure there is enough demand for the service or product you plan to offer.

### **Learn to sell:**

Regardless of what you do in your life, sales techniques will always be useful. We are constantly trying to convince someone in different aspects of our daily lives, be it our boss, our parents or our children. A famous scene from the movie "The Wolf of Wall Street" portrays this perfectly.

In the film, protagonist Jordan Belfort, played by Leonardo DiCaprio, challenges several people to sell a pen. This scene illustrates the importance of developing persuasive skills and arousing interest in the product or service we are offering. These skills can be applied in different areas of life, allowing us to positively influence the people around us.

### **Plan your time:**

Before committing to a new source of income, assess whether you have the time available to dedicate to it. Make sure the activity you choose is compatible with your current routine and does not compromise your main obligations.

### **Build your reputation:**

Be consistent and deliver quality service to build a good reputation. This is crucial, especially when offering services. A positive reputation can generate referrals and new opportunities.



# Uncovering your debts: The path to stability

## Difference between compound interest and simple interest

When it comes to loans or financing, it is essential to understand the difference between compound interest and simple interest. These two types of interest have a significant impact on the total amount to be paid and can directly affect the cost of a debt. Let's explore the distinct characteristics of each:

### Simple Interest

Simple interest is calculated only on the initial amount of the debt. This means that each period, a fixed amount of interest is applied, not taking into account previously accrued interest. In other words, the value of interest remains constant over time. This method is generally used in situations where the debt amount is low and the payment period is short.

### Compound interest

Unlike simple interest, compound interest is calculated based on the initial amount of the debt plus the interest accrued in each period. This means that, each period, interest is added to the outstanding balance and begins to earn interest on interest. As time passes, the rate of debt growth accelerates, making it more costly. Compound interest is widely used in long-term loans, such as mortgages and long-term personal loans.





## Chapter 7

# Negotiating with creditors

## Step by step to pay off debts

When we find ourselves in a debt situation, it is essential to act proactively to resolve this issue. One of the crucial steps in this process is to know your debts in detail and then negotiate with creditors to seek alternatives and conditions that facilitate settlement.



## Prepare yourself financially

Before starting negotiations with creditors, it is important to prepare yourself financially to be in a more favorable position. Take time to evaluate your current situation and, if necessary, look for sources of extra income or sell items you no longer use. The objective is to raise sufficient resources to fulfill agreements or make payments during the negotiation process.

Remember that negotiation involves seeking alternatives and favorable conditions for paying off debts. Having resources available not only increases your chances of reaching more advantageous agreements, but also demonstrates commitment and seriousness in resolving the financial situation. Be prepared to present realistic and viable proposals to creditors, showing that you are committed to honoring your obligations.

By preparing yourself financially, you will be more confident and able to face negotiations and seek solutions that are aligned with your possibilities. Remember that the objective is to reach an agreement that is beneficial to both parties and thus rebalance your finances in a sustainable way.



## Know your debts

Some creditors may apply abusive rates and interest, causing the debt to have a much higher value than the original interest rate agreed upon. To avoid this situation you need to know your debts in detail, understanding their original value, the duration that it is late and the monthly interest involved. Knowing the original value of your debt and the interest rate added due to the delay, you will have much greater negotiating power





## Assess the consequences

The consequence of not paying the electricity bill is much more impactful than that of not paying a credit card, even though the interest rate is extremely higher in this case. Therefore, evaluate the impact of non-payment of each of your debts on your financial life.



## Establish a priority order

After carrying out all the analyses, establish the order of priority for each debt, taking into account factors such as amount owed, interest involved, presence of guarantees or pledges, impact on your life.



## Get in touch with all creditors

It is important to explain your financial situation, demonstrate willingness and be patient. Additionally, contact all creditors before closing an agreement, as you must analyze the proposals taking into account all the points described so far and the advantages and disadvantages of each agreement.



## Present negotiation proposals

Be prepared to present proposals, as mentioned at the beginning of this chapter, the importance of having payments in cash improves your chances of obtaining benefits. Knowing the original value of your debt gives you a comparison parameter to better choose the type of agreement.



## Formalize agreements

After reaching a consensus with creditors, it is essential to formalize the agreements in writing. Document all established conditions, such as amounts, deadlines, interest rates and any other important clauses. This will avoid future problems and ensure that both parties are aware of and committed to the agreement reached.



## Comply with agreements

Once agreements have been formalized, it is essential to strictly comply with them. Prioritize agreed payments and stay up to date with established obligations. This will help re-establish your credibility with creditors and open doors to new negotiation opportunities in the future.



# Essential tips before negotiating!

## **1 Don't pay debts in half**

Paying the full amount of debts is more advantageous than paying just a part. If you do not have the resources to fully pay off the debt with the highest interest rate, it is better to prioritize paying another bill instead of making a partial reduction.

## **2 Access to the evolutionary debt calculation**

As a consumer, you have the right to request an evolutionary debt calculation spreadsheet. According to article 6, item III of the Consumer Protection Code, it is the creditor's responsibility to provide this information. This tool is extremely important, as it allows you to track the progress of your debt, identify possible calculation errors and understand how interest is applied over time. By having access to this spreadsheet in a clear and precise manner, you will be exercising your right to obtain adequate transparency in consumer relations.

## **3 Don't take on debt installments that you can't pay**

It is essential to be realistic about your ability to pay. Do not take on installments or debt agreements that you will not be able to honor. By making financial commitments that you can't keep, you run the risk of entering an even deeper debt cycle. Analyze your current financial situation and establish a realistic plan to pay off your debts in a sustainable way.

# 1

## Over-Indebtedness Law:

### Assisting Consumers with Excessive Debt

The Over-Indebtedness Law, recently implemented legislation, aims to offer legal mechanisms to assist people who find themselves in a situation of excessive debt. Through this process, consumers have the possibility of seeking agreements with all their creditors simultaneously, creating a viable payment plan that takes their financial conditions into account.

When opting for debt renegotiation through the Super-Indebtedness Law, it is important to keep in mind that not all debts are eligible for this process.

## CAN BE NEGOTIATED

- Dívidas de consumo, como carnês e boletos;
- Contas de água, luz, telefone e gás;
- Empréstimos com bancos e financeiras;
- Crediários e parcelamentos.

## CANNOT BE NEGOTIATED

- Taxes and other taxes;
- Alimony;
- Housing credit, such as home equity payments;
- Rural credit;
- Luxury products and services.

It is essential to be aware of the rights and resources available to deal with over-indebtedness. If necessary, seeking appropriate legal assistance can be of great help in better understanding your options and ensuring that your rights are preserved.

## Chapter 8

# Introduction to Financial investments

Investing can seem intimidating to those who have never come into contact with this type of material before. However, it is important to understand that there are different types of investments available on the market, each with its own characteristics and risks. In this article, we will provide a simple and concise overview of the main types of investments, especially aimed at those just starting out on this financial journey.



## Fixed Income and Variable Income:

Investments can be divided into two main categories: fixed income and variable income.

**Fixed Income:** It is a loan in which the investor receives interest in exchange for the money invested. Provides predictability and security. Examples include public bonds, CDBs and LCIs/LCAs.

**Variable Income:** There is no predictable return, as it depends on market performance. There may be greater gains, but also greater risk of losses. Example: shares.



## Fixed Income Securities

Fixed income securities are a safer form of investment. When you buy a bond, you lend money to financial institutions, companies or governments and receive interest in the future. There are different types of securities, such as public bonds, debentures, Bank Deposit Certificates (CDBs) and Real Estate Credit Letters (LCIs) and Agribusiness Credit Letters (LCAs). Each type of title has its advantages. The remuneration can be a fixed rate or linked to an index such as the CDI. It is important to consider risks, such as credit and changes in bond prices. To invest, you need a stockbroker who will help you with the purchase and provide support.

## Actions

Shares represent a portion of a company's capital and allow investors to participate in the company's profits and equity. They can be acquired through brokers or stock investment funds. It is important to carry out research and understand how the market works before investing in shares, as volatility can be high.





## Investment Funds

Investment funds are formed by a group of investors who invest in various financial assets. These assets can include stocks, fixed income securities, real estate and others. These funds are managed by specialized professionals, who make investment decisions on behalf of investors. Investing in funds can be an interesting option for those who wish to diversify their investments and rely on the expertise of professionals.



## Properties

Investing in real estate can be an interesting option for those who want to diversify their portfolio. This can be done through the purchase of properties for resale or rent. Another alternative is to invest in real estate funds, which are made up of a group of properties and generate income for investors. Before investing in real estate, it is important to conduct market research and understand local trends.





## Cryptocurrencies

Cryptocurrencies are decentralized digital currencies, such as Bitcoin and Ethereum. Its value varies according to supply and demand in the market. Investing in cryptocurrencies requires choosing a reliable exchange where coins can be bought and sold, as well as using secure digital wallets to store cryptocurrencies. It is important to keep in mind that cryptocurrencies are a volatile market and present additional risks.

Always do in-depth research on investments before making any decision. With time and experience, you will feel more confident and prepared to explore the world of investments.





## Chapter 9

# Emergency Reserve

## Preparing for the unexpected

*"Life is like a box of chocolates, you never know what you're going to find"*

**Forrest Gump**

On the list of classics, with almost 30 years, "Forrest Gump" crosses decades of historical events with Forrest as the central point, the film sometimes makes us reflect, directly and indirectly, on the unpredictability of life.

Just as Forrest Gump experienced a series of unpredictable events throughout his journey, we are also subject to unforeseen events in our lives that can shake our personal and financial structures. An unexpected layoff, an illness, an accident, a family emergency – situations like these can take us by surprise and significantly affect our financial stability.

In these moments of uncertainty, having an emergency fund becomes essential. The emergency reserve is an amount of money reserved exclusively to deal with unforeseen and emergency situations. It is a form of financial protection that allows us to face these adversities without compromising our well-being and tranquility and especially: Without resorting to credit.



# When building an emergency fund take these items into consideration:

## Pay yourself before

Many times we don't save money because there isn't "any left over", we can break this cycle by starting to pay your emergency fund before all the bills. That's why it's important to plan a value that fits within our budget.

## Set your goal

Define an amount to be saved monthly and set realistic goals. Consider your essential expenses and determine an amount that covers three to six months of these expenses. If you are self-employed, the ideal is to have a reserve for 12 months of expenses.

## Review and readjust your reservation

As your financial life prospers and your standard of living increases, you need to reevaluate your emergency fund to cover additional costs for a longer period of time, reevaluate your goals and make appropriate adjustments.

## Have two reservations

The emergency reserve is like insurance for our monthly expenses, if we become unemployed it will cover the household bills, but ideally it should only be used for this purpose, so having a reserve for unforeseen events can be a good idea. idea, create a separate fund for unexpected expenses like car or home repairs. This reserve may be smaller.





# Conclusion

By the time you reach the end of this ebook, we hope you have gained a valuable set of knowledge, skills, and perspectives that will enable you to begin a significant transformation in your financial life.

Along this journey, we explore challenges, pitfalls, and solutions to balancing your finances, including practical extra income ideas and practical strategies for how you can achieve balance between earning and spending.

We hope that our two chapters on debt have been enlightening and that our introduction to financial investments has inspired you to seek more knowledge on the subject!

More than just theoretical information, we seek to provide practical tools and guidance so that you can implement real changes in your financial life. We recognize that the journey is not easy, but with discipline, focus and persistence, you can achieve rewarding results.

Remember that financial freedom is not just about investments, but also about changing attitudes and paradigms. The next step is in your hands, it's time to put all the strategies you've learned into practice! Don't just limit yourself to the chapters in this ebook, keep seeking information about finances and stay motivated as you walk the path towards economic stability and financial freedom.

Thank you for embarking on this journey with us. We wish you success in your financial journey and a life full of prosperity and achievements.

"We have always defined ourselves by the ability to overcome the impossible."

**Cooper - Interstellar**

