

# CedisPay's 7 Baby Steps for Wealth Creation

Additional Guidance/Resources

## Take Control of Your Finances

In Step 3 of the CedisPay 7 Baby Steps to Wealth, we focus on reducing your total debt to ensure it does not exceed 30% of your monthly income. This step is crucial for achieving financial stability and setting a strong foundation for wealth building.

### Understanding Good Debt vs. Bad Debt

Not all debt is created equal. Understanding the difference between good and bad debt is essential in this step.

#### 5 Debts to avoid (Bad Debt)

- Credit Card Debt
- Car Loans
- Payday Loans
- Unsecured personal loans for discretionary spending
- Consumer Loans- Loans taken out for non-essential items like vacations or luxury goods



#### 5 Good Debt

- **Mortgage Debt not exceeding 25 percent of your income**
- **Business Loans: For starting or expanding a profitable business.**
- **Investment Property Loans: For purchasing income-generating properties.**
- **Home Equity Loans: For financing home improvements or investments.**
- **Professional Education Loans: For certifications or degrees that increase earning potential.**

*Note: All good things should have limit. Please keep all good loan in total not more than 30% of your income*

#### Action Steps:

1. Calculate Total Debt Payments
2. Determine Monthly Income
3. Calculate Debt-to-Income Ratio
4. Prioritize Your Debts
5. Create a Debt Repayment Plan
6. Monitor and Adjust
7. Celebrate Your Success

*Remember: Reduce your total debt to 30% of your monthly income to achieve financial stability and set a strong foundation for wealth building.*



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# to Wealth:

## Step 3 - Reduce Debt to 30% of Income

A Personal Story by [Emmanuel Akrong](#), CEO and Founder of CedisPay

As I share my journey through the CedisPay 7 Baby Steps to Wealth, I want to highlight the importance of Step 3: Reduce Debt to 30% of Income. This step holds a special place in my heart because I learned the hard way that even good debt can become detrimental if not managed wisely.

### **My Mistake: Over-Leveraging**

In the early days of my startup, I relied heavily on credit cards and personal loans, believing they were smart investments. However, I failed to set financial limits and ended up over-leveraging. When my business struggled to generate income, my personal finances were at risk.

### **The Tough Lesson**

I had to make the difficult decision to pause my business and take on a part-time job to make ends meet. This experience was a harsh reminder that even good debt can turn into a burden if it exceeds 30% of your income.

### **My Takeaway**

This lesson taught me the importance of caution and discipline in borrowing. Now, I prioritize keeping all debts, even beneficial ones, within 30% of my income. My story serves as a testament to the importance of financial prudence.

### **Join Me in Taking Control of Our Finances**

Let's build wealth together through the CedisPay 7 Baby Steps. By managing our debts wisely, we can ensure financial stability and create a prosperous future.



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# CedisPay **7** Baby Steps to Wealth:

## **Steps 4 & 5: Save & Invest Wisely!**

"In the house of the wise are stores of choice food and oil, but a foolish man devours all he has." - Proverbs 21:20 (NIV84)  
Let's embrace wisdom in our finances!

- Save for emergencies (6 months' living expenses)
- Invest in your future (retirement savings plan)

I've been in your shoes, not living according to Proverbs 21:20, but I learned my lesson! Don't be foolish like I was; budget, live below your means, and allocate 20% of your income to saving and investing (50/30/20 rule).

Take control of your finances today!  
#CedisPay #FinancialWisdom  
#SaveAndInvest"



# CedisPay **7** Baby Steps to Wealth:

## **Baby Step 5: Invest 15% of Your Income for Retirement**

Here are three easy steps to reach your 15% goal:

1. **Invest in your pension tier 3 (workplace retirement plan):** Take advantage of the company match (if available) – it's free money! The tier 3 scheme offers tax deductions of up to 8.25% of your basic salary (note: the maximum is 16.5%, but we've limited it to 8.25% since the employer match doesn't count towards your 15% goal in the CedisPay baby steps).
2. **Explore other tax-advantaged private pension schemes:** Beyond tier 3, other voluntary pension schemes in Ghana offer similar tax benefits. These include private personal pension plans provided by various financial institutions, which also allow for tax-deductible contributions and tax-exempt investment returns. Examples include:
  - o **Stanbic Income Fund:** This fund offers tax benefits on contributions and tax exemptions on returns.
  - o **Databank's EdIFund:** A mutual fund that provides tax relief on contributions and tax-free growth of the fund.
3. **Invest the remaining amount:** After maximizing tax-advantaged options, invest any remaining portion of your 15% goal in diversified investment vehicles like mutual funds, stocks, or bonds that align with your retirement objectives.



## CedisPay **7** Baby Steps to Wealth:

### **Baby Step 5: Invest 15% of Your Income for Retirement**

You're making great progress on your financial journey! Now it's time to focus on retirement savings. CedisPay recommends investing 15% of your gross income for retirement. Research shows that your savings rate determines whether you'll have enough money for retirement. Following the 50/30/20 rule, allocating 15% for retirement leaves room in your budget for other financial goals.

Before you start investing, ensure you:

- Are debt-free from bad debt
- Have good debts that are not more than 15% of your income
- Have 6 months of expenses saved in your emergency fund

Your income is your biggest wealth-building tool, so make the most of it! Here are three easy steps to reach your 15% goal:

1. **Invest in your pension tier 3 (workplace retirement plan):** Take advantage of the company match (if available) – it's free money! The tier 3 scheme offers tax deductions of up to 8.25% of your basic salary (note: the maximum is 16.5%, but we've limited it to 8.25% since the employer match doesn't count towards your 15% goal in the CedisPay baby steps).
2. **Open another retirement account and contribute to it:** You can contribute up to 7.25% more to reach your 15% goal. Utilize other tax-advantaged retirement plans available in Ghana, such as private pension schemes that offer tax exemptions on contributions and investment returns.
3. **Invest the remaining amount:** After maxing out tax-advantaged options, invest any remaining portion of your 15% goal in diversified investment vehicles like mutual funds, stocks, or bonds that align with your retirement objectives.



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The logo for CedisPay Micro-Credit Enterprise. 'CEDIS' is in large, bold, red letters with a yellow swoosh underneath. 'MICRO-CREDIT' is in smaller, black, uppercase letters below it. 'PAY' is in large, bold, red letters to the right of 'MICRO-CREDIT'. Below 'PAY' is the word 'ENTERPRISE' in small, black, uppercase letters.

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MICRO-CREDIT  
**PAY**  
ENTERPRISE



## CedisPay **7** Baby Steps to Wealth:

### **Build Wealth and Give Back Generously**

Congratulations on reaching CedisPay Baby Step 7! Now that you're financially secure, it's time to focus on building wealth and giving back:

- **Continue Growing Your Wealth:** Invest wisely and maximize retirement contributions. Plan for future generations to ensure your legacy endures.
- **Give Back:** Support charitable causes, mentor others, and share your financial knowledge. Your generosity can make a significant impact.
- **Enjoy Your Success:** Celebrate your achievements and maintain a balanced approach to your finances.

By embracing this step, you'll build a lasting legacy of prosperity and generosity.





# CedisPay **7** Baby Steps to Wealth:

Build Wealth and Give Back Generously

## Enjoy Your Success

- **Support Your Community:** Channel your financial success into supporting causes and charities that matter to you. Your contributions can make a significant difference in the lives of others and help strengthen your community.
- **Mentor and Educate:** Share your financial knowledge and experiences with others who are working towards their own financial goals. Providing guidance and support can help them achieve their objectives and improve their financial wellbeing.
- **Practice Gratitude:** Generosity isn't just about financial contributions. It's also about being thankful for your success and using your resources to positively impact those around you.

# **Retirement Fund Performance: Are You on Track?**

Is your retirement fund meeting its targets? If it's tracking the Ghana Government 1-82 days Treasury Bills, let's evaluate its performance!

## **Key Questions:**

- Is your fund beating or meeting the benchmark returns?
- Are fees reasonable and transparent?
- Are there hidden costs or penalties?

## **Your Options:**

- Switch to a better-performing fund
- Diversify your portfolio
- Consult a financial advisor

**Don't compromise your retirement security!  
Stay informed and make informed decisions.**



# CedisPay **7** Baby Steps to Wealth:

## CedisPay Baby Step 6: **Save for Your Children's Education**

### Why Save for Education?

Education is a key investment in your child's future. By planning and saving early, you can reduce the financial strain on your family and provide your children with more opportunities for their educational and career aspirations. This step is designed to help you secure their future while maintaining your own financial stability.

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### CedisPay Baby Step 6: **Save for Your Children's Education**

Invest in Your Child's Future with CedisPay's Baby Step 6! Ensuring your children have the funds they need for higher education is crucial. Start saving early to reduce financial stress and provide them with more opportunities. Here's how:

- **Start Early:** The sooner you save, the more time your money has to grow.
- **Set Up a Dedicated Savings Account:** Consider options like the Ghana Education Trust Fund or other local savings plans.
- **Set a Goal:** Estimate future education costs and plan your savings accordingly.
- **Automate Contributions:** Make saving easy by setting up automatic transfers.
- **Review Regularly:** Check your progress and adjust as needed.

By planning now, you reduce the need for debt and give your children a brighter future. Start today to secure their educational journey!



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## CedisPay Baby Step 6: **Save for Your Children's Education**

Saving for Your Children's Education is a vital step in CedisPay's 7 Baby Steps for Wealth Creation. It ensures that your children have the financial resources they need for higher education, setting them up for a successful future without the burden of student debt.



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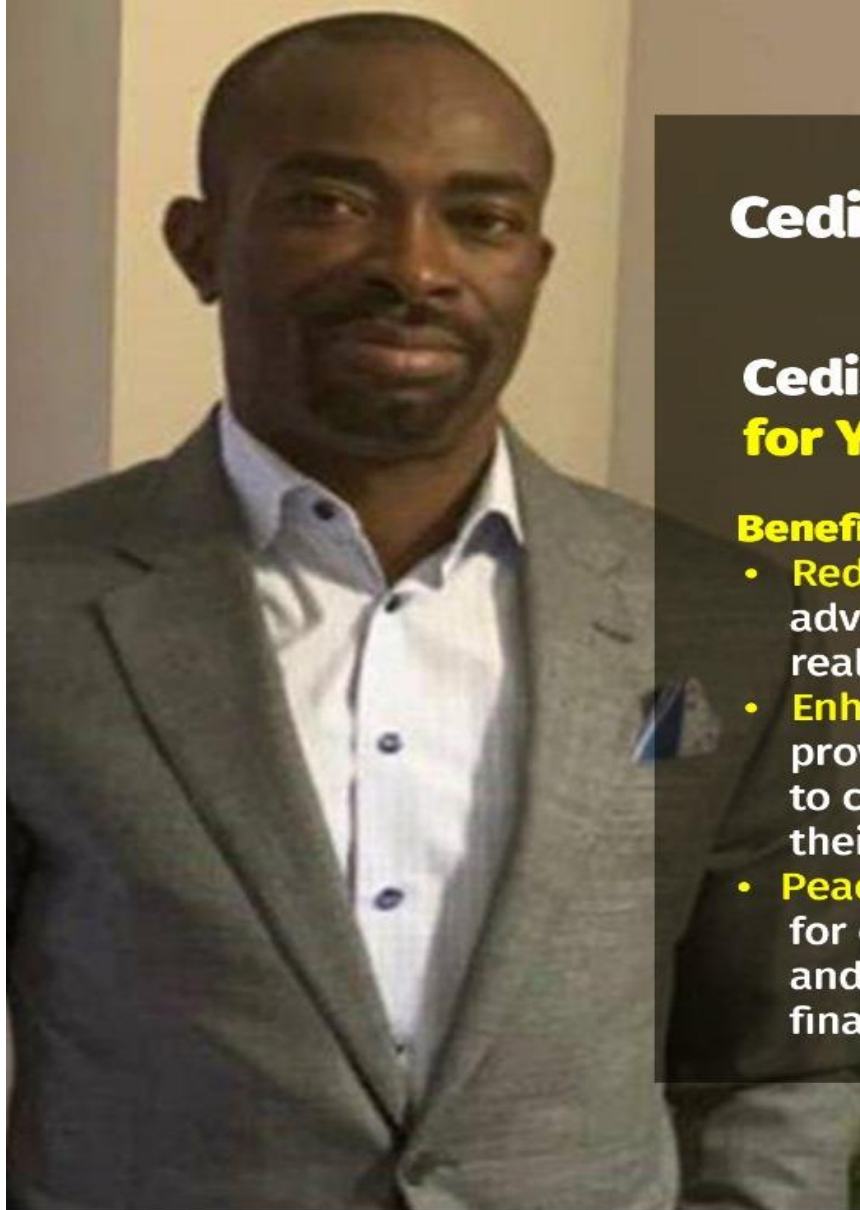


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## CedisPay **7** Baby Steps to Wealth:



### CedisPay Baby Step 6: **Save for Your Children's Education**

#### **Benefits of Early Saving**

- **Reduced Financial Pressure:** By saving in advance, you minimize the need for debt or reallocating funds from other financial goals.
- **Enhanced Opportunities:** Adequate savings provide your children with greater flexibility to choose educational paths that align with their aspirations.
- **Peace of Mind:** Knowing that you're prepared for education expenses brings peace of mind and allows you to focus on other areas of financial wellbeing.



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# **Boost Your Wealth Fast: 3 Proven Strategies!**

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1. Pay off your debt quickly
2. Live within your means
3. Invest wisely, as research shows that investing in a diversified portfolio can grow your wealth by up to 7% per year!  
*(Remember, saving is for emergencies only, and won't grow your wealth as the returns are typically lower than inflation rates)*

*Note: Saving is essential for emergency funds, but it's not a wealth-building strategy as the returns are usually lower than inflation rates, which means the purchasing power of your money actually decreases over time. Investing wisely, on the other hand, can help your wealth grow significantly."*