homeostasis

a handbook
for your financial
peace of mind

Homeostasis is the state of equilibrium within an internal environment, achieved by adjusting to changes to maintain a stable and consistent internal environment.

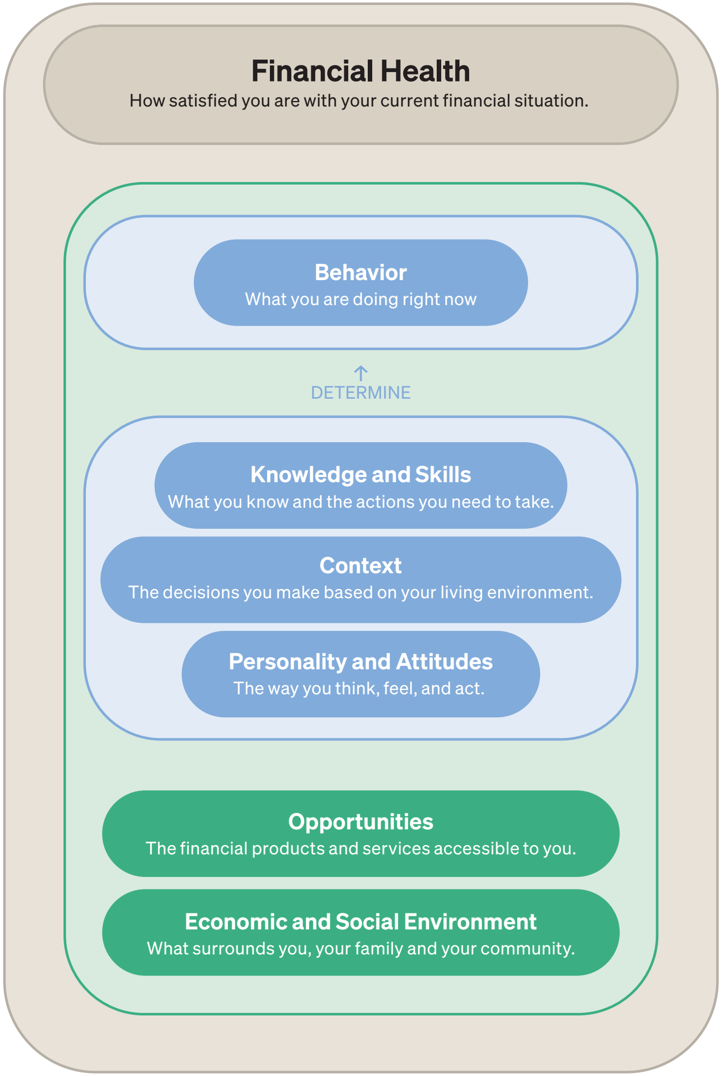
This concept can also be applied to our financial health. By maintaining balance across all aspects of our finances, we achieve a state of well-being. Similar to homeostasis, financial health operates as a feedback and control process, enabling us to transform and organize ourselves to reach a new equilibrium, even in the face of changing circumstances.

What Impacts Your Financial Health?

Your financial health is influenced by a combination of internal and external factors.

Internal factors are those within your control and essentially define you, including your personality, attitudes, and decisions, which are often shaped by your context, as well as your knowledge and skills.

External factors include everything around you, such as your family and community, which directly influence your decision-making process. They also encompass the opportunities available to you, like access to financial products and services within your reach.



→ Discover these connections in the video The Network and the Economy.

Economic and Social Environment

You, I, businesses, the government, and financial institutions are all part of the economy, collectively referred to as economic agents. As economic agents, we interact in various roles—whether as households consuming goods and services, or as businesses producing them. The government is also a participant in this network, tasked with fostering the country's growth in a solid and stable manner while promoting the well-being of all economic agents. Similarly, Banco de México plays a critical role in supporting productive activities and ensuring the stability of the economy.

All economic agents, regardless of their roles, are interconnected. In this network of the economy, our decisions and actions are deeply interwoven.

Opportunities

Access to financial products and services is another external factor influencing your decisions. Before engaging with any financial product or service, it is essential to be well-informed and have a thorough understanding, as this will help you achieve your goals, access greater benefits, and strengthen your financial health. Banco de Mexico plays a vital role in promoting financial inclusion, as it oversees, together with other authorities, the proper functioning of the financial system.

Personality and Attitudes

The way you think, feel and act directly impacts your behavior and reflects in the decisions you make. Throughout life, you develop your personality—your likes, dislikes, favorite music, and much more. These elements influence your choices, shaping the path your life follows as you acquire attitudes that either reinforce or alter this course. It is important to regularly evaluate whether the path you have chosen aligns with your objectives. If not, you can adjust it by developing new skills and habits to maintain or improve your financial health, such as perseverance, self-control, and tracking your income and expenses. The key is to keep evolving, as these efforts will contribute to achieving your financial well-being.

Context

Each of us lives within a unique context—some in cities, others in towns or rural areas—with different habits and customs. Additionally, we are all at different stages of life. Planning and decision-making differ depending on whether you are young or managing a household. This context is vital for shaping both economic and social decisions.

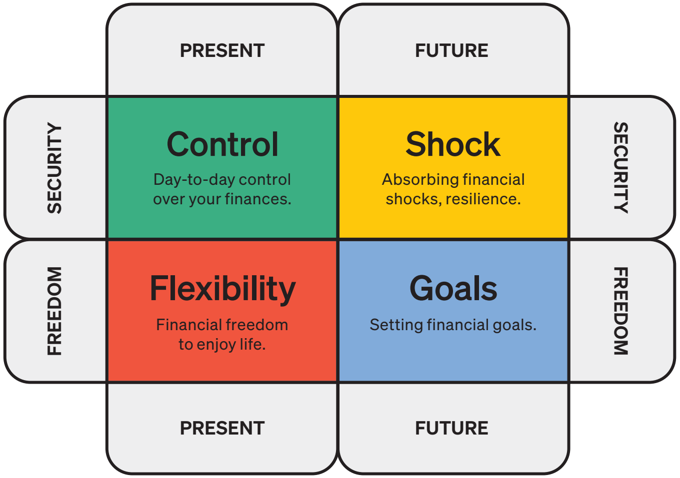
Knowledge and Skills

Acquiring knowledge and skills is another crucial factor to consider. It is not just about completing college and then stopping your education. On the contrary, staying up to date is an investment in your human capital, opening the door to new opportunities. Learning new things and developing new skills sharpens your mind, enabling you to make better decisions by applying knowledge to your daily life and finances. In this handbook, you will find tools and insights to help you achieve and strengthen your financial health.

→ Review the fanzine What? How to Make Decisions. This section introduces you to decision-making tools.

Financial Health Components

These four elements constitute your financial health. Work on each one to strengthen it, and remember that these elements are not static—they evolve throughout your life. Periodically review them to identify which requires more attention at that moment of your life. They provide security and simplify decision-making, influencing not only your present but also your future.



This handbook is organized into four chapters where you will explore how to:

→ Gain **control** over your finances day by day. This will help you fulfill your financial obligations and consumption needs.

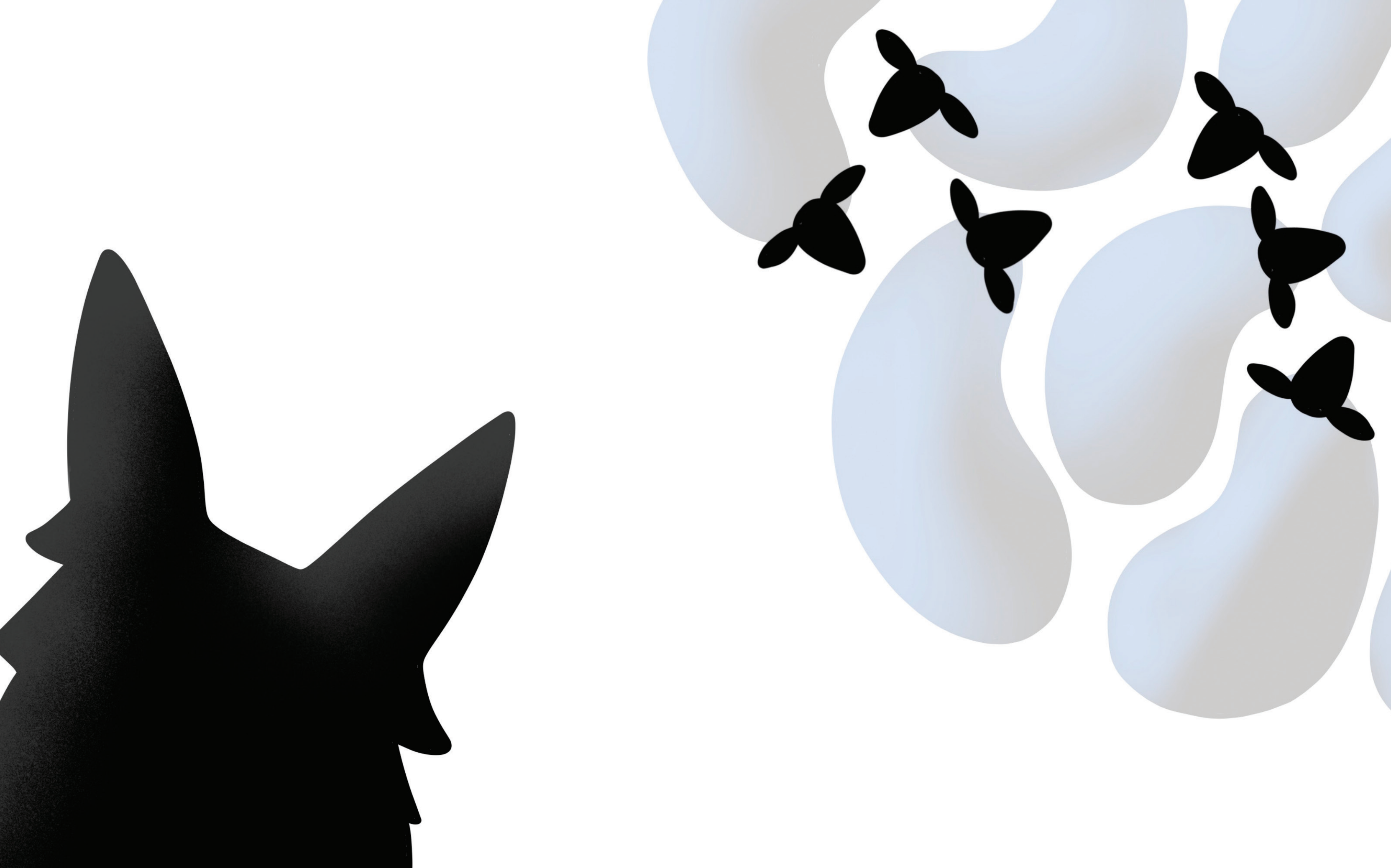
→ Absorb financial **shocks.** This can be managed using a combination of elements/resources, such as support from family and friends, personal savings, or maintaining various types of insurance to tackle financial challenges caused by unexpected life events.

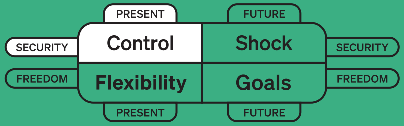
→ Have financial **flexibility** to make decisions that allow you to enjoy life. People experiencing financial well-being recognize their ability to make decisions that bring enjoyment and fulfilling experiences. They occasionally splurge and satisfy their "tastes or desires", such as dining or taking vacations, while still meeting their "needs" and being generous with friends, family, and the community..

→ Achieve your financial **goals.** To accomplish this, it is essential to have a financial plan and actively work towards achieving your goals, such as saving for a car, buying a house, or establishing a retirement savings fund to ensure your future financial health.

Before starting, please answer the following questions to evaluate how your financial health is.

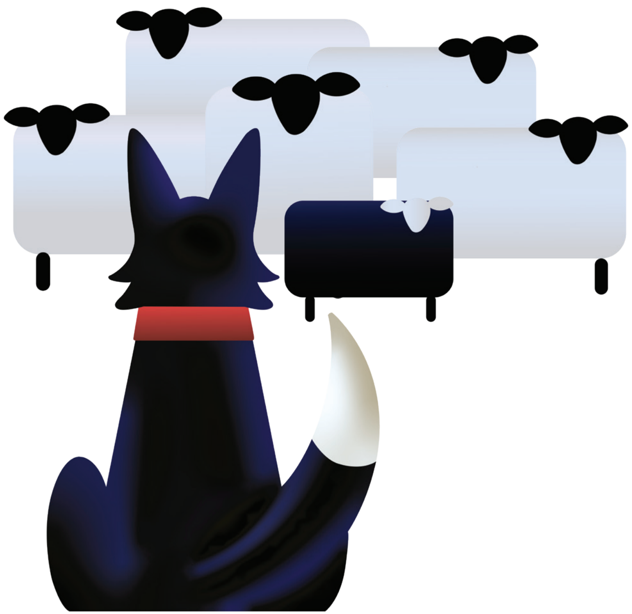
no	Do you establish a monthly budget and stick to it?	yes
no	Do you keep a record of your expense and make adjustments to your budget?	yes
no	Do you allocate part of your income to an emergency fund?	yes
no	Do you maintain any type of insurance (e.g., mobile phone, computer, motorcycle, car, medical expenses, household) to safeguard against future incidents?	yes
no	Do you save a portion of your monthly income in a separate account that you try not to touch?	yes
no	Do you invest your money in financial assets that generate yields?	yes
no	Do you pay your debts on time to avoid accumulating interest on your credit card?	yes
no	Are you building a good credit history by paying your debts on time?	yes




PRESENT
FUTURE
SECURITY
Control
Shock
SECURITY
FREEDOM
Flexibility
Goals
FREEDOM
PRESENT
FUTURE

Control

Taking control over your finances day by day helps you fulfill your financial obligations and meet your consumption needs.



Feeling in control of your finances, regardless of how much money you have, means understanding how you spend, save and even invest it. It involves being aware of your daily needs and ensuring you can meet all your monthly commitments—necessities, desires, debts, and savings—whether it is buying a book, enjoying a coffee outing, or paying your mobile phone bill. All this, while being confident that you can make ends meet and still have money to spare.

→ Do you feel in control of your finances?
Read and answer the following questions to find out:

no — Do I know how much money I earn each month (scholarship, government support, salary, or allowance)? — yes

no — Do I keep a detailed record of my monthly expenses? — yes

no — Do I know my fixed expenses, such as mobile phone, transport, etc.? — yes

no — Do I know my preferences and how much I spend on them? — yes

no — Do I know the monthly amount I need to pay for my debts, including credit cards, loans from friends or family, or other obligations? — yes

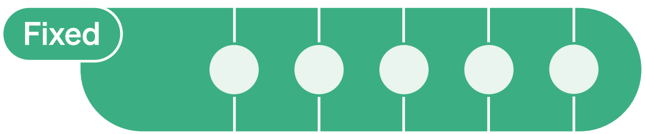
no — Do I estimate how much I can spend on special occasions like birthday presents or concerts? — yes

no — Do I feel reassured because my money is sufficient to meet my monthly needs? — yes

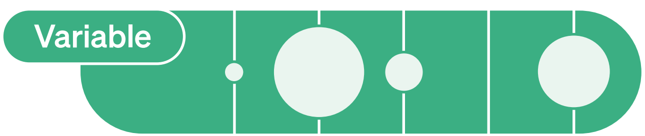
no — Do I allocate a portion of my monthly income for savings? — yes

How can you achieve control? There are various tools to help you manage your money effectively. Start by understanding your income, expenses, debts, and determining how much you want to save. In short, create a budget.

Let us begin by taking control of your income. This includes all the money you earn, such as your salary, scholarships, interest from investments, or government support. Remember, there are two types of income:



→ Income received regularly, such as earnings from your job, or government support or a scholarship.



→ Income received on a non-recurring basis, such as earnings from selling products or providing services, like tutoring classmates.

→ List all the revenues you receive. Be sure to include money given by your family members or interest earned from any investment account. If this table is too small, use a larger sheet of paper. It is important to record all sources of income.

ITEM	FIXED INCOME (AMOUNT)	VARIABLE INCOME (AMOUNT)
Work	$6,500.00	
Government Support		$4,000.00
TOTAL →	FIXED INCOME	VARIABLE INCOME

You know what your income is, but do you believe it is enough to meet your needs and fulfill your desires?

We all aspire to have additional sources of income. Consider asking yourself these questions to spark ideas for obtaining them:

What do your acquaintances need, and how can you help them?

For instance, they might need someone to walk their dog or assist with gardening.

Make the most of your assets

For example, if you own a camera, you could rent it out or provide photography services for events.

You are an expert or very good at something

If you are skilled in mathematics or fluent in a foreign language, consider giving classes to earn extra income.

Invest in yourself

Take a course, attend a seminar, or learn a new skill. This can lead to additional income in the future through specialization.

Expenses

Understanding your spending habits is crucial. If you do not know where your money goes, controlling it becomes impossible. To track your expenses, record everything you spend—even the smallest purchases—for a week. The more detailed your records, the better control you will have over your expenses.

Monday

ITEM	AMOUNT
Bubble gums	*$12*
Bottle of shampoo	*$80*
Taxi	*$55*
Bottle of water	*$16*
Streaming platform	*$99*

→ Make an effort to record all your expenses, even the smallest ones, as every little amount adds up.

At the end of the week, identify which expenses are essential for survival (necessities) and which can be omitted (desires) without compromising your health or physical or mental well-being.

Monday

ITEM	AMOUNT	
Bubble gums	*$12*	DESIRE
Bottle of shampoo	*$80*	NECESSITY
Taxi	*$55*	NECESSITY
Bottle of water	*$16*	NECESSITY
Streaming platform	*$99*	DESIRE

→ By distinguishing between necessities and desires, you can identify expenses that, if eliminated, could be reallocated to other areas of your budget.

Regular and large expenses are easy to track. However, what are often referred to as small or ant expenses are often made unconsciously. Monitoring these smaller expenses can help you gain better control of your finances.

→ Record all your expenses for one or two weeks, including everything from the largest purchases to the smallest ones. By the end, you will have a complete and detailed record of your spending, enabling you to create a realistic budget. Use the following template to track your expenses:

Determine the period during which you will record your expenses:

FROM DAY:	TO DAY:

Record every expense you incurred each day:

Day 1

ITEM	AMOUNT	NEED OR DESIRE

By the end, you will have the total of all the expenses.

“Ant” expenses

Total:

Now that you have a clearer understanding of your income and expenses, how in control of your finances do you feel?

The state of your finances can evoke a range of emotions—from peace of mind, trust, and security to anguish, concern, or stress.

Financial health helps ensure those emotions remain positive and reassuring. Being aware of how much you have and how you spend it allows you to plan your income, decide how to allocate it, and even realize if you need additional income or should explore alternatives.

Follow the Trail of Your Money

To follow the trail of your money, we encourage you to create a budget that helps you understand your current situation and guide you towards achieving your goals. A budget empowers you to:

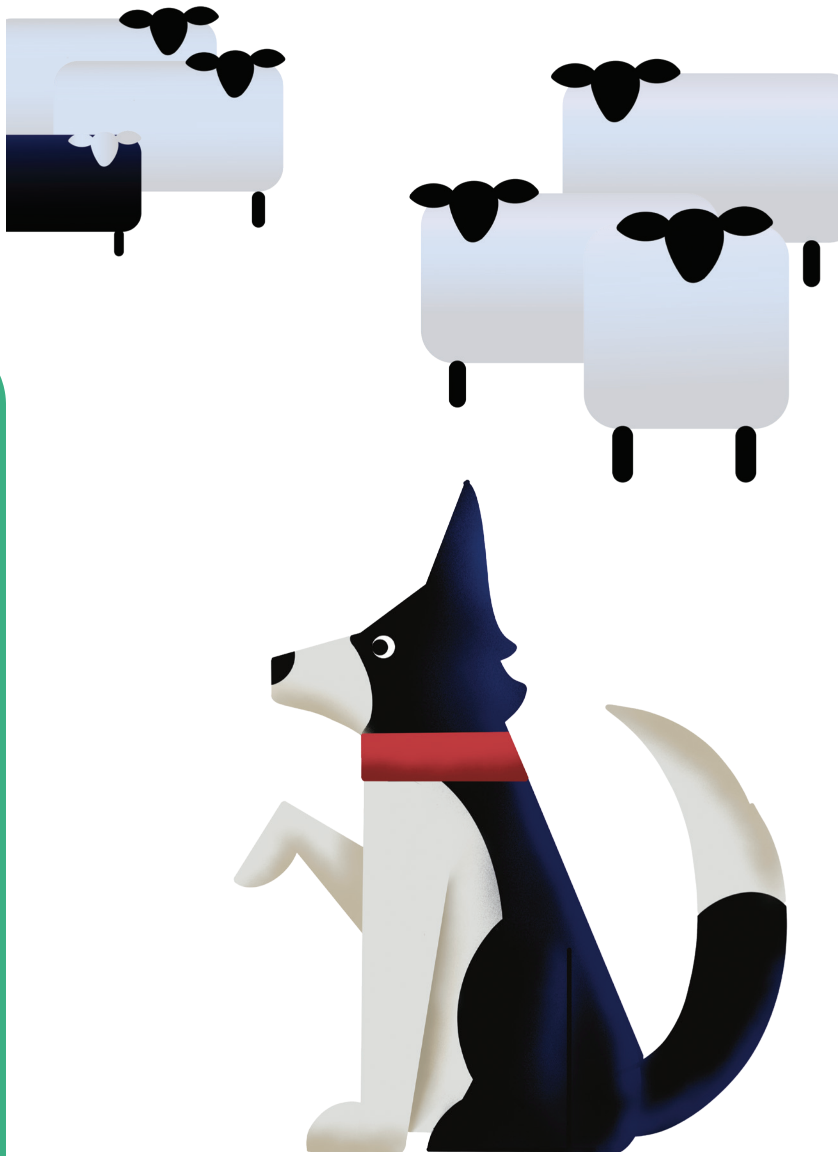
→ Monitor your income

→ Understand your expenses

→ Take control of your money

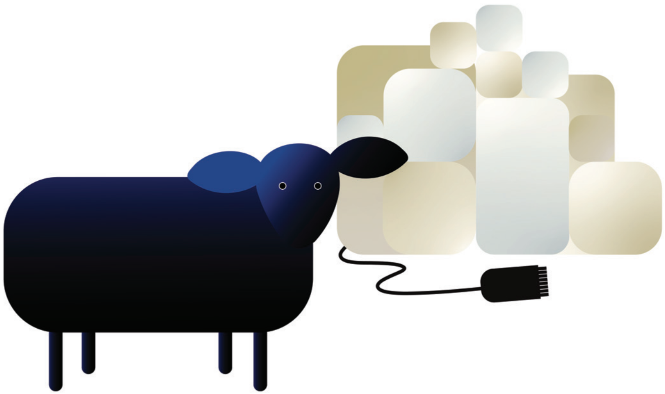
→ Live within your means and fulfill your goals.

Refer to the foldout at the end of the book to prepare your budget.



Take Control of Your Money

Have you prepared your budget? If not, locate the foldout in the book envelope and give it a try. If your budget is unbalanced, there are two ways to address it. You can approach them separately or combine them: one is to increase your income, and the other is to reduce your expenses.



More Income

→ In the first section, you explored options to help increase your income. Now it is time to take those options and put them into action to boost your earnings. Let's get to work!

1 Idea

2 What do I need?

3 When should I start?

4 How much do I aim to earn?

Fewer Expenses

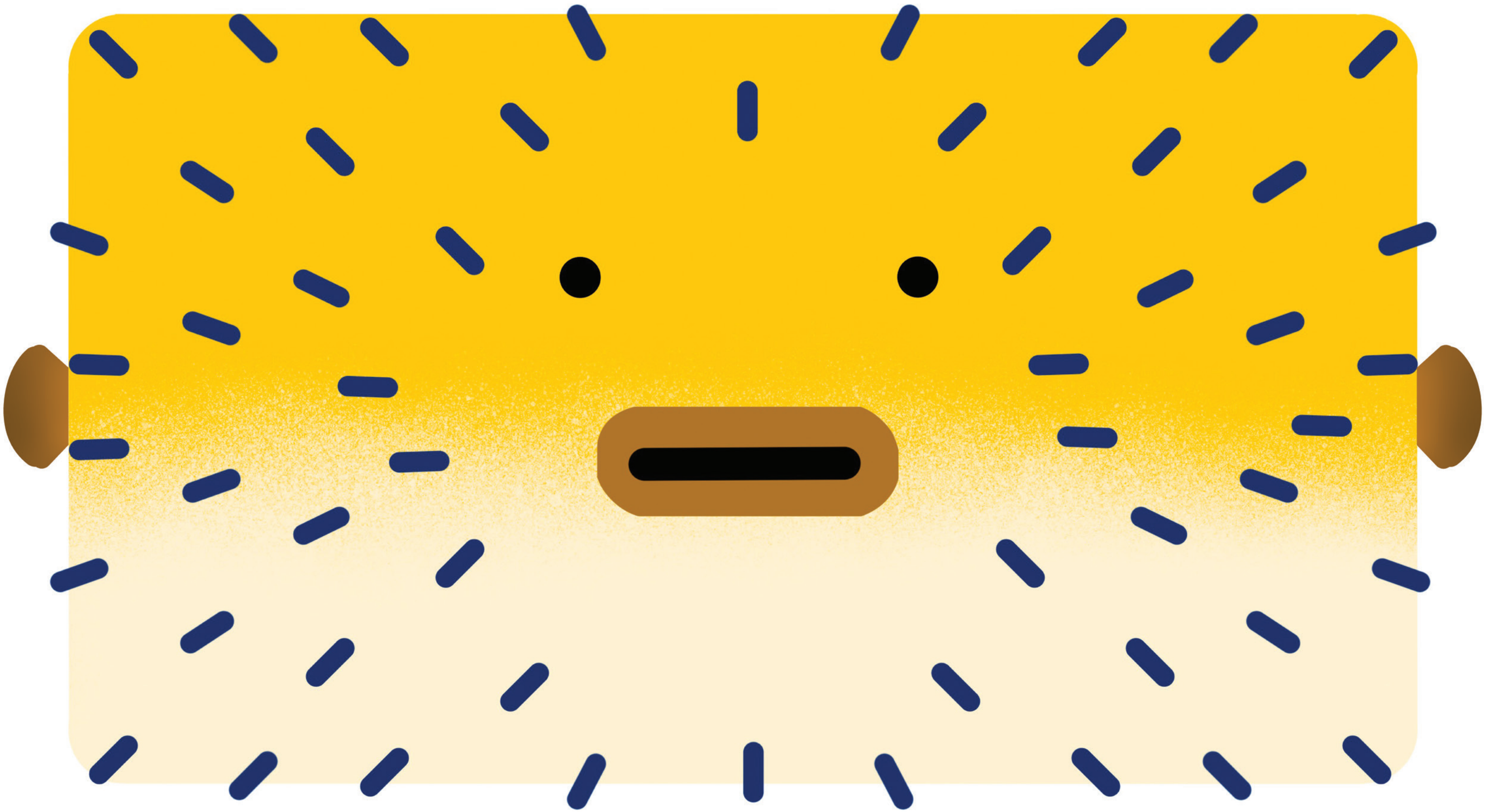
→ Review your expenses and determine which are necessities and which are desires. Adjust or reduce any non-essential expenses, of find more economic alternatives. Limit how often you indulge in these expenses, but avoid cutting them out entirely, as this might lead to overspending on them later. Focus on what you can reduce and when:

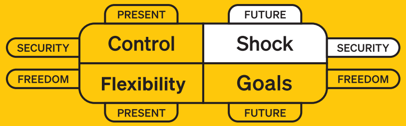
1 What expense to reduce? When?

2 How much will you save?

Meeting your expenses, paying debts on time, and enjoying peace of mind while covering everything in the month demonstrates control over your finances and financial health.

Remember, maintaining good financial health depends not on how much you earn, but on how effectively you manage what you have—be it a thousand or a million pesos.





PRESENT
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Shock

Absorbing a financial shock. This can be managed by combining elements/resources such as support from family and friends, personal savings, or obtaining various types of insurance. These resources enable you to tackle the financial challenges brought about by unexpected life events.

We are all vulnerable to unforeseen events that could impact our health, belongings, or financial stability.

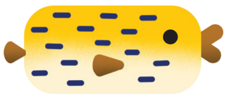
→ How protected are you to face any eventuality?

→ Do you have an emergency savings fund?

→ Have you taken out insurance for theft, breakdown, or loss of your mobile phone, tablet, or other electronic devices?

→ Does your family typically purchase insurance to protect your health or valuable belongings?

→ How familiar are you with the savings and insurance options provided by the financial system?

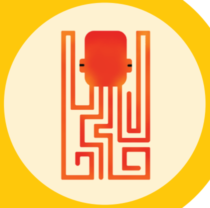


Three ways of facing a shock:

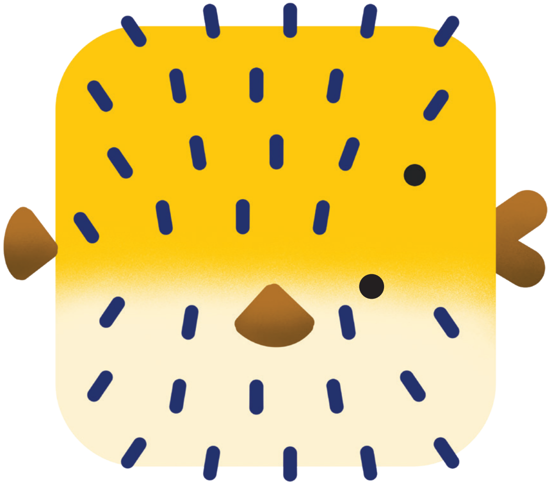
The creation of a **savings fund for emergencies** that prepares us to handle incidental expenses.

Taking out custom-made **insurance** helps ensure readiness for any circumstance.

Investing in your **human capital** enables you to achieve a higher income in the future.



Resilience is the capacity to navigate critical moments and adapt to new circumstances following unusual and unexpected situations. Prevention is an essential part of resilience.



Emergency Savings Fund

The simplest way to prepare for incidental expenses is by starting an emergency savings fund. The first step is to recognize its importance in maintaining financial health. Have you ever faced an unexpected situation overnight? Those are the reasons for establishing an emergency savings fund.
For example:

→ You lose your job

→ You have an accident and end up in the emergency room

→ You urgently need to repair your computer

To build an emergency savings fund, you should consider the following:

Make it your top savings priority.

Use tools like direct debit for saving from your bank account.

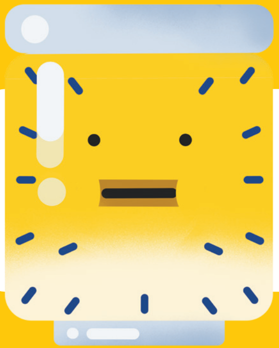
And remember, going to a concert is not an emergency!

→ Follow these steps to establish your emergency savings fund. The first thing you have to do is estimate how much you must have in your fund:

1. **Monthly Expenses**
Identify the minimum monthly expenses you need to survive.
Enter the amount:

2. **Consider the Worst Scenario**
Determine how long (in months) you will need to use your emergency savings fund.
Enter the months:

3. **Define Your Goal**
Multiply number 1 by number 2. Once you know how much you need to save, set a monthly savings goal and define the time required to achieve it.



GOLDEN RULE ↓

Save enough to cover 3 to 6 months of your monthly expenses.

You should keep your emergency savings fund in a liquid financial instrument that generates interest. Storing it in a piggy bank or under the mattress does not generate any additional yield, and inflation will diminish its value.

Some characteristics for your fund are the following:

1. Low risk to avoid losing your money.
2. Liquidity (availability) to access funds immediately.
3. Yield equal to or above inflation to preserve your money's value.
4. Low commissions to reduce its maintenance cost over time.

→ Use the table below to find accessible savings instruments, their yields, and availability if required. Ensure they are from regulated institutions.

PRODUCT	INSTITUTION	REQUIREMENT	RATE	CONDITIONS

Protect

Having a tool that protects your wealth gives you peace of mind, ensuring that you can recover it in case of a mishap. Use various insurance options to safeguard yourself from incidental expenses.

There are many types of insurance to provide coverage and help you prepare for various situations in life.

Buying insurance does not mean you are pessimistic or insecure, it provides reassurance in the event of an unexpected occurrence. Before purchasing insurance, be sure to carefully review the following:

1. Explore various market options that align with your needs and budget; compare the costs and benefits offered.

2. Thoroughly read the general terms and conditions of the contract, as well as the policy itself.

3. Ask all your questions and address any concerns. Do not sign the contract until you are fully satisfied with the responses.

4. Inquire about the exceptions NOT covered by the insurance policy to avoid unexpected surprises when you need it most.

How Does Insurance Work?

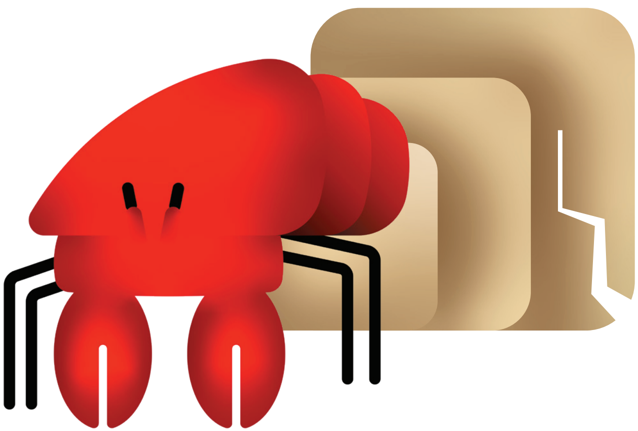
You purchase an insurance policy and agree to pay a premium periodically (monthly or yearly) to the insurance company. In return, the insurance company commits to covering or reimbursing a percentage of expenses in case you need it.

For example, if you break an arm and require surgery, the insurance company will cover a portion of the costs, while you pay t he deductible. This means you will not bear 100% of the surgery expenses, but rather a smaller percentage, such as around 30%, depending on the type of insurance and coverage you have chosen.

The premium amount is determined by various factors, such as age, gender, health status, and accident records for that specific year. For car insurance, frequent accidents or crashes during the year can result in higher premiums in the following year. Lower risks in your life lead to lower premiums.

An important benefit is that health, retirement or savings insurance premiums are 100% tax- deductible. When filing your tax returns with the SAT, the amount paid for these types of insurance will be considered and deducted from your taxes.

You will need new insurance throughout different stages of life, such as when buying a car, a house, or even welcoming a child or a pet into your life.



Insurance mitigates the costs associated with unexpected events and safeguards your financial stability in case events occur.

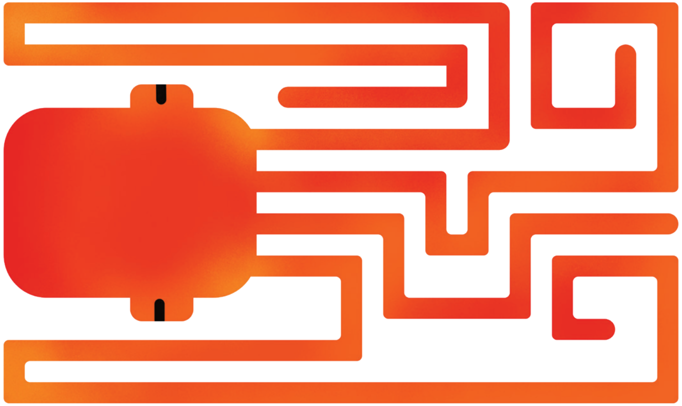
→ Explore the various types of insurance available. There is a broad range of options designed to meet your needs at affordable prices.

OBJECT OR EVENT TO BE INSURED (TYPE OF INSURANCE)	INSURANCE TO BE PURCHASED	COVERAGE

Invest in Yourself

The best way to face a shock is just to be prepared. Always remember to invest in your human capital.

No matter what stage of your life you are in, dedicate time to continuous education. Seek out courses or specializations that can enhance your skills and talents, leading to increased income in the future.



→ Identify and write down your skills, abilities, talents, hobbies, and areas of interest. Differentiating between them will help you focus on enhancing those that suit you best.

SKILLS — Aptitudes developed to perform specific tasks.

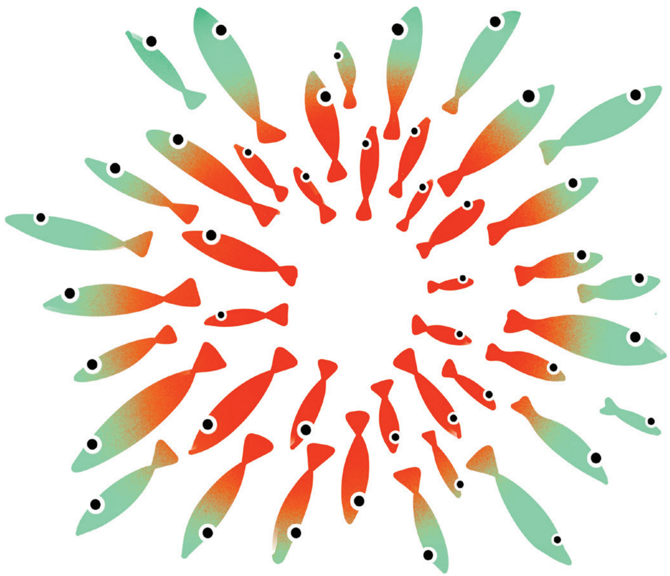
HABILITIES — The potential to acquire skills and solve problems.

TALENTS — Innate aptitudes that stand out in particular areas.

HOBBIES — Recreational activities pursued for enjoyment.

AREAS OF INTEREST — Topics or themes that spark curiosity or personal attraction.

From the table of the previous page, choose which ones you could develop or perfect to grow your human capital, and enable an increase in your future income.



→ Estimate in this space roughly how much your income could grow by applying the tools you have learned in your new courses.

SKILL

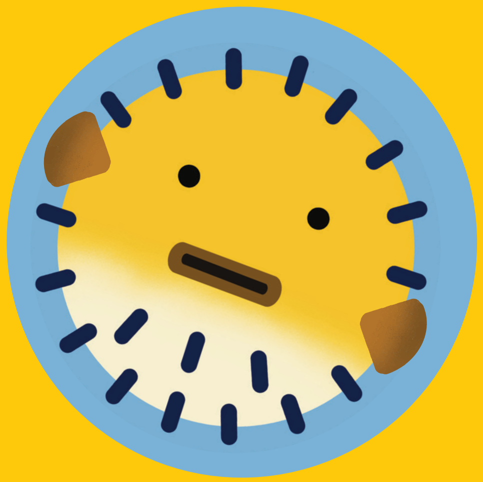
COURSE COST

COST	TIME	INCREASE IN INCOME

SKILL

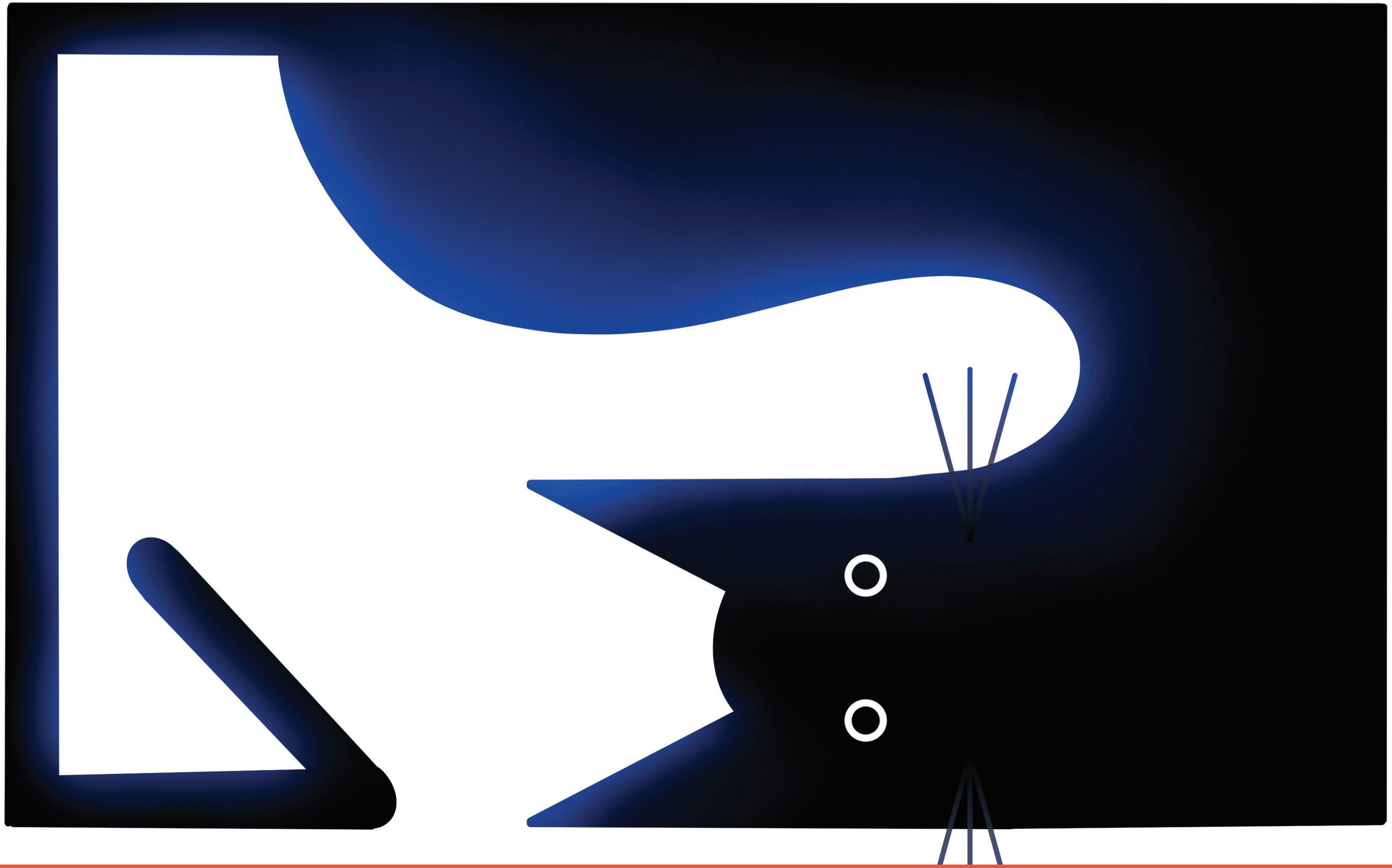
COURSE COST

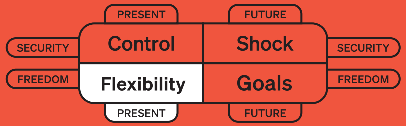
COST	TIME	INCREASE IN INCOME



Emergency savings funds, insurance and investing in human capital provide security and tools to face unforeseen events, enhancing your resilience.

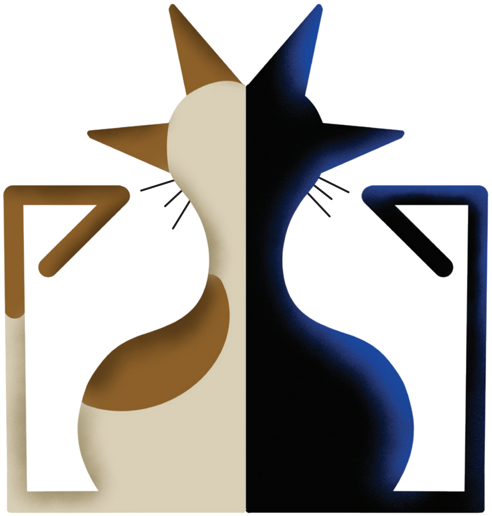
By strengthening your economic-financial culture, you can build habits and make well-informed decisions, ultimately achieving financial health.





Flexibility

Financial well-being empowers individuals to make decisions that bring joy and fulfillment to their lives. Beyond meeting their "needs", it enables them to satisfy their "tastes or desires", such as dining out or taking vacations, and sharing generosity with friends, family, and the community.



Flexibility is not about becoming a millionaire or accumulating endless wealth. Rather, it is about achieving a balance among income, expenses, savings, and investments, enabling a life free from financial stress.

→ Before you begin, evaluate your financial health:

no	Have you made any investments?	yes
no	Did your investments yield extra earnings, or did they result in losses?	yes
no	If you have not invested yet, would you consider doing so?	yes
no	Do you have a credit card or a loan?	yes
no	Have you accumulated debt that exceeds your earnings?	yes
no	Are you aware of the cut-off and payment dates of your credit cards or loans?	yes

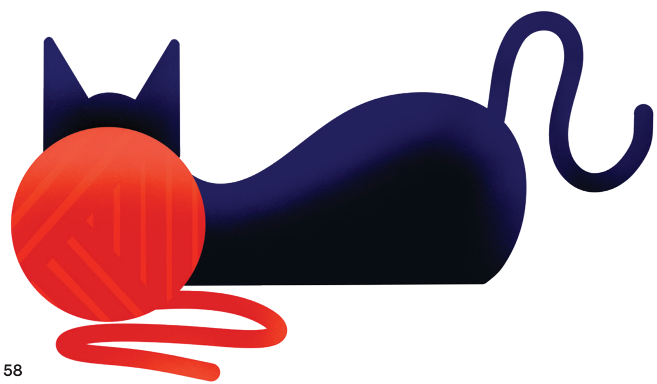
Credit

A crucial aspect of financial flexibility is understanding how to use credit to your advantage. Credit enables you to bring forward the purchase of goods and services for which you may not currently have the available income.

Credit acts as a time machine—not one that physically takes you to the future, but one that allows you to access your future consumption now and pay for it later.

When you borrow money to acquire something that adds value to your life or generates additional income —like starting a business, enhancing your skills to secure a better job, or pursuing a goal that improves your well-being, such as purchasing your own home—you are maximizing the benefits of credit.

The market offers a wide variety of credit options, including department store financing, payroll loans, auto loans, mortgage loans, and business loans, among others.



Installment buying is essentially taking on a debt. Do you know how much that debt truly costs you? Take a look at the example below of purchasing a motorcycle in installments. Always ensure you understand the total number of payments you need to make.

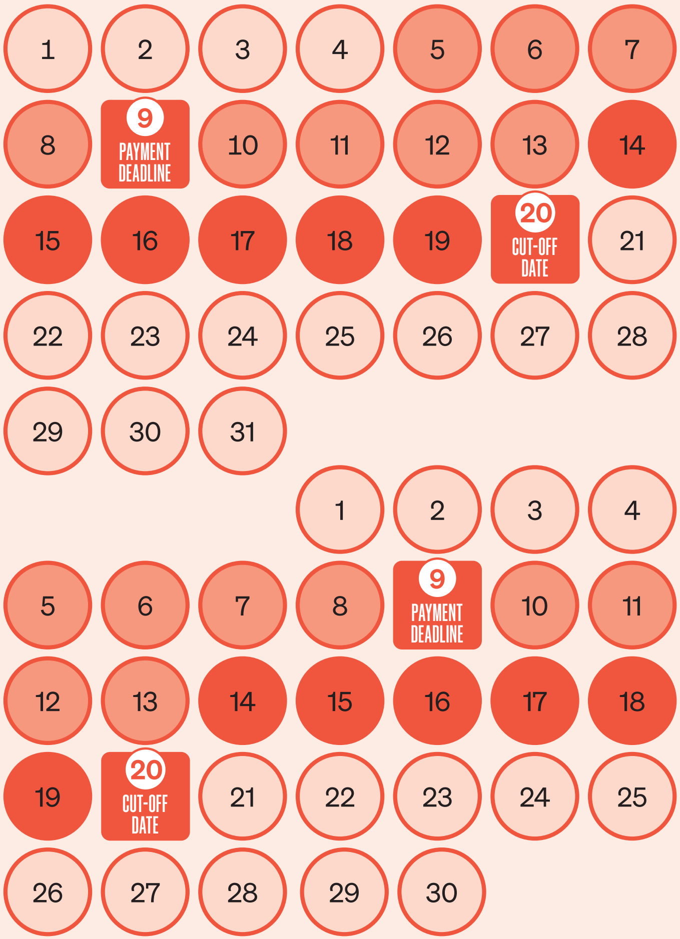
NUMBER OF PAYMENTS	142
PERIODICITY	Weekly
AMOUNT	$318.00

COST PAYING IN CASH	**$22,999.00**
COST IN SMALL PAYMENTS	**$45,156.00**
DIFFERENCE FROM CASH PRICE	$22,157.00

All installment purchases represent a form of debt. While they can be a helpful option when no alternatives are available, it is important to remember that you will ultimately pay more than the original cost—this is because you are “borrowing”.

Avoid buying in installments for items that have a shorter lifespan than the duration of your payments.

In this calendar, we provide an example to illustrate how a credit card works, along with a suggestion to make purchases on strategic days and pay for them up to 45 days later.



The purchases you make during these days will need to be paid off within 15 to 18 days. We recommend avoiding significant expenses or waiting until the next cut-off date.

Keep in mind that your purchases will only be financed for 15 to 30 days. Before taking on debt, consider whether it would be wiser to wait until the next cut-off date.

This can be an ideal time to make purchases that can be paid between 30 and 45 days later. For example, consider buying electronics or concert tickets, especially if these items cannot be paid in interest-free installments.

Payment Deadline

→ Whether you memorize it or set a reminder on your phone, it is crucial not to overlook this date. On this day, you are required to pay for purchases made during the previous cycle (between the last two cut-off dates).

→ Refer to your statement for the payable amount. Usually, you will have these payment options:

→ Minimum payment: The smallest amount you can pay, though it will cause your debt to accumulate interest.

→ Minimum payment + interest-free installments: This covers the minimum payment plus fixed installment purchases. However, your overall debt will accrue interest.

→ Payment to avoid interest: This amount includes your current debt and any interest-free installments. By paying this total, you ensure that all your purchases are covered, preventing any additional interest charges.

→ It is advisable to pay the full amount whenever possible. If that is not feasible, aim to pay more than the minimum to reduce the impact of accrued interest on your debt.

Cut-off Date

→ The cut-off date marks the "closing" of purchases by the bank. It includes all transactions made since the previous cut-off date, covering approximately 30 days. This date determines the balance you need to pay by the next payment deadline.

→ Keep in mind that cut-off dates may vary, especially if they fall on non-business days. Regularly check your statement to stay informed about the upcoming cut-off dates.

→ The example illustrates a card with a payment deadline on the 9th day of every month and a cut-off date on the 20th day of the month. The strategy to buy and be financed up to 45 days is marked in colors in the calendar.

* The example illustrates a card with a payment deadline on the 9th day of every month and a cut-off date on the 20th day of the month. The strategy to buy and be financed up to 45 days is marked in colors in the calendar.

Credit cards are another form of debt. It is crucial to know your card's cut-off and payment dates and do not forget or confuse dates in order to always pay on time and avoid over-indebtedness. Always keep track of the following information for every card you own:

CARD	RATE	BALANCE	CUT-OFF DATE	PAYMENT DAY

Start with just one card. You do not need to accept all the cards you are offered.

With proper usage, a credit card allows you to finance yourself for approximately 45 days.

Pay on time for all the purchases you made with your card during the month. Doing so will prevent interest from accruing and help you maintain a good credit history, making you a "totalizer" (a customer who pays off the full balance each month). Always remember that the most significant dates to track are the cut-off date and the payment date.

If you cannot pay the full amount, aim to pay more than the minimum required. Avoid letting the debt snowball into a larger amount. Note that your statement includes an estimate of the time it will take to pay off your debt if you only make the minimum payments. Keep in mind that this estimate assumes no further use of the card until the debt is fully settled.

Interest-Free Installments: A Friend or an Enemy?

WHAT ARE THEY?

Interest-free installments are a payment option offered by certain commercial establishments when using a credit card. This allows you to divide your purchases into fixed monthly payments without incurring any interest.

HOW DO THEY WORK?

Businesses and banks collaborate to provide interest-free installment promotions. When making a purchase, always check if this option is available. Keep in mind that the total purchase amount will be deducted from your credit line and gradually released as you make your monthly payments

REMEMBER

Interest-free installment purchases are beneficial if you have the capacity to pay them on time. DO NOT delay payments, this will result in losing the interest-free benefit, and interest charges will begin to accrue.

Use interest-free installments for durable goods. Weekly grocery purchases are not suitable, as you will be paying off debt for items that are long gone before the installments are complete.

→ Know, compare and choose with #ComparadorBanxico

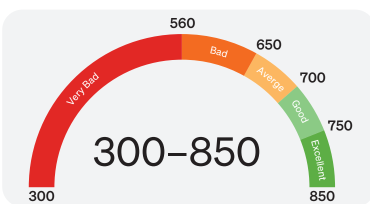
Credit Bureau

The Credit Bureau collects information about the credit history of individuals and businesses, helping financial institutions assess their potential customers—in other words, how punctual and reliable they are in repaying their debts. Being in the Credit Bureau is not a bad thing; in fact, it can be highly advantageous if you understand how it works.

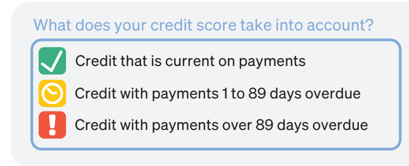
Timely payments and a good credit score can make it easier for financial institutions to offer you credit with better terms and greater benefits, such as lower interest rates, reduced commissions, longer repayment periods, and pre-sale tickets for special events.

The Credit Bureau assigns a credit score that reflects your credit or debt behavior—that is, your punctuality in making payments.

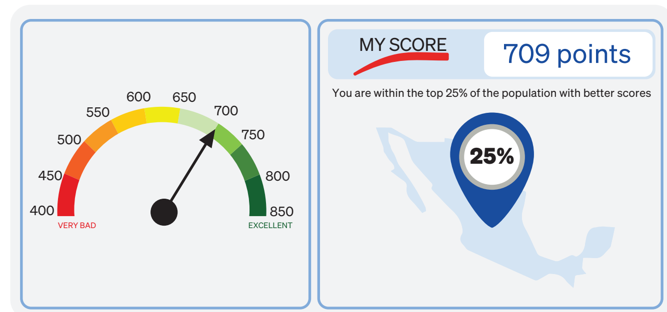
You can find out your score level through a color meter (red, orange, yellow, light green, and green). Scores typically range from 400 to 850 points, influenced by several factors. The higher your score, the more likely you are to be considered a reliable borrower.



This number tells lending institutions how responsible and punctual you are with your payments. The higher your score, the more opportunities you will have to secure better credit terms.



It is important to take care of your credit score. Falling behind on payments or stopping them entirely will negatively impact your credit score and history. For instance, if you apply for a loan—such as a car loan—you may be denied or face higher interest rates if your score is poor. A good credit score can even make it easier to rent a home..



If you are unable to meet your financial obligation, promptly regularize your situation. Contact the institutions where you owe debts to explore options for rescheduling pending payments before they expire.

Periodically check your Credit Bureau records. The two main institutions providing this data are **Credit Bureau and Credit Circle**. Reviewing your score not only allows you to take suggested actions for improvement, but it also helps protect you from identity theft and fraud. Be cautious with your personal data. Modern technology enables us to do many digital transactions to facilitate access to those services. Remember to follow cybersecurity rules to avoid falling victim to digital fraud or identity theft. Protect your financial health from these cyber viruses and parasites.

Identity theft is increasingly common. Monitoring your Credit Bureau can help you detect and respond to potential issues quickly. Safeguarding your information is as crucial as protecting your health, money, and property. Both institutions offer early alert services to help prevent this kind of fraud.

→ If you already have a credit card or debt with any store or institution, it means you are listed in the Credit Bureau. Request an account statement and note your score along with the date.

DATE	SCORE

Do not forget to check your score periodically. By law, both institutions allow one free annual consultation of your Bureau. If feasible, consider subscribing to early alert services.

Try to be prepared for an attack.

1. Consult and follow up on your Bureau. It alerts you and allows you to act timely in case of identity theft and helps you protect yourself from frauds.
2. Protect your personal information just as you would not give your house keys to a stranger. Do not share your passwords or your NIP with anyone.
3. Periodically change your passwords, ensuring they are unique.
4. Make online purchases only on trustworthy and reputable sites.

Investment and Savings

Investment and savings are essential tools for achieving financial flexibility, enabling you to build wealth consistently and gradually over time.

Savings, as mentioned in Shock, help you achieve specific goals or establish an emergency fund. Savings are stored in a secure and liquid form, ensuring availability when needed with low risk of losing value. The goal is to serve as a financial safety net for unexpected events, for purchases, or other short-term objectives.

Investing, like saving, is a way to grow your money. While it involves a higher level of risk compared to saving, it offers the potential for greater long-term returns.

Investment is not confined to purchasing financial assets. You are likely already investing in various ways—whether by pursuing education to earn higher income in the future or by spending on a haircut or a suit for a job interview, hoping to secure a new job. People also invest in items such as art, jewelry, or real estate.
To invest wisely, it is essential to understand the diverse range of investment assets available.

Saving is a short-term commitment to cover unexpected expenses or achieve upcoming goals.

Investing is a medium- to long-term commitment that allows you to put your money to work and watch it grow. Through investing:

- You can plan for long-term goals, like saving for retirement.
- You will see your investments grow over time.
- Through investing, higher risks can lead to higher returns.

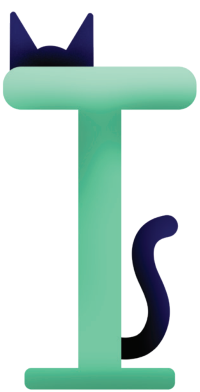
Types:

Stocks
Proportional share of a company.

Bonds
Debt instrument whereby you finance the government or a company.

Sight
Having your money with a financial institution with immediate availability.

Non-financial
Purchase a property, gold, metals, art.



You should consider that every investment involves three competing variables: yield, risk, and liquidity. There is no investment that provides the best of all three simultaneously—that is, the highest yield, the lowest risk, and the greatest liquidity. Always keep this triangle in mind when making investment decisions.

Diversification

A strategy to protect against risk by diversifying—i.e., not putting all your eggs in one basket. Distribute your investments across different types of assets:

You can diversify by:

1 **Class of assets**
Shares
Derivatives
Investment funds Bonds
House, works of art, etc.

2 **Geographical**
Not everything in your country, but in other countries.

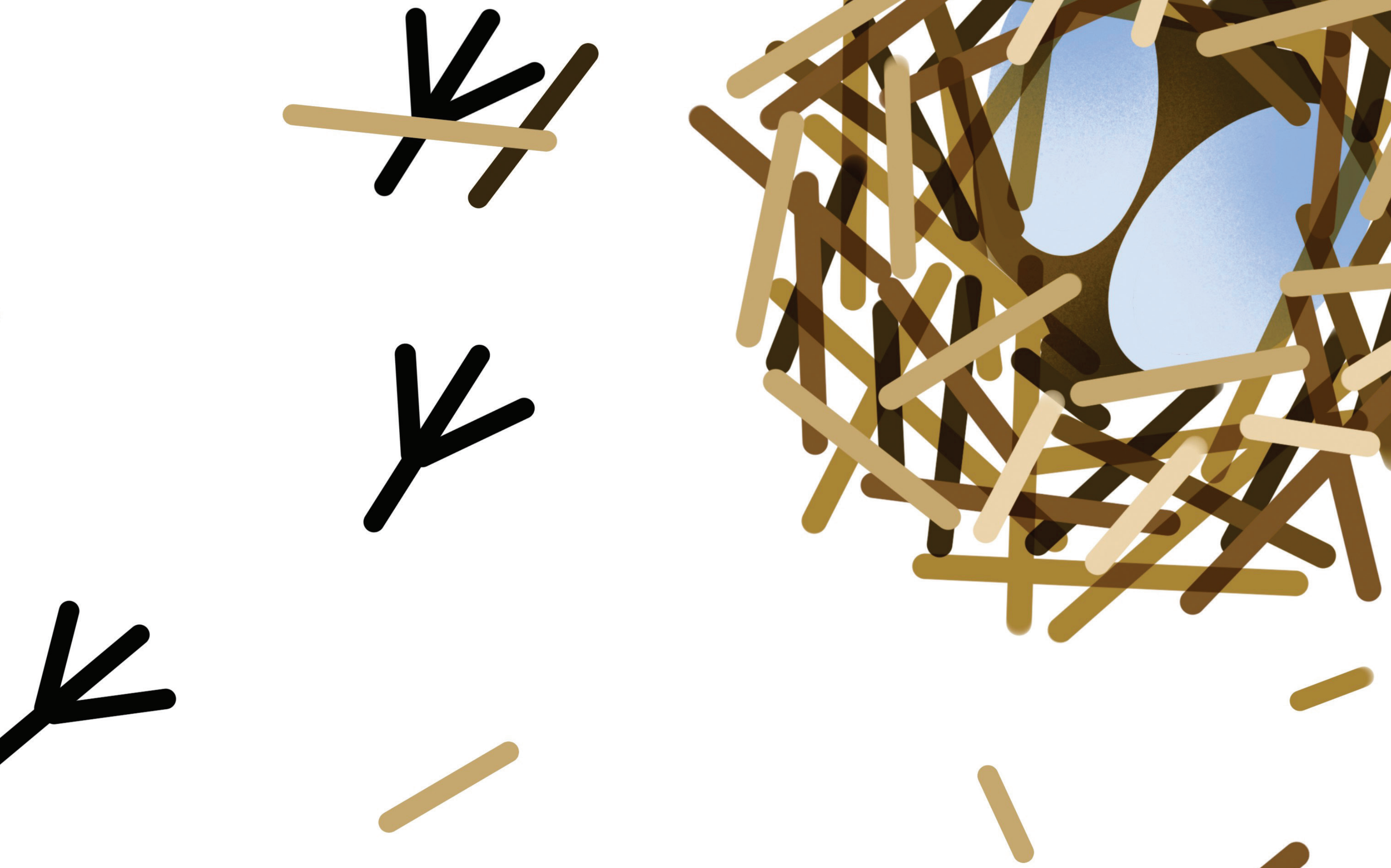
3 **Industries**
By type of industry.
Check for promising industries.

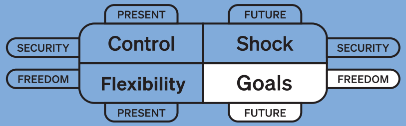
4 **Company's size**
Diversify by company type: large, micro, etc.

Do not put all your eggs in one basket.

Having financial freedom means being able to make decisions that enable you to enjoy life. When managed effectively, credit and investment are tools for attaining financial flexibility.

Remember: an efficient manager always keeps track of debts and diversifies investments.




PRESENT
FUTURE
SECURITY
Control
Shock
SECURITY
FREEDOM
Flexibility
Goals
FREEDOM
PRESENT
FUTURE

Goals

→ How do you see yourself in 5 years? Do you have a plan to get there?

→ What would your ideal job be?

→ Would you like to live in a different city or country?

→ What is your vision for life at 70? When would you like to retire?

→ What insights do you need to reach your goals?

Achieving your financial goals, having a financial plan, actively working to reach your objectives, how to save to buy a car, a house or for retirement while maintaining your financial health.

To achieve your financial goals, it is not enough to have control over your day-to-day, you need to be prepared to face shocks and know how to use credit or investments. A plan is essential to achieve this. The first step in developing your plan is defining your objectives.

These are the steps for developing a financial plan. Review them in detail and note they are part of a cycle, i.e., a financial plan must be constantly revised:

1 Determine your current financial situation

Even if it seems a little strange, planning and having a life project is a financial decision, because your current choices can shape the course of your project and financial destiny for a long time.

Evaluate your current financial situation. Refer to tools from previous chapters (Control, Shock, and Flexibility), such as your budget, debts or existing assets or insurance.

2 Develop your financial goals

Define your short-term objectives, such as settling credit card debt within one year or going on a 10-day trip to a country you have always wanted to visit; medium-term goals, like saving for the down payment on a car over three years; and long-term objectives, such as saving for a down payment on a property. If you are planning to start a family, these could include saving for your children's college education and your retirement plan.

When you write down your objectives, be sure to assign each one a specific amount of money and to set a deadline to achieve it. This will help make them more tangible. Keep the list visible to motivate yourself as you work towards achieving your objectives.

By defining your objectives, you will gain:

Peace of mind to direct your actions towards your goals.

The ability to identify potential risks, minimize them, or find alternatives.

Objectives

Types of objectives:
- → Personal, professional, family, and social development.
- → Short-, medium-, and long-term.
- → General and specific; the same general objective can contain several specific objectives.

Be sure they are:
- → Specific (concrete, well-defined)
- → Measurable (e.g., How much longer do I have to go to...? Level of progress)
- → Achievable (realistic, possibilities and limitations)
- → Relevant (they contribute to achieving results)
- → With a deadline (the latest day to be executed)

NOTE DOWN YOUR 1, 5, 10, AND 30-YEAR OBJECTIVES

1

5

10

30

3 Identify and Evaluate Alternatives

Once you have established your short-, medium- and long-term objectives, categorize them by priority. Assess the gap between your current situation and your desired state. Analyze potential risks or obstacles you might encounter and explore ways to seize opportunities or address potential problems.

Identify and evaluate the different alternatives available to achieve your objectives, considering the time required to implement each one.

→ Here is an example of actions that could help fulfill a specific objective. Use this exercise to identify and evaluate your own alternatives to accomplish each of your objectives:

CREDIT CARD DEBT	**$3,000.00**
OBJECTIVE	**Pay it off in 5 months**

ACTIONS TO TAKE EACH MONTH

SKIP BUYING COFFE, WEEKLY SAVINGS:	$100
TEACH TWO MATH CLASSES	$300
WASH FIVE CARS	$250
WHAT I CAN SAVE MONTHLY:	**$650** **Objective achieved**

4 Determine Actions to be Taken

Identify the steps needed to accomplish your objectives within the established timeframes. Develop various strategies and determine, for instance, ways to reduce unnecessary expenses, increase earned income, or invest in the stock market or other investment instrument. Review your monthly or bi-weekly budget and establish a consistent savings plan and ensure its implementation.

An effective strategy involves maintaining separate accounts for each objective. Each goal may require a tailored investment approach, reflecting variations in timeframes, risk tolerance, and growth expectations.

→ Create a table to identify and organize your objectives and corresponding actions. List your objectives in order of priority:

OBJECTIVE	DEBT OR COST	DEADLINE TO REACH IT	ACTIONS AND MONEY THAT I WILL ENCLOSE

5 Write and Implement Your Financial Action Plan

Envision yourself in the years ahead. Begin with 1 year, then extend to 5, 10, 15, or even 30 years. Describe how you see yourself and what you aim to achieve financially at each stage of your life. Include details about who is with you, where you are, and what you are doing.

Once you have outlined your financial goals, assign a realistic amount to each. Next, determine the amounts you will save and invest—whether on a monthly, quarterly, or annual basis—to achieve these goals.

Executing your financial plan will demand discipline, consistency, perseverance, and patience.

Now, use the foldout at the end of the book to compile your financial plan. This form allows you to record everything analyzed in the previous sections. Since it is detachable, you can place it in your room or another visible location.

Locate the foldout at the end of the book and create your financial plan.

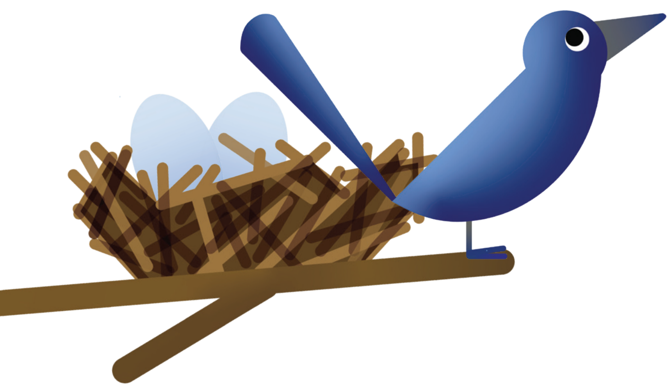
6 Review and Re-review Your Plan

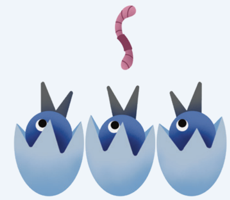
As time passes, you must monitor your personal financial plan to adjust or reevaluate it if necessary. This is a cyclic process.

Financial Life Stages

As you grow, your goals and plans evolve. You may notice that your tastes and activities change, which is why it is said that there are certain stages in life for doing specific things.

The same applies to financial health. For instance, starting to save for retirement at the age of 70 might be late. Be mindful of the stage of life you are in and take action accordingly.





5 to 18 years old

CHILDHOOD - ADOLESCENCE

You start learning basic concepts and begin building a relationship with money. You complete high school, continue your studies, and search for your first job.

18 to 25 years old

YOUTH TRANSITIONING TO ADULTHOOD

You seek financial Independence while pursuing higher education or learning a trade. You open your first bank account and obtain your first credit. You become more familiar with money.

26 to 46 years old

BEGINNING ADULT LIFE

Whether your goal is to have a house full of children, share a home with your partner, or pursue any other thing, during this stage most of your income will be allocated to maintai-ning your household. You may also buy a car or a motorcycle, or travel.

47 to 64 years old

ADULT PLANNING RETIREMENT

With retirement in sight, this is the stage of life where the largest flow of income is generated. If you have children, they are likely independent, making it easier to save and invest.

Over 65 years old

RETIREMENT

At this stage, it is time to reap what you have sown. Enjoy your retirement and the income it provides, allowing you to travel and enjoy the wealth you have built.

Your Retirement

Even though your retirement may seem abstract and far away, enjoying life at 70 as you envision it will only be possible if you start planning now.

Retirement can be expensive. Start by estimating the monthly amount you will need for:

Housing expenses PERCENTAGE

Medical expenses PERCENTAGE

Food PERCENTAGE

Entertainment PERCENTAGE

Maintenance PERCENTAGE

Monthly total

Planning for your retirement early offers numerous advantages for the future:

Personal Savings for Retirement

→ If you are highly organized and consistent, open an account where you allocate a monthly amount for retirement. Remember to avoid withdrawing funds from this account to ensure it builds up for your retirement.

Afore

→ Every worker has a personal and exclusive account where periodic contributions from the employer, the government, and worker accumulate throughout their career.

→ Remember that you can make additional contributions to your personal account called voluntary contributions that will enable you to gain higher yields, enjoy tax benefits, and maintain the option to withdraw funds when needed.

Insurance for Retirement

→ This financial product is designed to guarantee a specific monthly income upon retirement. The amount is determined by your contributions, starting from the contract's initiation until you stop working. One key feature is that you set the monthly amount you will receive after reaching retirement age, typically 65 years old.

Benefits of Early Retirement Planning

The challenge is to start as soon as possible. Integrate it into your financial plan, even if the amount you allocate seems small. The sooner you begin allocating even a few cents, the smaller the financial effort you will need to make over time. Cheer up and take it easy! Do not let it keep you awake at night and prevent you from enjoying life today.

Some benefits of planning your retirement early:

- Peace of mind
- Preparedness for medical expenses
- Financial independence
- You enjoy tax benefits
- You safeguard your assets and future
- You can continue supporting dependents
- You receive greater benefits from your savings

Plan your retirement and envision where you would like to live when you retire: at the beach, in the countryside, the woods, a magical town, or even in a retirement home with friends.

Try to save 15% of your income while you work.

Compound Interest

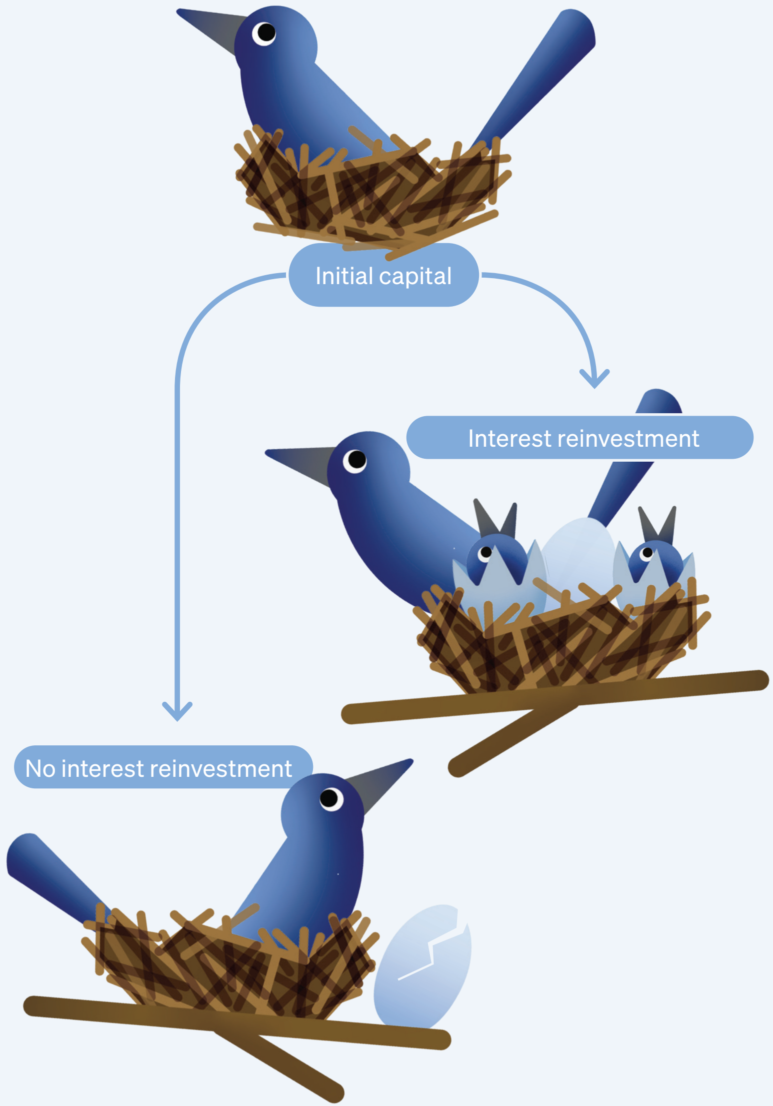
A key factor in growing your retirement savings is compound interest. When interest earnings are reinvested, they generate additional income resulting in higher profits. When investing for retirement, look for a financial instrument offering compound interest.

Benefits from compound interest:

Initial investment: **$1,000**

Annual interest rate at **10%**

YEAR	INVESTMENT AMOUNT WITHOUT COMPOUND INTEREST (AT THE END OF THE PERIOD)	INVESTMENT AMOUNT WITH COMPOUND INTEREST (AT THE END OF THE PERIOD)
1	$1,100	$1,100
2	$1,100	$1,210
3	$1,100	$1,331
4	$1,100	$1,464
5	$1,100	$1,610
AMOUNT RECEIVED FROM INTEREST	$500	$1,715



In order to develop your financial plan, identify specific and realistic objectives, develop a gradual plan to accomplish them, and determine the option that makes the most sense for you.

Developing a financial plan will help convert your goals into actions and take the reins of your financial future.

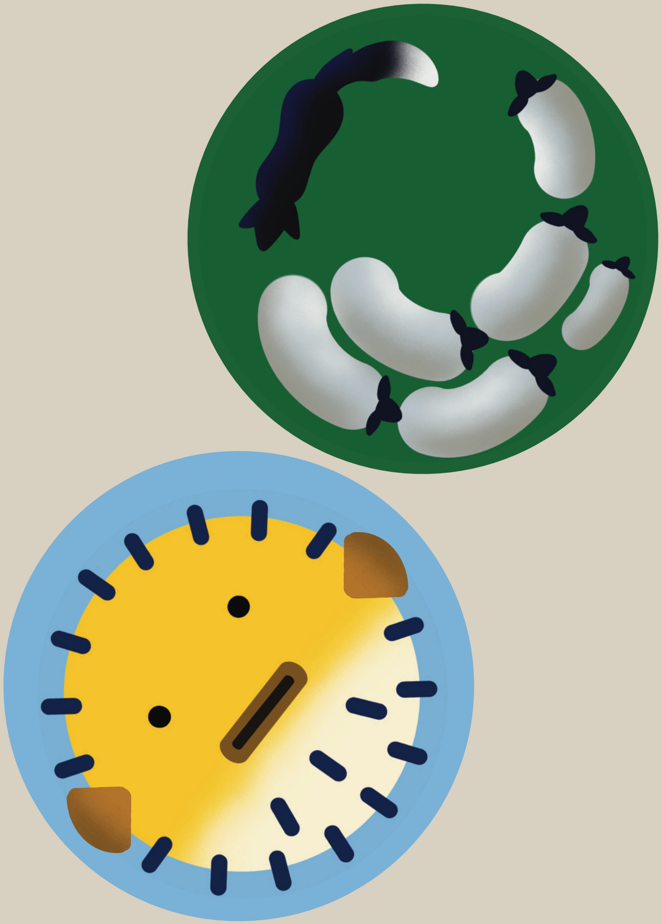
Dare to Achieve Financial Homeostasis!

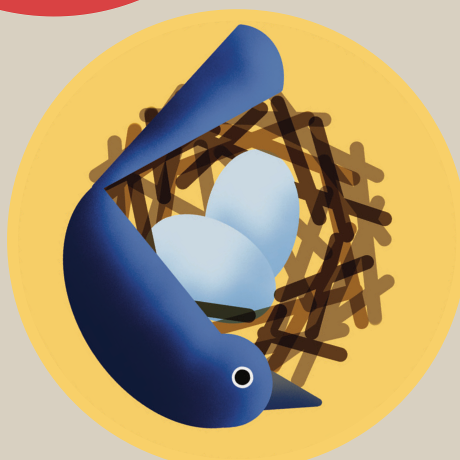
Homeostasis refers to an organism's ability to maintain internal balance while responding to external stimuli. This dynamic equilibrium is achieved through a network of feedback control systems that serve as natural mechanisms for self-regulation in living beings. Similarly, financial health involves a continuous process of regulation and adaptation, with its four elements—control, shock, flexibility, and goals—constantly interacting to adjust to external stimuli or shocks and achieve financial well-being.

Throughout this process, you will make long-term decisions at various stages of life, shaped by your context and goals. However, remember that your decisions will impact not only your present and future, but also your family, community, and the environment. That is why making informed decisions and taking concrete actions to achieve financial balance in a fun, enriching, and rewarding way as possible is so important.

Keep in mind that the aim is not merely to accumulate money and wealth, but to enjoy the journey of reaching financial equilibrium.

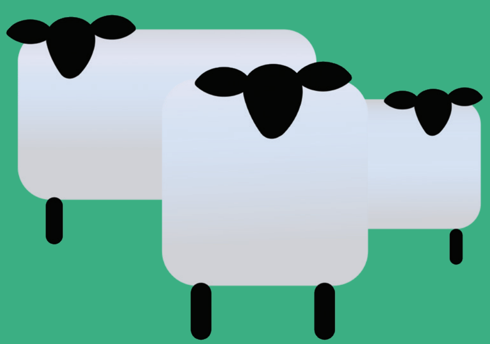
Just as homeostasis involves various processes working together to maintain stability amidst internal and external shifts, financial health requires a combination of actions to preserve continued balance in the face of internal or external shifts or shocks in daily life. By finding a balance between your income, expenses, savings, and investments, you can enjoy a life free from financial stress.





Achieving good financial health requires discipline, setting clear goals, spending wisely and consciously, building a habit of saving and investing, prioritizing protection against unforeseen events, and safeguarding your wealth with a long-term perspective. By cultivating positive financial habits, you can gain the peace of mind needed to meet your financial needs and obligations in the short, medium, and long term, be prepared for incidental expenses, and have the financial capacity to pursue your goals, with the required flexibility to adjust and fund their achievement, all while enjoying life and embracing the journey. Remember, consistent discipline and regular follow-up on your plans will empower you to reach the goals you have set for yourself.

So, do you dare to achieve equilibrium and maintain financial homeostasis? Trust the process and never forget: “Rome was not built in a day.”



Homeostasis
Manual para tu tranquilidad financiera
(Homeostasis A Handbook for Your Financial Peace of Mind)

Banco de México
Dirección de Educación Financiera y Fomento Cultural
(Directorate of Financial Education and Cultural Promotion)

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