

The Financial Decision Toolkit

Checklists, questions and worksheets inspired by the book, for the next time money is on the table.

Inspired by *Money, Explained From the Inside*, A. Allazim.
General education, not personal financial advice.

One habit that changes how you decide

Most money decisions are made quickly, at a counter or on a phone, by people who were never taught how products are priced. The fix is not more knowledge. It is a short pause and the right questions. Use these pages whenever a loan, a policy, an investment or a pension is put in front of you.

THE FIVE QUESTIONS

01 TIME How long does this last, and what happens to the cost the longer it runs?

02 COST What does it really cost, all in, beyond the headline number?

03 RISK What could go wrong, and who is left holding it if it does?

04 INCENTIVES Who gains if I say yes, and how are they paid?

05 ALTERNATIVES What else could I do with this money, including nothing?

THE 48-HOUR RULE

For any decision you cannot easily undo, ask for the terms in writing and give yourself 48 hours. A good offer survives a pause. A pressured one rarely does. If someone will not allow time, that is your answer to question four.

WHAT IS IN HERE

- ☐ A one-page decision worksheet
- ☐ Questions to ask for six kinds of product
- ☐ A red-flag checklist for offers, scams and bad advice
- ☐ A 30-minute money snapshot
- ☐ A formula sheet in plain words, with worked examples
- ☐ A quarterly check-in

Decision one-pager

The decision

Date · amount at stake

OPTIONS (ALWAYS INCLUDE “DO NOTHING” AND “BORROW OR SPEND LESS”)

THE FIVE QUESTIONS, ANSWERED

TIME

How long does this last, and what happens to the cost the longer it runs?

COST

What does it really cost, all in, beyond the headline number?

RISK

What could go wrong, and who is left holding it if it does?

INCENTIVES

Who gains if I say yes, and how are they paid?

ALTERNATIVES What else could I do with this money, including nothing?

What would change my mind?

Who gains if I say yes?

Terms received in writing? ☐ yes ☐ no

If no, stop here.

48 hours passed? ☐ yes ☐ no

Date I will decide: _____

My decision:

Questions to take to the counter

A LOAN · Personal, car or other instalment credit

- ☐ **TIME** What is the term, and what happens to the total cost if I stretch or shorten it?
- ☐ **TIME** Can I repay early, and is there a charge for doing so?
- ☐ **COST** What is the total I will repay, in money, not just the monthly payment?
- ☐ **COST** Is the rate flat or on the reducing balance, and what is the effective annual rate with fees?
- ☐ **COST** What fees apply at the start, during the loan and at the end?

A CREDIT CARD OR OVERDRAFT · Revolving credit

- ☐ **TIME** How long will the introductory rate last, and what does the rate become?
- ☐ **TIME** How is the minimum payment worked out, and how long would it take to clear if I paid only that?
- ☐ **COST** What is the APR, and how is interest calculated day to day?
- ☐ **COST** What are the annual, cash-advance, late and foreign-use fees?
- ☐ **COST** Is there interest from the purchase date even if I pay in full?

A MORTGAGE · Borrowing to buy a home

- ☐ **TIME** What happens when any fixed period ends, and what rate will I move to?
- ☐ **TIME** What is the full term, and how much of my payment is interest in the first years?
- ☐ **COST** What is the total I will repay over the whole term?
- ☐ **COST** What are the arrangement, valuation, legal, early-repayment and exit fees?
- ☐ **COST** What are the other costs of buying and owning: taxes, insurance, maintenance?
- ☐ **RISK** How much could my payment rise if rates rise, and could I afford it?

- ☐ **RISK** What happens if I miss a payment: charges, rate changes, default records?
- ☐ **RISK** Is the loan secured against something I own?
- ☐ **RISK** Is the rate fixed, or can it change?
- ☐ **INCE** How are you paid if I take this loan, and does it change if I take insurance with it?
- ☐ **INCE** Is anything bundled in that I did not ask for?
- ☐ **ALTE** What would this cost from another lender, in the same terms?
- ☐ **ALTE** What if I wait, save, or borrow less?

- ☐ **RISK** What can you do to my limit or rate without asking me?
- ☐ **RISK** What happens to my credit record if I miss a payment?
- ☐ **INCE** What do rewards cost, and who pays for them?
- ☐ **INCE** Why am I being offered a higher limit?
- ☐ **ALTE** Would a debit card, or a smaller limit, do the same job?
- ☐ **ALTE** Is there a lower-rate way to borrow for this?

- ☐ **RISK** What happens if I lose income, or the value of the home falls?
- ☐ **RISK** What are you entitled to do if I fall behind?
- ☐ **INCE** How are you or the broker paid, and does it vary by product?
- ☐ **INCE** Are you recommending from the whole market or from a panel?
- ☐ **ALTE** What does renting cost for as long as I expect to stay?
- ☐ **ALTE** What if I borrowed less, or waited and saved a larger deposit?

More products, same five questions

AN INSURANCE POLICY · Life, health, home, motor, travel

- ☐ **TIME** How long does cover last, and can the price rise at renewal?
- ☐ **TIME** Is there a waiting period before I can claim?
- ☐ **COST** What is the premium over the full term, and what is the excess or deductible?
- ☐ **COST** What does cover not pay for?
- ☐ **COST** What happens to the money if I never claim?
- ☐ **RISK** What exclusions, limits and conditions could cause a claim to be refused?
- ☐ **RISK** Is the insurer financially sound, and how does it treat claims?
- ☐ **INCE** What commission do you receive, and is it paid up front?
- ☐ **INCE** Would a different policy pay you less?
- ☐ **ALTE** Is this a risk that would ruin me, or one I could absorb myself?
- ☐ **ALTE** What does the same cover cost elsewhere, or with a higher excess?

AN INVESTMENT · Funds, portfolios, managed accounts

- ☐ **TIME** How long should I expect to hold this, and what if I need the money sooner?
- ☐ **TIME** Are there penalties or delays when I sell?
- ☐ **COST** What are all the yearly costs: management, platform, fund, advice, trading?
- ☐ **COST** What would those costs total over twenty years on my amount?
- ☐ **COST** Are there entry or exit charges?
- ☐ **RISK** What exactly do I own, and what could I lose?
- ☐ **RISK** What is the worst fall this has had, and could I live with it?
- ☐ **RISK** What does “guaranteed” or “protected” depend on, and who stands behind it?
- ☐ **INCE** How are you and your firm paid, and is it higher for this product?
- ☐ **INCE** Is this your own product, or the best of the market?
- ☐ **ALTE** What would a simple, low-cost version of this look like?
- ☐ **ALTE** What if I paid off debt or built a buffer first?

A PENSION OR RETIREMENT PLAN · Workplace, personal or overseas schemes

- ☐ **TIME** When can I access it, and what happens to the rules if I move country?
- ☐ **TIME** What happens to my plan if I stop contributing?
- ☐ **COST** What are the total yearly charges, and what is taken when I transfer or withdraw?
- ☐ **COST** What is the tax treatment of money going in and coming out?
- ☐ **RISK** Who bears the risk: me or the provider?
- ☐ **RISK** What protects my money if the provider fails?
- ☐ **RISK** What is the realistic income this might give me, in today’s money?
- ☐ **INCE** What do you earn if I start or transfer this plan?
- ☐ **INCE** Am I being urged to move something that is working?
- ☐ **ALTE** What do I lose by staying where I am?
- ☐ **ALTE** What would this look like in a lower-cost scheme?

Red flags

Tick every statement that is true. Dots show how serious each one is. **One ●●● flag is enough to stop** and check the firm independently, using contact details you found yourself.

- ☐ I am being pushed to decide today, or told the offer is about to end. ●●●
- ☐ It promises a high return that is guaranteed or “risk-free”. ●●●
- ☐ I am asked to keep it secret, or not to tell my bank or family. ●●●
- ☐ It reached me unprompted: a call, message, email or social-media contact. ●●
- ☐ I am asked to pay in an unusual way: gift cards, crypto, wire to a personal account or a “safe account”. ●●●
- ☐ I cannot explain, in a sentence, how the money is made. ●●
- ☐ It leans on authority I cannot check: a famous name, a title, “regulated” with no number. ●●
- ☐ I must pay a fee, tax or deposit first to release money or a prize. ●●●
- ☐ My returns depend on bringing in other people. ●●●
- ☐ They will not give me the terms and costs in writing, or time to read them. ●●
- ☐ I cannot verify the firm through the official regulator’s register, found independently. ●●
- ☐ It plays on fear, romance, loneliness or fear of missing out. ●●
- ☐ It was recommended by someone I trust, but they cannot explain it either. ●
- ☐ The costs and terms are buried in complicated documents. ●

IF YOU ARE UNSURE

- ☐ Hang up, close the message, and do not click anything.
- ☐ Find the firm yourself on the regulator’s official register.
- ☐ Phone your bank on the number printed on your card.
- ☐ Tell someone you trust before you move any money.

Your money snapshot

Round numbers are fine. Use monthly take-home figures for the left side and today's values for the right.

MONEY IN, EACH MONTH

Take-home pay

Other regular income

Total in

COMMITTED (HARD TO CHANGE)

Rent or mortgage

Loan and card minimums

Insurance

Utilities, phone, transport

Total committed

EVERYDAY (FLEXIBLE)

Food, leisure, everything else

Margin = in – committed – everyday

WHAT I OWN

Cash and savings

Pensions and investments

Property and valuables

Total assets

WHAT I OWE

Mortgage

Loans

Cards and overdrafts

Total liabilities

WHERE I STAND

Net worth = assets – liabilities

Buffer in months = savings ÷ essential costs

READ YOUR NUMBERS

- ☐ Margin below zero: the month is spending more than it brings in. Look first at committed costs.
- ☐ Buffer under three months (six if your income is irregular): build this before investing.
- ☐ Any card balance carrying interest: it is usually the most expensive thing on this page.

The formula sheet

Total cost of a loan

Payment $\times$ number of payments – amount borrowed + fees.
Always ask for this number.

Real return

Roughly nominal return – inflation. 4% earned while prices rise 3% adds about 1% of buying power.

Rule of 72

$72 \div \text{yearly return} \approx \text{years to double}$. At 6%, about 12 years.
At 24%, a debt doubles in 3.

Cost of fees

Fees compound like returns. One extra point of annual fees on \$300 a month for 30 years costs roughly a fifth of the final pot.

Margin

Take-home pay – committed – everyday. What is left to save, repay or invest.

Flat rate to a real rate

A flat rate charges interest on the original amount all the way through, so the real annual rate is much higher. \$10,000 at 6% flat for 24 months costs \$1,200 and works out at about 11.1% a year.

Quiet tax of inflation

Money today $\div (1 + \text{inflation})^{\text{years}}$. \$1,000 at 3% for 20 years buys what about \$554 buys today.

Minimum payment trap

Most of a minimum payment is interest, so the balance barely falls. \$3,000 at 22% paying a typical minimum takes about 15 years; \$150 a month clears it in about 2.

Buffer in months

Savings $\div$ essential monthly costs. Three months if steady, six or more if irregular.

Net worth

What you own – what you owe. A snapshot, not a score.

Try your own numbers with the free calculators at allazima.github.io/Money-Explained/tools/. Each shows its formula, a worked example and the cautions.

Quarterly money check-in

- ☐ Did I spend less than I brought in each month? (margin above zero)
- ☐ Is my buffer still the size I decided, and is it separate from everyday money?
- ☐ Have I checked every debt's rate, and am I paying the most expensive first?
- ☐ Do my insurance policies still cover what would ruin me, and nothing I could absorb?
- ☐ Have my investment costs changed, and do I know the total I pay each year?
- ☐ Am I saving the share I planned, and did I raise it when pay rose?
- ☐ Did anyone pressure me to decide quickly this quarter? What did I do?
- ☐ Is there a decision coming up that needs the one-pager on page 3?
- ☐ Did my income, job or family change in a way that changes the plan?
- ☐ What is one small thing I will do this month?

NOTES

GO DEEPER

The ideas here come from *Money, Explained From the Inside* by A. Allazim: a banker's guide to borrowing, protecting, investing and building wealth, built around the five questions. The companion site has 24 free calculators, a financial health check, case studies and a chapter companion for every chapter at allazima.github.io/Money-Explained.

The Reader's Letter (a few times a year, only when there is something worth sharing) is how new tools and resources reach you. You can leave with one click from any email.