

Financial constraints and personal finance



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Financial constraint is the cash0limited budget which is legislatively-imposed and is under the influence of the Central Government and the Police Forces must operate within them. As it is seen, the presence of financial control is apparent and can't be ignored, though the importance of financial management is a constraint on policing. Simply saying, financial constraint is situation where the budget is in the condition of restraint being unable to correspond to routine budgetary measures.

Nevertheless, financial constraint isn't as serious as, for example, financial exigency. Financial constraints can be solved by less radical solutions. The Central Government doesn't utilize the financial constrains until it has taken into account all the necessary budgetary measures. (Bond & Meghir 1994)

Personal finance is the principles of finance applied to the monetary decision of either a family or an individual. Personal finances suggest the way how the family unit obtain, plan, budget and spend the monetary resources.

Furthermore, personal finances involve different financial risks and possible future events. The key elements of personal finance are the following: saving accounts, checking, consumer loans, credit cards, retirement plans, private investments in stock markets, social security benefits, management of income tax and, finally, insurance policies. Financial planning is vitally important component of personal finance. Planning of personal finance is a dynamic process requiring re-evaluation and thorough monitoring.

It involves five basic steps: assessment (current situation with personal finance can be assessed through verifications of financial balance sheets and income statements); setting goals (it helps to direct the financial planning);

creating financial plan (personal financial plan reflects the accomplishing of one's goals, for example, it may suggest to reduce unnecessary expenses or to increase the employment income); execution (it requires discipline and perseverance as well as the help of financial planners or lawyers); monitoring (implementing of adjustments and re-assessments). (Schiantarelli 1990)