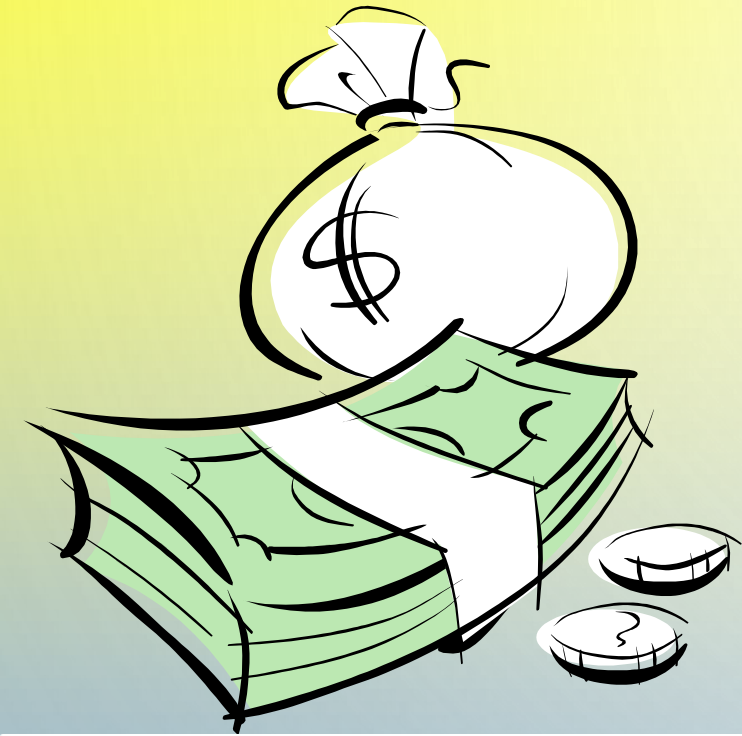


ABOUT SAVINGS



LEARNING OBJECTIVES

- THE DEFINITION OF SAVINGS
- THE REASONS WHY SAVINGS ARE IMPORTANT
- HOW TO SAVE
- THE 50/30/20 RULE
- THE 30 DAY RULE



WHAT IS SAVINGS?

- **SAVINGS** IS “AN AMOUNT OF SOMETHING SUCH AS TIME OR MONEY THAT YOU DO NOT NEED TO USE OR SPEND.”

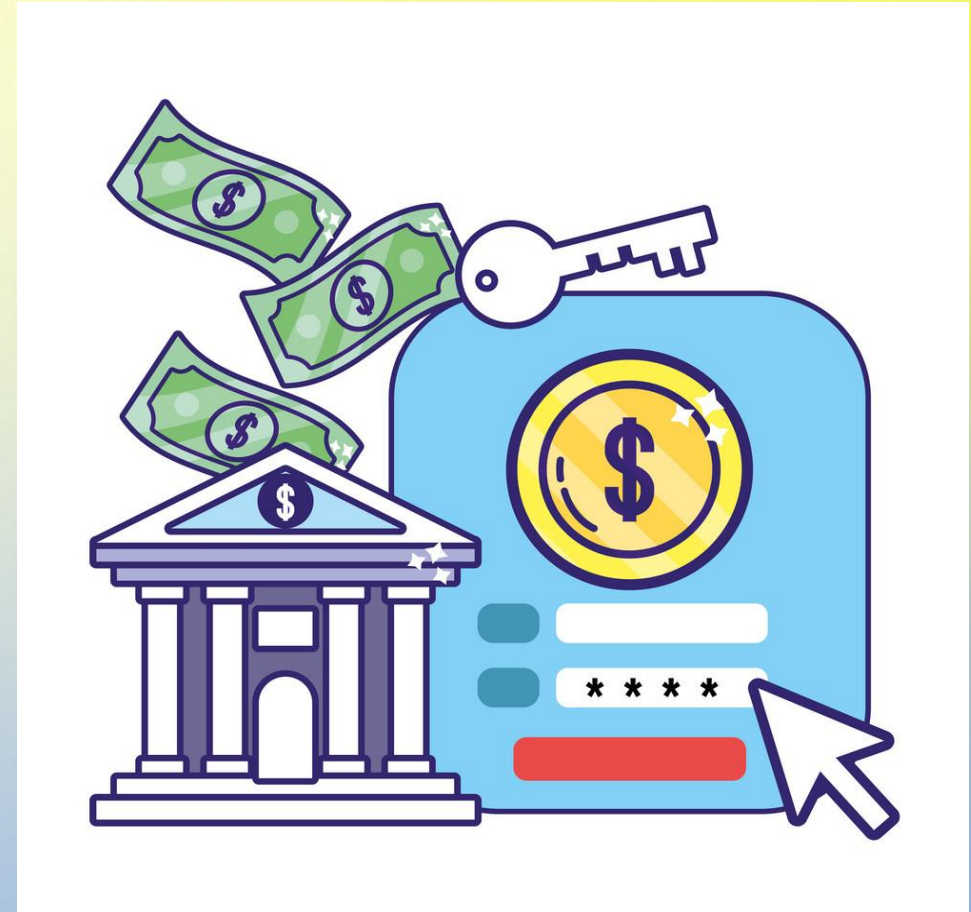
OXFORD ONLINE DICTIONARY

- **SAVINGS** IS THE PROCESS OF SETTING ASIDE A PORTION OF CURRENT INCOME FOR FUTURE USE. SAVING MAY TAKE THE FORM OF INCREASES IN BANK DEPOSITS, PURCHASES OF SECURITIES, OR INCREASED CASH HOLDINGS .

ENCYCLOPAEDIA BRITANNICA

- SAVING MEANS SETTING MONEY ASIDE, SO THAT WE CAN USE THEM LATER.

[HTTPS://BQK-KOS.ORG/EDU/WP-CONTENT/UPLOADS/2020/04/BROSHURA-1-FINAL-FINAL.PDF](https://bqk-kos.org/edu/wp-content/uploads/2020/04/broshura-1-final-final.pdf)



DID ZANA'S FAMILY SAVE?

LET US CALCULATE MONTHLY SAVINGS FOR ZANA'S FAMILY BASED ON ITS BUDGET PLAN!

TOTAL INCOME 2.500 EUROS

- TOTAL EXPENSES 1.700 EUROS

SAVINGS 800 EUROS

MONTHLY BUDGET PLAN OF ZANA'S FAMILY

SOURCES OF INCOME	AMOUNT OF INCOME	TYPES OF EXPENSES	AMOUNT OF EXPENSES
Family income	1500	Food	800
Rental income	400	Car insurance	20
Wage from Zana's part time job	300	Utilities	20
Remittances from ANDRA	300	Electricity	50
		Personal care	60
		Clothes	300
		Communication and Cable TV	50
		Entertainment	200
		Unexpected expenses	200
Total income	2500	Total expenses	1700
Balance (= Total Income – Total Expenses)	800		

WHY IS SAVINGS IMPORTANT FOR ZANA'S FAMILY?

1. SAVINGS CAN HELP ZANA'S FAMILY IN ACHIEVING A FINANCIAL GOAL, FOR EXAMPLE
 - INVEST IN BUSINESS
 - BUY A HOUSE OR APARTMENT, OR
 - SAVE IN THE BANK FOR OLD AGE OR HEALTH EMERGENCIES
2. SAVINGS CAN HELP ZANA'S FAMILY IN EARNING MORE MONEY THROUGH
 - BUSINESS INCOME
 - RENTAL INCOME
 - INTEREST INCOME
3. SAVINGS CAN HELP ZANA'S FAMILY IN DEALING WITH UNFORESEEN EXPENSES, FOR EXAMPLE
 - HEALTH EXPENSES
 - EXPENSES ON HOME REPAIRS, CAR REPAIRS ETC.

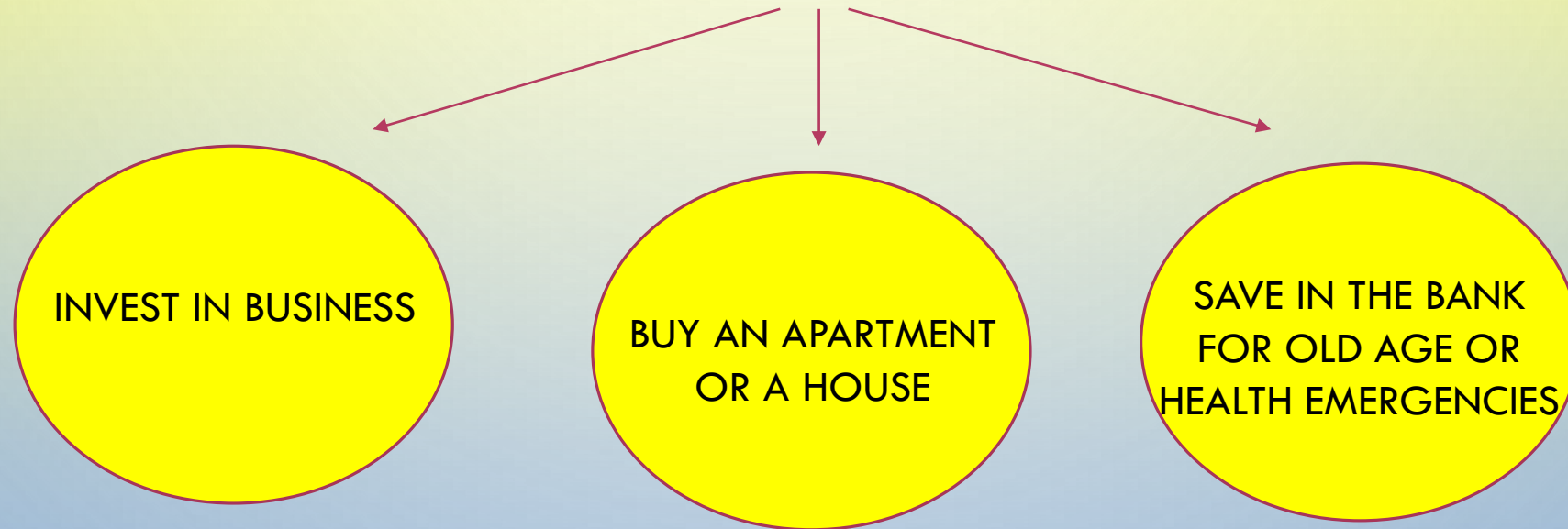
HOW SHOULD ZANA'S FAMILY SAVE?

THEY SHOULD

1. SET THEIR SAVINGS GOALS
2. APPLY THE 50/30/20 RULE
3. AVOID NONESSENTIAL EXPENSES
4. PAY THEMSELVES FIRST
5. APPLY THE 30 DAY RULE TO AVOID UNNECESSARY EXPENSES

SET THEIR SAVINGS GOALS

POSSIBLE SAVINGS GOALS



SET THEIR SAVINGS GOALS

CHOOSE YOUR SAVINGS GOALS

1
INVEST IN BUSINESS

2
BUY AN APARTMENT
OR A HOUSE

3
SAVE IN THE BANK
FOR OLD AGE OR
HEALTH EMERGENCIES

CHOOSE THEIR SAVINGS GOALS

- WORKING FOR A BUSINESS ASSOCIATION AND RECEIVING REMITTANCES HAS MOTIVATED ZANA TO START HER OWN BUSINESS
- UPON DISCUSSING HER BUSINESS IDEAS WITH ANDRA AND THE FAMILY, THEY DECIDED TO INVEST IN A SMALL BAKERY



IDENTIFY RESOURCES NECESSARY TO ACCOMPLISH THE GOAL

- SAVINGS
 - ACCUMULATE MONTHLY SAVINGS
- REMITTANCES
 - ACCUMULATE THE REMITTANCES THAT ANDRA SENDS
- LOAN
 - APPLY FOR A BANK LOAN IF NECESSARY

DETERMINE THE NECESSARY AMOUNT OF INVESTMENT

THIS IS ESTIMATED IN THE BUSINESS PLAN, IN A LATER TRAINING MODULE

INVEST IN BUSINESS
12.000 EUROS

Goal: Save 12.000€

Time: Within 1 year

How: Save 500€ monthly, 6.000€ within
1 year

300€ in remittances monthly, 3.600€
within 1 year

They need an additional 2.400€

***They need an additional
2.400€***

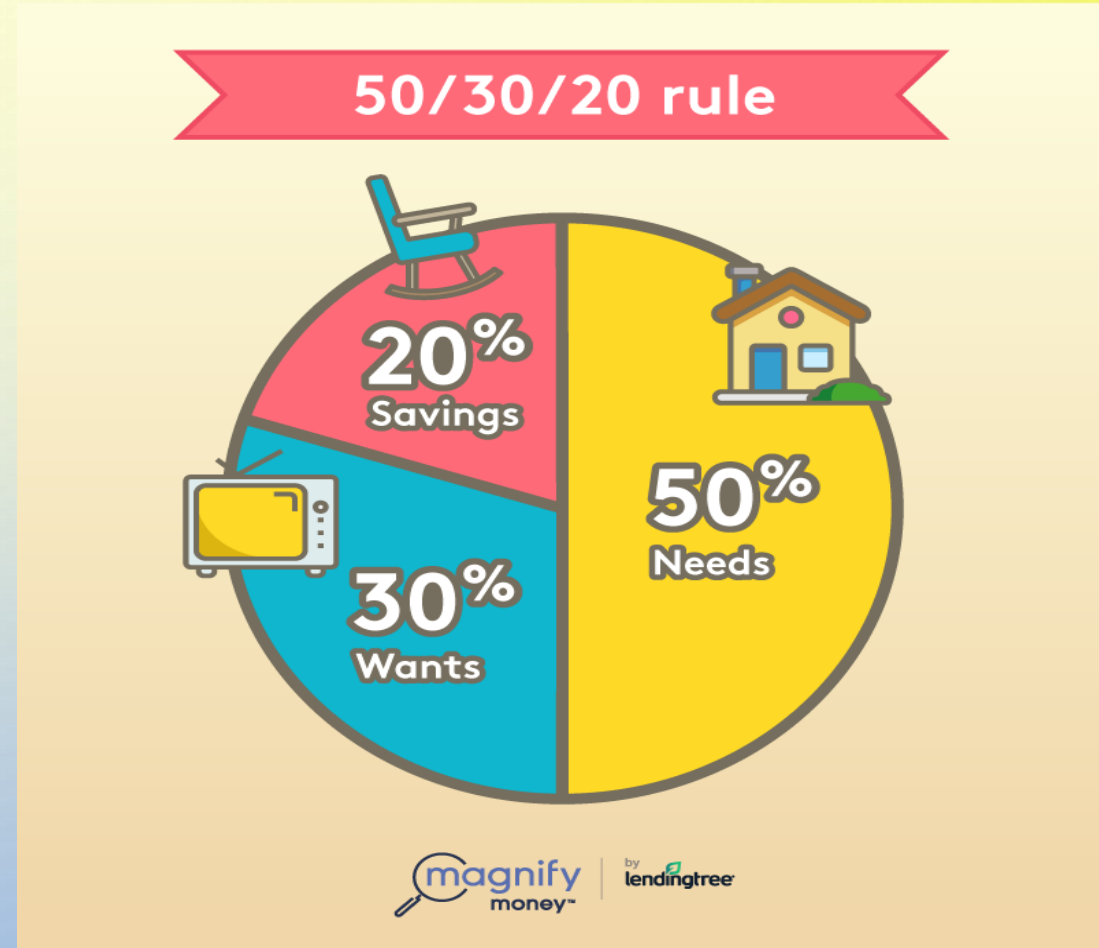
DETERMINE THE NECESSARY AMOUNT OF INVESTMENT

TO GET THE ADDITIONAL 2.400€, ZANA'S FAMILY CAN

- INCREASE SAVINGS
 - SET ASIDE GREATER AMOUNT OF MONTHLY SAVINGS
- INCREASE REMITTANCES
 - ASK ANDRA TO SEND A GREATER AMOUNT OF REMITTANCES MONTHLY
- APPLY FOR A BANK LOAN

APPLY THE 50/30/20 RULE

- AN EASY RULE TO DIVIDE YOUR INCOME INTO THREE CATEGORIES AND SAVE:
 - 50% NEEDS
 - 30% WANTS
 - 20% SAVINGS



APPLY THE 50/30/20 RULE

DIFFERENCE BETWEEN NEEDS AND WANTS

ESSENTIAL VS. NONESSENTIAL EXPENSES

- **APPROXIMATELY 50% OF TOTAL INCOME** YOU HAVE TO SPEND ON NEEDS = ESSENTIAL EXPENSES
 - THINGS THAT YOU NEED
- FOR EXAMPLE
 - FOOD
 - RENT
 - LOAN REPAYMENT
 - UTILITIES
 - EDUCATION
- **NO MORE THAN 30% OF TOTAL INCOME** HAS TO BE SPENT ON WANTS = NONESSENTIAL EXPENSES
 - THINGS THAT YOU WANT BUT DO NOT NEED
- FOR EXAMPLE
 - EAT OUT
 - CLOTHES (SOME TYPES)
 - ENTERTAINMENT
 - GYM MEMBERSHIP
 - GIFTS / CHARITIES

APPLY THE 50/30/20 RULE

- **AT LEAST 20% OF TOTAL INCOME** HAS TO BE SAVED

AVOID NONESSENTIAL EXPENSES

Do I need all these nonessential goods?
Can I spend less on some of these nonessential goods?



AVOID NONESSENTIAL EXPENSES

Do I need to eat out?

Do I need to go out every day and watch movies at the cinema?

Do I need all the clothes I am buying?



NO – I can eat at home!

NO – I can watch movies at home

NO – I can buy less and cheaper clothes?

PAY THEMSELVES FIRST

- ACCORDING TO THE 50/30/20 RULE, ZANA'S FAMILY SHOULD SAVE AT LEAST 20% OF ITS INCOME
- SO, ZANA'S FAMILY HAS SET ITSELF A SAVINGS GOAL OF 500€ PER MONTH
- FIRST THING IT SHOULD DO, ON THE FIRST DAY OF THE MONTH, IS TO PUT ASIDE 500€
- IT SHOULD TREAT THE SAVINGS OF 500€ AS AN OBLIGATION

THE 30 DAY SAVINGS RULE IS SIMPLE

- A SIMPLE RULE TO SAVE ON NONESSENTIAL GOODS
- WHEN YOU ARE EXPERIENCING AN ***IMPULSE BUY***, STOP YOURSELF AND THINK ABOUT IT FOR 30 DAYS
- **AFTER 30 DAYS, YOU USUALLY UNDERSTAND THAT WE DO NOT NEED THE GOOD**



IMPULSE BUYING MEANS “BUYING GOODS WITHOUT PLANNING TO DO SO IN ADVANCE, AND WITHOUT THINKING ABOUT IT CAREFULLY”

OXFORD DICTIONARY ONLINE

WHY DO PEOPLE FAIL TO SAVE?

- LACK OF BUDGET PLAN
- LACK OF SPECIFIC GOALS
- NEGATIVE ATTITUDE
- LACK OF MOTIVATION
- UNREALISTIC EXPECTATIONS



QUESTION 1

- SAVINGS IS:
 - A. THE DIFFERENCE BETWEEN TOTAL INCOME AND TOTAL EXPENSES
 - B. TOTAL INCOME MINUS TOTAL EXPENSES
 - C. THE AMOUNT OF MONEY YOU DO NOT NEED TO SPEND
 - D. ALL OF THE ABOVE

QUESTION 2

- WHY DO WE FAIL TO SAVE:
 - A. LACK OF MOTIVATION
 - B. LACK OF SPECIFIC GOALS
 - C. A AND B ABOVE
 - D. NONE OF THE ABOVE

QUESTION 3

- SAVINGS CAN HELP US ACHIEVE OUR FINANCIAL GOALS
 - A. TRUE
 - B. FALSE

QUESTION 4

- IN ORDER TO SAVE, WE SHOULD:
 - A. SET SPECIFIC SAVINGS GOALS
 - B. APPLY THE 50/30/20 RULE
 - C. PAY OURSELVES FIRST
 - D. ALL OF THE ABOVE

QUESTION 5

- TO AVOID NONESSENTIAL EXPENSES, WHEN YOU ARE EXPERIENCING AN ***IMPULSE BUY***, STOP YOURSELF AND THINK ABOUT IT FOR 30 DAYS.
 - A. TRUE
 - B. FALSE

RESOURCES

- [HTTPS://TEMPLATES.OFFICE.COM/EN-US/PERSONAL-MONTHLY-BUDGET-SPREADSHEET-TM16410113](https://templates.office.com/en-us/personal-monthly-budget-spreadsheet-tm16410113)
- [HTTP://WWW.PRACTICALMONEYSKILLS.COM](http://www.practicalmoneyskills.com)
- [HTTPS://PLAYMONEYMAGIC.COM/](https://playmoneymagic.com/)
- [HTTPS://WWW.YOUTUBE.COM/WATCH?V=IN3GUGK6T7I](https://www.youtube.com/watch?v=IN3GUGK6T7I)
- [HTTPS://WWW.YOUTUBE.COM/WATCH?V=3I3UURDUDAM](https://www.youtube.com/watch?v=3I3UURDUDAM)
- [HTTPS://WWW.BRITANNICA.COM/TOPIC/SAVING](https://www.britannica.com/topic/saving)
- [HTTPS://BQK-KOS.ORG/EDU/WP-CONTENT/UPLOADS/2020/04/BROSHURA-1-FINAL-FINAL.PDF](https://bqk-kos.org/edu/wp-content/uploads/2020/04/broshura-1-final-final.pdf)
- [HTTPS://BQK-KOS.ORG/EDU/WP-CONTENT/UPLOADS/2019/05/ARTICLE-ON-LOAN.PDF](https://bqk-kos.org/edu/wp-content/uploads/2019/05/article-on-loan.pdf)
- [HTTPS://BQK-KOS.ORG/EDU/WP-CONTENT/UPLOADS/2020/04/BROSHURA-2-FINAL.PDF](https://bqk-kos.org/edu/wp-content/uploads/2020/04/broshura-2-final.pdf)