

PILLAR

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Money Smarts Challenge
Spending and Saving

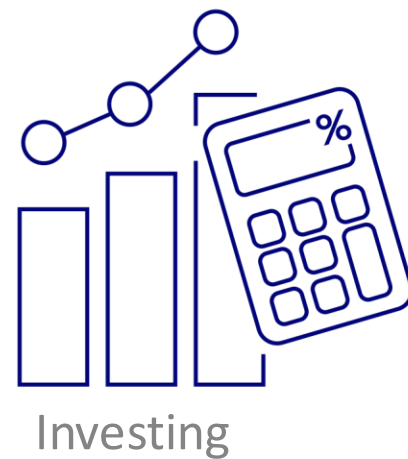


Welcome

Financial Wellbeing is about what you do with your pot of money, not the size of it. It's about making sure you can cover day-to-day expenses, plan for the future and manage the unexpected. This presentation covers spending and saving, enabling you to do the most with what you have.

Spending & Saving is the first of six pillars of Financial Wellbeing. The following information shows your students how to be a smart spender and develop healthy habits when it comes to saving. The content is designed to give you a flavour of what you can expect your students to be quizzed on as part of the Money Smarts Challenge.





Saving

People save for lots of different reasons, with lots of different amounts. Whatever your reason for savings, you can start small, as even small amounts add up over time. But before you start saving, identify your saving goal. This is the key to a successful savings habit.

Getting used to saving regularly can quickly turn into a positive and beneficial habit. Best of all, there are loads of simple ways to become a better saver.

Saving is an important part of a student's financial wellbeing as it can be used for:



Rainy Days

*For unexpected expenses
(3 – 6 months of exps)*



Short-Term Goals

Clothes, night out



Medium-Term Goals

Holiday

Funds for a 'Rainy Day'

A 'Rainy Day Fund' is simply a fund to cover the unexpected. You might use it to cover unexpected bills like repairing a damaged phone or computer.

It's recommended that adults establish a 'Rainy Day Fund' that could cover 3 to 6 months of their personal expenses. For example:

Monthly income (net)	=	<u>€1,000</u>	
Monthly Bills/Expenses	=	€700	
Your minimum 'Rainy Day Fund'	=		€2,100 (3 months)
Your maximum 'Rainy Day Fund'	=		€4,200 (6 months)

Crucially, your 'Rainy Day Fund' should be easily accessible, so held in an instant-access type Savings Account.



How to develop a positive savings habit

1 Understand your spending

Understand that money is limited. So spend it wisely, track it regularly and make it visible.

2 Visualise your savings goals

Set your short, medium and long-term saving goals and try your best to stick to them.

3 Create a budget planner

Budgeting and planning are brilliant and simple ways to help you to manage your money in the short, medium and long-term.

Short-term
New top
Budget €30
Time to Save?

Medium-term
Games
Budget €100
Time to Save?

Long-term
School Trip
Budget €500
Time to Save?

Top Tip!

When setting your savings goal, make sure you allow enough time to reach it!



The simple 50/30/20 rule for sending and saving

The 50/30/20 rule keeps you from mixing up things you want like clothes and parties, from those you need like food and school trips, and spending your money unnecessarily.

50% of your money goes on the things you really need. Then you're free to enjoy 30% on things you just want but could still live without. Importantly, you then put the remaining 20% into your savings.

Remember! You might be saving for a new phone, a trip with friends or a party. So make sure you budget according to your goal!



FOR EXAMPLE

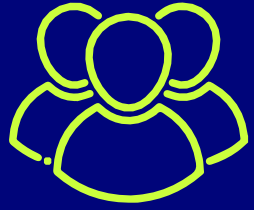
Income: €160

Needs: €80

Wants €48

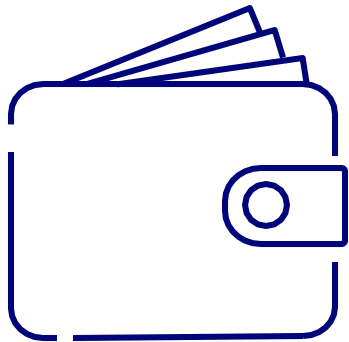
Saving €32

The 50:30:20 rule is a good starting point when it comes to spending, budgeting and planning and it can be flexible depending on your personal circumstances.



GROUP WORK

In small groups, ask your students to consider the following scenario before presenting their answer back to the class.



Identify how budgeting can support more efficient use of your money

Money Smarts Challenge Sample Quiz Questions

To view sample questions from last year's quiz, visit bankofirelanduk.com/moneysmarts and click on the Money Smarts Challenge Sample Quiz Questions PDF.

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