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Financial Literacy for the Roma



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2

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WHAT IS THE CONTENT OF THE MODULE 2: SAVING FOR THE FUTURE?

TOPIC 1. GOAL SETTINGS AND SAVINGS BASICS

TOPIC 2. WAYS TO SAVE

TOPIC 3. GENERAL RECOMMENDATIONS FOR SAVINGS

TOPIC 4. HOW TO ESTABLISH A SAVINGS PLAN

TOPIC 5. SAVING OPTIONS AT FORMAL FINANCIAL
INSTITUTIONS – SAVING IN BANKS





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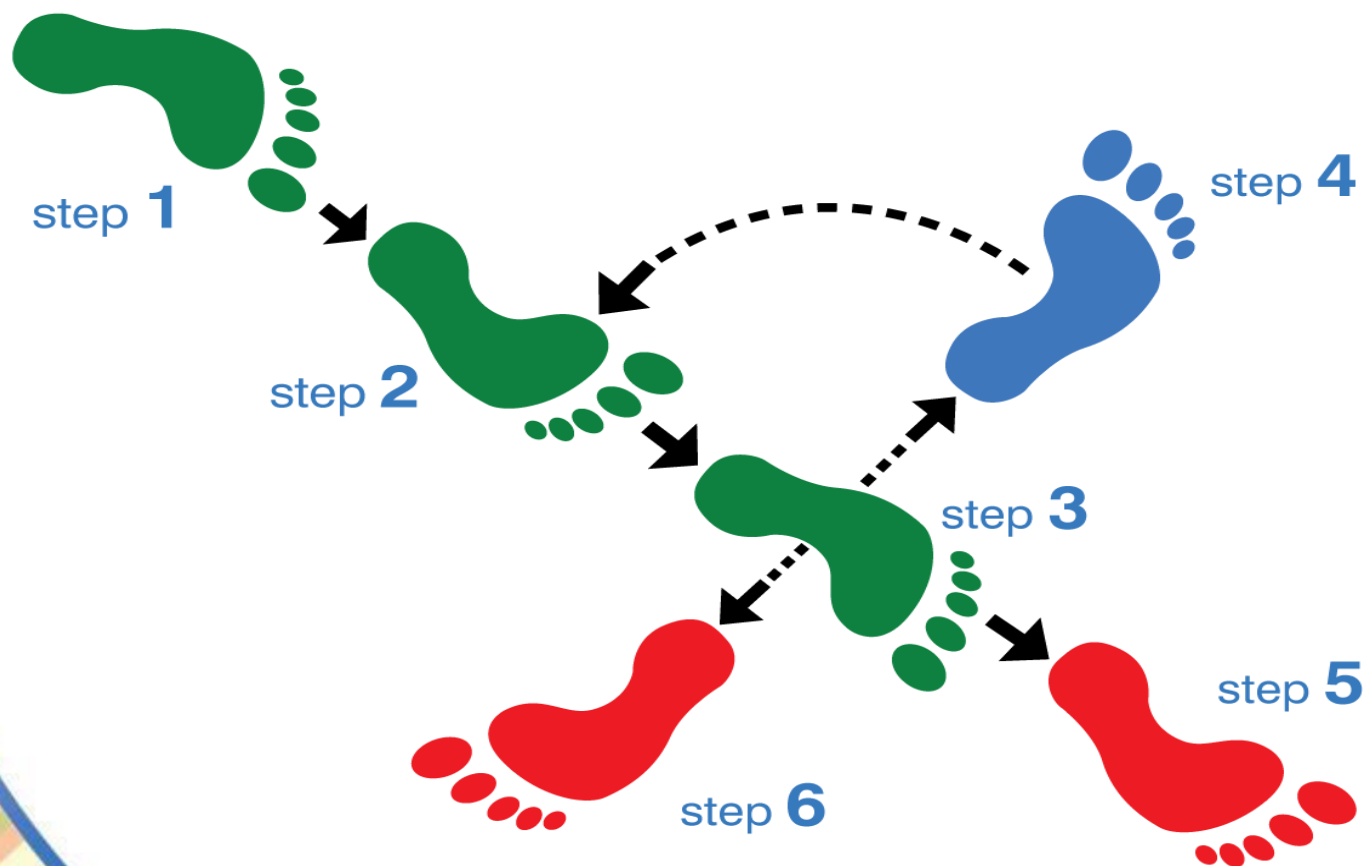


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3+3 steps Clever Path





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Let us go directly to Step 4.

3+3 steps Clever Path



Step
4

Should I save any money?

Ways to save.

How to establish a savings plan?



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TOPIC 1. GOAL SETTING AND SAVINGS BASICS

What you think about your savings habits?

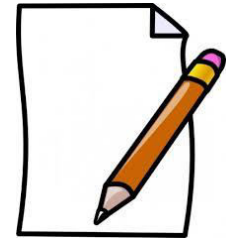
Do you think that you save enough money or could you save more?

Can you recognize the motives of your saving and how persistent are you in saving?





What is your money personality? (Exercise 2a)



Money Personality Quiz

What is your money motto?





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What is your money personality? (Exercise 2a)



A:
Spender

B:
Hoarder

C:
Avoider

D:
Amasser

E:
Money Monk



Savings and investments are vital to personal financial well-being.

Motives for saving

life-cycle

precautionary

improvement

enterprise

bequest

Your motives for saving?





Saving vs. investing

Saving

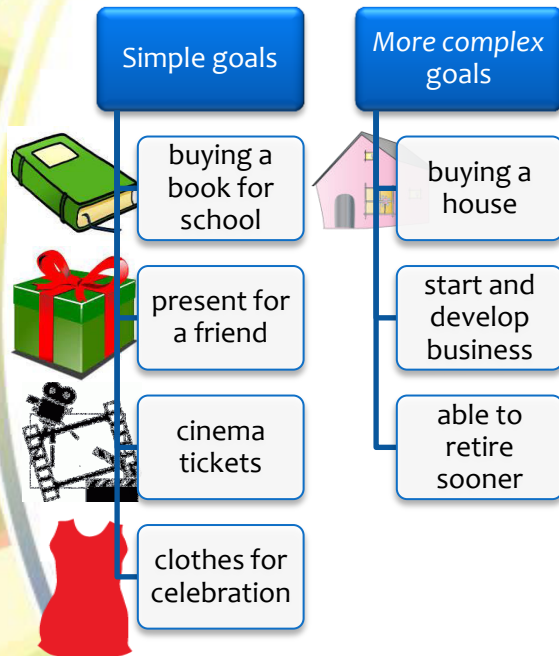
- The purpose of saving is to accumulate the money for the future needs.
- Saving money is usually related to safety and the aim of saving money is liquidity – to have money in cash.

Investing

- Investing is defined as using money to make more money and is usually risky.
- Long term activity and gains cannot always be guaranteed.



Goals for saving

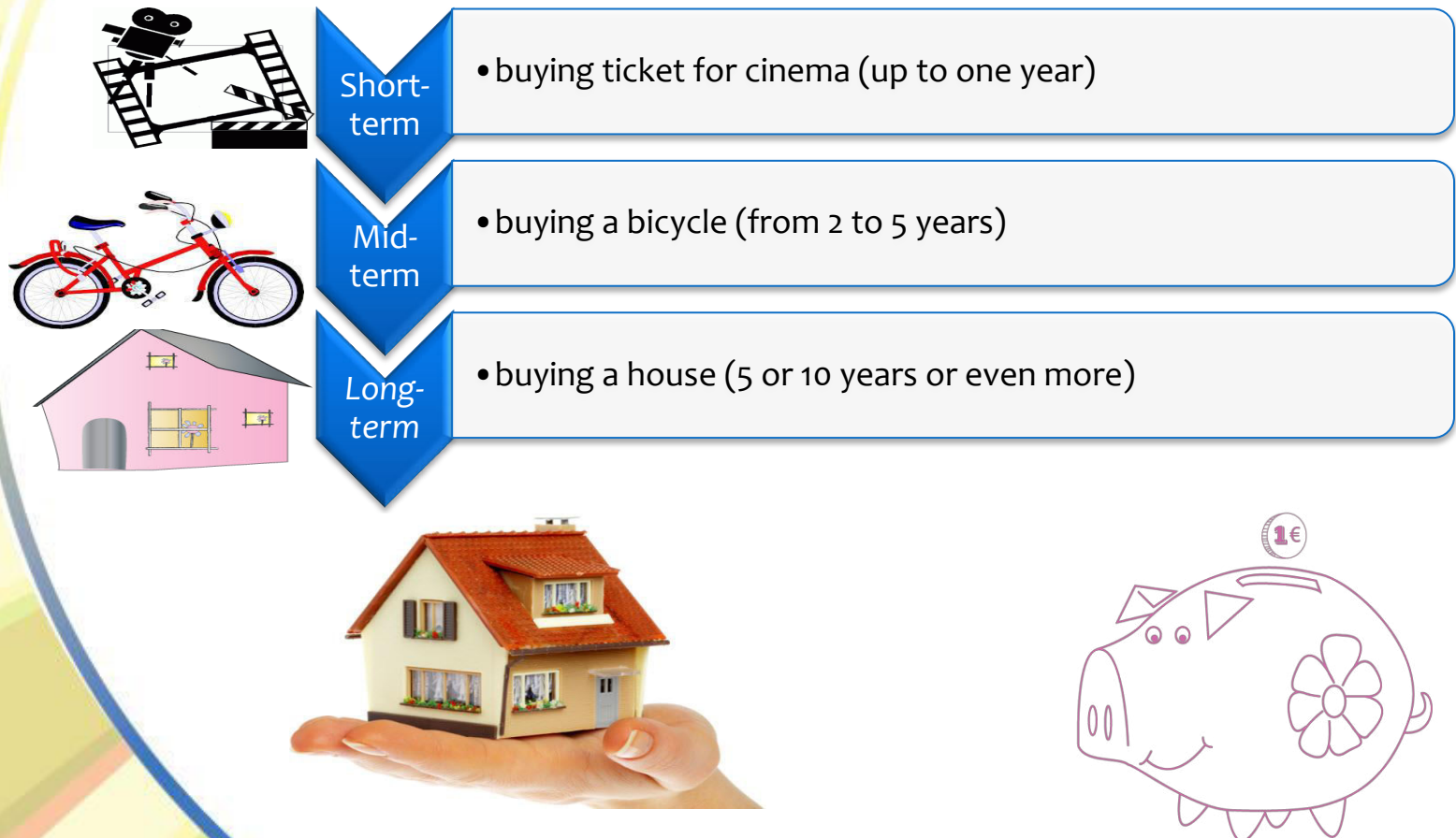


Depending on the time and resources needed for achieving them, we might distinguish goals:





Type of goals





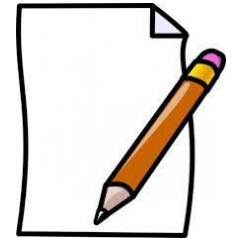
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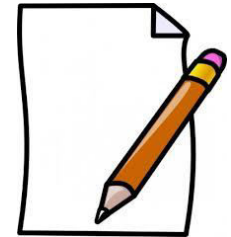


Make your short-term and long-term goals for saving (Exercise 2b)

PERSONAL GOALS	AMOUNT	TIMELINE
<i>Short-term goals</i>		
<i>Mid-term goals</i>		
<i>Long-term goals</i>		



Prioritizing your goals for saving (Exercise 2c)



PERSONAL GOALS	AMOUNT	TIMELINE	PRIORITY
<i>Short-term goals</i>			
<i>Mid-term goals</i>			
<i>Long-term goals</i>			



Determining financial goals for making savings plan (Exercise 2c)

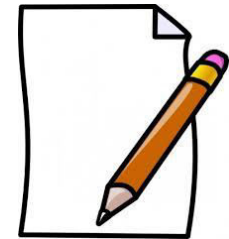
PERSONAL GOALS	FINANCIAL GOALS	AMOUNT	TIMELINE	PRIORITY
<i>Short-term goals</i>				
<i>Mid-term goals</i>				
<i>Long-term goals</i>				



TOPIC 2. WAYS TO SAVE

Do your saving options enable you enough money to achieve the short-term and long-term goals defined in the previous exercise?

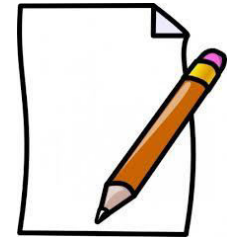
*What do you know about saving options?
(Exercise 2e)*



SAVING OPTIONS	PURPOSE	ADVANTAGES	DISADVANTAGES



What do you know about bank services? (Exercise 2f)



Meeting with brothers Horvath

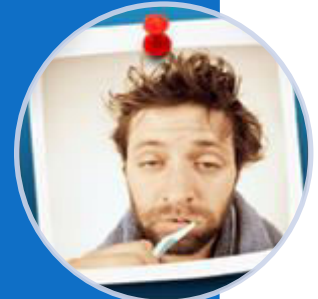
- Waiter
- Monthly income 700 euro + 100 euro tips

Peter (30 years)



- Unemployed
- Monthly income 200 euro from the state support

Jan (28 years)





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Brothers Horvath informed us with the banking services and how to save money.



Current Account "invisible automatic wallet"

A person can make banking transactions, such as deposit money, withdraw money and send money to other accounts.

- Direct debits, which are paid regularly (e.g. rent, water, gas etc.).



The Payment or debit card "plastic money"

- With a card, you can withdraw paper money (in ATM).
- This is the safest way to keep money.
- You can pay by card for products and services.





Brothers Horvath informed us with the banking service and how to save money.

A saving account "a flexible piggybank"

- A combination of the current account and the way of saving money for a limited period of time.
- Money on the account is not bound (as well as on the current account).

Term deposit "long term piggybank"

- An account during a certain period which is useful to access saved money in the bank.
- Money is bound / fixed all the time.



TOPIC 3. GENERAL RECOMMENDATIONS FOR SAVINGS

What obstacles do you face when you try to save?





Savings Advisor (Exercise 2g)



A person is working full-time. He started his first job one year ago. He pays his bills and has EUR 30 a month remaining since he is living with his parents. Rather than spending this money, a person has decided to set it aside for the future. In the near future, he plans to buy a car. However, when he goes out with his friends, he usually spends more than he has planned. He does not have any bank account because he prefers cash.

What saving options would you recommend to this person? What are the advantages of that saving option?



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Mobile applications for personal finance (Exercise 2h)





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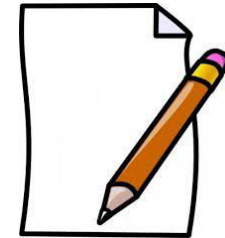


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TOPIC 4. HOW TO ESTABLISH A SAVINGS PLAN

What rules are you using when you save?





Establish your savings plan (Exercise 2i)

PERSONAL GOALS	FINANCIAL GOALS	AMOUNT	TIMELINE	PRIORITY	SAVINGS OPTIONS	
					CAN BE USED	CANNOT BE USED
Short-term goals						
Mid-term goals						
Long-term goals						



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Savings plan

Have your goals changed during their lifetime?
How have you managed to finance your needs?
Did you have to quit on some goals and why?





Some rules for establishing a savings plan:

Create your budget.

Define goals to save money and prioritize your goals.

Be disciplined because saving is about discipline and persistence.

Create an emergency fund.

Consider services that banks and insurance companies offer.

Track your spending and savings.

Avoid whenever it is possible to borrow money.

Monitor regularly your savings and make corrections in your savings plans.





TOPIC 5. SAVING OPTIONS AT FORMAL FINANCIAL INSTITUTIONS – SAVING IN BANKS

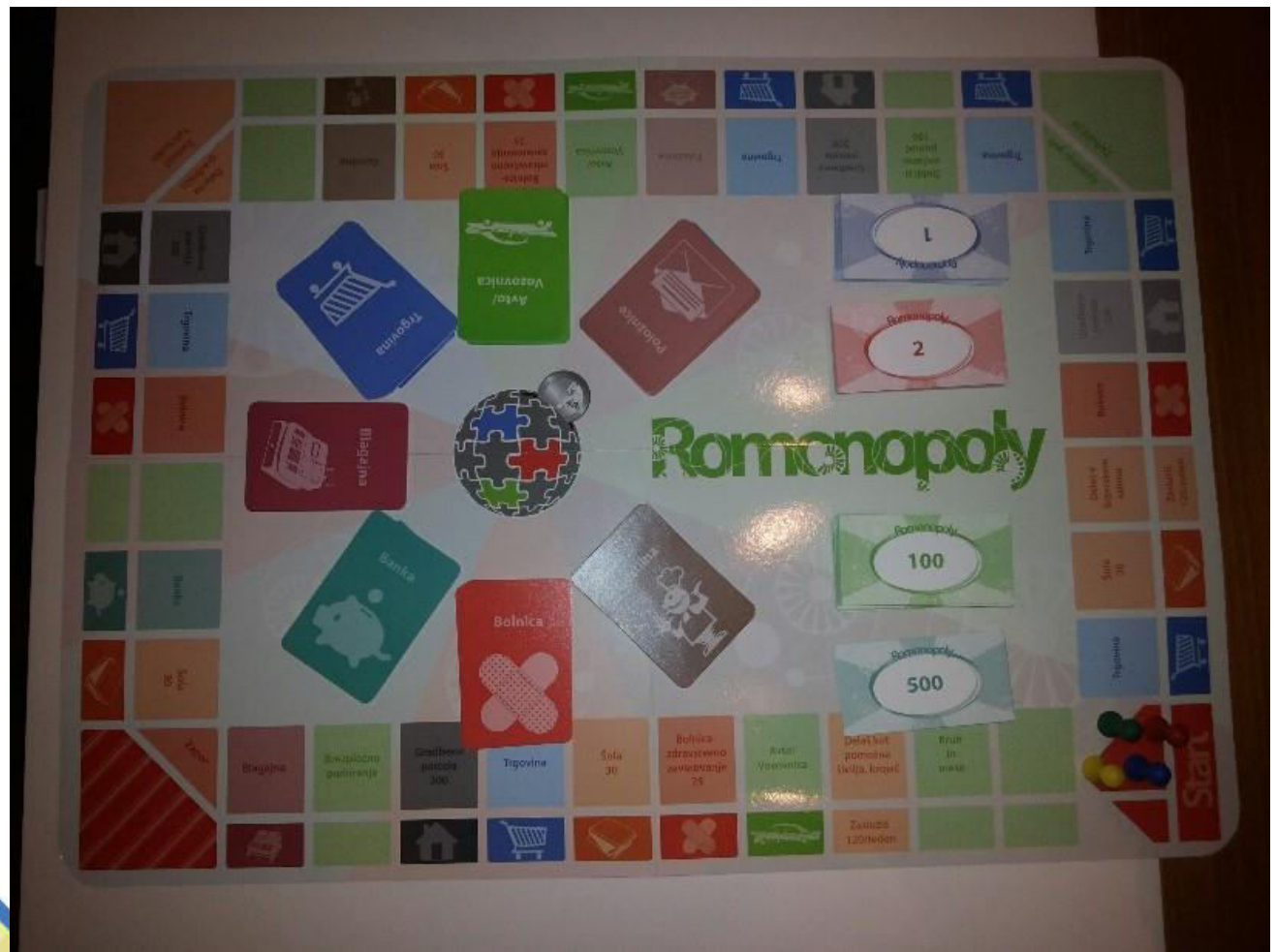
Conversation with a bank clerk

- ✓ bank as a financial institution
 - ✓ saving options
 - ✓ bank procedures
- ✓ money transactions and monitoring the transactions





Money game - Romonopoly (Exercise 2j)





QUESTIONS FOR ASSESSING THE COMPREHENSION OF MODULE 2:

1. Explain the difference between short-term and long-term needs.
2. Explain the importance of prioritizing goals.
3. What is the purpose of short-term savings?
4. Which types of short-term savings options do you know?
5. What are characteristics of long-term savings?
6. Explain the role of investing in achieving long-term goals.
7. Why is contingency planning important?
8. Explain the relation between budget plan and savings plan.
9. Why is it important to establish a flexible savings plan?
10. Do you follow any rules in saving? Explain.
11. What is the role of banks in your financial planning activities? Can you explain some savings options offered by the banks?

