PILLAR 1

Money Smarts Challenge
Spending and Saving

Bank of Ireland

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.

Bank of Ireland


6
PILLARS OF
FINANCIAL
WELLBEING
Bank of Ireland
Spending and Saving
Earnings and Income
Credit and Debt
Investing
Financial Decision Making
Risk and Protection

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.

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

Bank of Ireland

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)	=	**€1,000**
Monthly Bills/Expenses	=	€700

Your minimum 'Rainy Day Fund'	=	€2,100 (3 months)
Your maximum 'Rainy Day Fund'	=	€4,200 (6 months)

Crucially, you '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

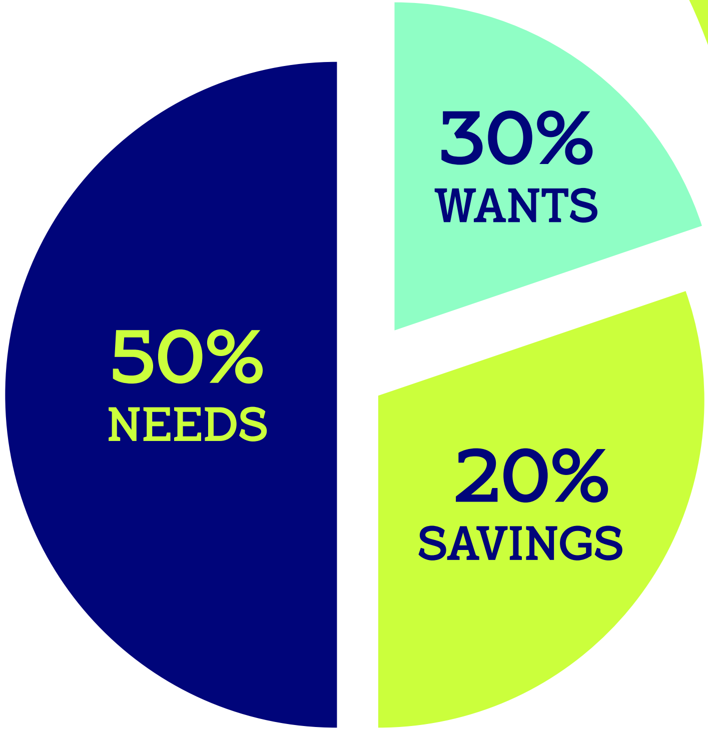
Budgeting and planning are brilliant and simple ways to help you to manage your money in the short, medium and long-term.

What are your goals?

Short-term	Medium-term	Long-term
New top	Games	School Trip
Budget €30	Budget €100	Budget €500
Time to Save?	Time to Save?	Time to Save?

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.

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

SAMPLE QUESTIONS

1. Mary earns €2,500 per month. Using the 50/30/20 rule, how much should she spend on her needs, wants and savings?

2. What is the difference between a debit card and a credit card?

a) There is no difference between a debit card and debit card

b) A debit card is issued by the Government but a credit a card isn't

c) A debit card is money you own, while a credit card is money you owe

d) Debit cards are free of charge but credit cards aren't

3. When you save, where does the money go?

a) Into a safe place at your bank so that it's available to you when you need it

b) It may be used by the bank to help people buy homes and cars

c) It may be used to help businesses hire new workers and expand

d) All of the above

DISCLAIMER

Bank of Ireland