

WORKSHEET

IMPORTANCE OF SAVING

Saving Scenarios

Hubert

I have an awesome job. I work in TV production, which means I get to meet all kinds of famous people. The pay isn't bad either!

The only thing is, I never seem to have much money left at the end of the month. I earn quite a bit, but in this business you have to keep up with the trends: expensive clothes to fit in with the celebs, a nice car, and my house is right on the waterfront. But you see lately a mate and I decided we wanted to go to Europe. He's already paid for his ticket and when I went to pay for mine... Well, I'd forgotten we'd had that massive night out entertaining some popular TV personalities and that I'd spent a fair bit of money. It's hardly my fault – it's all part of the business! But my mate will kill me if I can't scrape together enough to get this ticket.

I probably should have started to think about this a few months ago, but I honestly don't know where I could have cut back. Short of moving and selling my car, I don't know how I can save some money!

1. Explain the reasons behind Hubert's financial situation.
2. What are Hubert's financial priorities?
3. What impact does Hubert's high income have on his saving and spending decisions?
4. In your opinion, would a higher income solve Hubert's financial troubles? Why or why not?
5. What advice would you give Hubert to help him save some money?

Answers

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Sandra

I've never been all that great with money. Don't get me wrong or anything – I save! In fact, saving isn't something I've found difficult. What I do find hard is spending the money I save on the right things!

A few months back, I was feeling a little low on money so I started saving again, and didn't spend anything for weeks. But then the same thing happened. I blew all my money on this amazing dress and didn't have enough to pay back my parents for the money they lent me to buy my car. Boy, were they furious when they found out! I just always seem to blow my money on things that just aren't important. I don't know how to fix it.

1. Identify the core issues that explains Sandra's financial situation.
2. Would you consider Sandra an effective saver?
3. In your opinion, does Sandra value saving? What about goal setting?
4. What advice would you give Sandra to help her improve her savings habits?

Answers

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| Marvin | |
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| <p>I still live at home, but there's nothing wrong with it. 28 isn't that old to be living at home! Mum loves it, she cooks me breakfast, does my laundry and even irons my clothes.</p> <p>Sure, my mates tease me a fair bit, but there they are struggling to pay rent, and I can buy anything I want! I just got this amazing new motorbike, and man you should see my TV. It's massive!</p> <p>No, I'm not saving anything. Maybe I should be, but for now I'm cool just enjoying life for a while. I'm still young. Mortgages, debt and responsibility can wait – I'll have all of that until I die! Why start being independent earlier than I need to?</p> | <p>1. Summarise Marvin's attitude to money. Can you identify any financial habits that may lead to problems later in life?</p> <p>2. In your opinion, would a higher income change Marvin's attitude to money?</p> <p>3. Comment on Marvin's statement: "Mortgages and debt and responsibility can wait – I'll have all of that until I die! Why start being independent earlier than I need to?" Do you agree with this belief? What issues might Marvin face once he does start being financial independent?</p> |
| <p>Answers</p> | |



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| Polly | |
|---|---|
| <p>I only really started thinking about money when I got my first job at age 16. For the first few months, I spent everything I earned. I bought magazines, make-up, jewellery, movie tickets... anything I wanted!</p> <p>But then I got my license, and wanted to buy a car. I realised that although I'd been working for nearly a year, I didn't have much to show for it. I'd been spending all my money straight away – there was no way I could afford a car! So I started putting a bit of money away every month for this car – sometimes half my pay, sometimes even less! This meant I still had money to spend if I needed it. But slowly, the money in my savings account began to grow.</p> <p>I still didn't have enough to buy a car by the end of the year. I probably wasn't quite consistent enough with how much I was saving. But I had enough money that Mum and Dad were willing to lend me just that little bit extra, and I got my car in the end. I still have to pay them back, but at least I know now that if I'm smart, putting aside that extra bit of cash won't be too hard.</p> | <ol style="list-style-type: none"> 1. Would you consider Polly an effective saver? Why? 2. In your opinion, does Polly value saving? What about goal setting? 3. What was the catalyst that caused Polly to change her attitude to money? 4. Is there any advice you'd give Polly for the next time she wants to save for something specific? |
| <p>Answers</p> | |