



# Professional Practice Support

## MONEY: SAVING AND SPENDING

There are two types of things in life which you will spend your money on as you become older:

- what you **need** to live including food, clothing, somewhere to live, power, water
- what you **want** for yourself and your family including cars, houses, phones, holiday, TVs.

There is an old saying, "Money doesn't grow on trees". To have money for your needs and wants:

- you have to earn it by working; the better your career, the more you make
- you have to save it; planned budgeting and saving
- then you can spend it if you have enough saved.

Beware! An increasing number of people are using credit cards to pay for their wants when they really can't afford them:

- the interest the banks charge on credit card debts is very high; it is very hard to get in front
- self awareness is the key to being sensible
- nothing good in this life comes **easy**, you have to earn it through your efforts.

You are already a **consumer**; you pay for goods and services in your life

- the key is to develop disciplined and balanced habits when you are young towards money and how you save it and spend it.

There are basically three positions in which you can find yourself with money as you become older:

- having too much, which is fine if you are sensible, but often it can turn to greed and you want more, more, more
- not having enough to pay for your basic needs of food, housing, clothing, power and water. Also, unable to buy some of your wants
- having enough to pay for your needs and buy some of your wants.

Unfortunately, many people feel pressure to buy their wants when they haven't the money and then find themselves in financial trouble.

When you see something for sale that seems too good a deal to be true, in 99% of cases it is:

- there will be a catch or hidden expense
- always ask experienced adults for their advice to ensure you don't end up upset.

There will be many occasions in life when you simply **must have** something you really don't need but really want. These will occur because:

- your friends own one and you don't want to be different or miss out
- you are hypnotised by the powerful advertising
- you think it will be good for your image because some famous people have one
- you believe well known brand names are better and cooler.

In these cases, always ask yourself:

- how often will I use it?
- can I afford it?
- is there a cheaper alternative?
- how long will it last for?

Research clearly shows in most cases every **extra year** of education increases the amount of money you will be paid, your **income**. Education means obtaining a qualification in a field. It could be completing

- Year 12 and further studies
- an apprenticeship or cadetship
- certificate courses.

We all want the good things in life

- somewhere comfortable to live
- going on regular holidays
- driving a car you like
- eating well at home or at restaurants
- affording the gadgets such as ipods, mobiles, computers, games, TVs
- dressing well.

Let's investigate one of these wants. Owning a good car involves many costly things that must be done properly for legal reasons. Consider these:

- how are you going to pay for it; bank loan or cash?
- can you afford the loan repayment?
- have you saved enough for the deposit?
- have you enough for Stamp Duty Transfer of Registration and a Roadworthy?
- have you saved enough for the insurance?
- how many litres/100km does it use?
- how far can you drive on a tank of fuel?
- how much does it cost to fill up?
- how often does it have to be serviced and how much does it cost?

There are many more questions to be asked about car costs.

As you can see, buying and owning a car is expensive and requires you to be:

- a reliable saver
- a sensible budgeter.

An exercise well worth doing is to brainstorm with your parents or in class and come up with a list of questions you need to ask before you buy the good things in life mentioned above.

One thing has been true since beginning of time:

- you get nothing for nothing in the world; you have to **earn** it through your efforts
- start **budgeting** and **saving** now.