



SAVING AND INVESTMENTS BASICS

SAVINGS

This unit will provide you with the essential skills to effectively set financial goals, learn how to create an emergency fund and understand how to compare savings accounts.

By the end of this unit, you will be equipped with the knowledge and tools to take control of your finances, ensuring a balanced approach to saving.

Let's embark on this journey towards financial empowerment and stability!



LEARNING OUTCOMES

By the end of this unit, you will be able to:

Saving goals

- Understand the benefits of having emergency savings or an emergency fund to deal with financial contingencies.

Saving Buffers

- Understand the benefits of having emergency savings or an emergency fund to deal with financial contingencies.

Choose saving products

- Understand the financial tools used to consolidate savings.

Managing savings

- Good savings management always starts with the development of a strategy that allows you to start putting money

WHAT DO WE MEAN WHEN WE TALK ABOUT SAVINGS?



- By saving, we mean saving part of your income in order to maintain a balance between needs and economic capacity. It is a fundamental tool to be able to maintain a financial balance in the short and long term if it is seen as a way to plan and organize your future.
- Saving is setting aside part of one's current income to secure the future. It implies, therefore, prioritising this 'future self' over the 'present self', an exercise that is not easy for our brains. To achieve savings, experts advise good planning, good advice and awareness of the fact that income and expenditure vary at different stages of life.
- Saving is the percentage of income that a person does not spend, with the purpose of having financial resources for a disbursement that could be made later, investing it in a future goal or simply reserving it for an unexpected circumstance. This behaviour is as important for families as it is for businesses, but it can only be achieved through good financial planning. In some cases it is necessary to consult a financial advisor.

- In order to start saving, the main thing is to establish financial goals, always taking into account your current economic situation. An analysis of your personal finances should be carried out, that is, how much money you have, how much you earn and how much you spend monthly. For these goals to be feasible, it is recommended that they be specific, measurable, achievable, relevant and have a specific time frame.
- A frequently asked question is how much should you save? The answer is that it depends a bit on your financial goals and needs. As a general rule, it is recommended to save at least 10% of income and gradually increase the amount.

- In order to know what to save, financial tools can be used for this purpose, which are very focused on young people so that they can make decisions by consciously evaluating the different options and taking into account the risks and benefits of each one of them. These are skills to improve the quality of life in the future. It is important to teach young people how to make good decisions so that they too can set long-term goals, save, invest and use money responsibly and be able to deal with complex financial situations in the future.
- We know that saving is very important, but it is a habit that needs to be inculcated from an early age. They should develop a healthy attitude towards money from a young age, which is why many experts say without a doubt that the best thing to do is to start saving as soon as possible.

SAVINGS & YOUNG PEOPLE

- Although this is the theory, the practice is complicated for young people. To save, you need an income that allows you to do more than just make ends meet, and in this day and age that doesn't seem easy to achieve. However, some experts do not believe it is impossible.
- Starting to save early allows young people to be able to combine savings for various objectives or goals without having to wait to achieve each one; such as having a contingency fund, buying their first car, furthering their own studies...
- It is true that, unless you have a high income, saving can become a sacrifice, but it is not about looking for big actions, but small sacrifices that, once made, their amount is destined to savings.

TIPS TO MAKE THE PROCESS OF SAVING MORE LIKELY TO BE SUCCESSFUL

- Define your priorities and decide what is most important to you.
- Automate savings through a monthly transfer from the current account to the savings account.
- Encourage savings, unnecessary expenses should be reduced.
- Creation of an emergency fund to be used in case of an emergency.

CHOOSING SAVING PRODUCTS

- Savings products are financial tools used to consolidate savings. Savings products are financial products in which we keep our money in order to consolidate part or all of our savings. Savings products are usually understood as financial tools in which the capital provided by the saver is risk-free, unlike some investment products.
- Savings products may offer a return, as may be the case with interest-bearing accounts, bank deposits or savings insurance.
- Generally, the best savings products are considered to be those that have no level of risk on the capital provided and that can offer a certain return. The most common are:
 - Interest-bearing accounts
 - Fixed-term deposits
 - Savings plans

There are two main groups of savings products:

- Those with liquidity: these are products in which savings are available almost immediately, e.g. demand accounts, savings accounts, etc.
- Those that are not immediately liquid: these are financial products in which the return is linked to the fulfilment of certain terms, periods or conditions, e.g. fixed-term deposits or savings insurance.

INTEREST-BEARING ACCOUNTS

- These are accounts that offer a return to their holders depending on the amount deposited in them. Depending on the type of account used, this financial instrument allows its users to carry out normal banking operations or just to generate profits from their savings. The benefits of this type of accounts vary, from generating passive income, low risk, mostly without fees, to convenient management.

There are several types of interest-bearing accounts:

- Interest-bearing current accounts: Current accounts are one of the most basic financial products available.
- Interest-bearing salary accounts: Salary accounts are a type of current account in which banks reward the regular income of the account holder from a salary, pension or benefit of any kind, provided that it exceeds a minimum amount and is recurrent.
- Savings accounts: Savings accounts are specifically designed to accumulate capital and generate profits.

FIXED-TERM DEPOSITS

- Fixed-term deposits are financial products that offer users a remuneration in exchange for depositing an amount of money with the bank that markets them for a specific period of time.
- They work like a loan, but in reverse: it is the user who lends money to the bank and the entity, in exchange, offers interest that will be paid to the user in the agreed instalments (monthly, quarterly, half-yearly, etc.) or on the maturity date of the instrument, together with the capital deposited.

SAVING PLANS

It is a tool that provides the user with a structured savings routine that allows him/her to define the amounts to be deposited and the purpose for which the savings will be used. In this type of tool, money and time go hand in hand, since the more money that is needed, the more likely it is that an extensive savings plan will be needed over time

Types of savings plans can be:

1. Short-term: In this plan, liquidity is essential, so the financial product must guarantee the absolute availability of capital at all times. The proposed objective is usually short-term.
2. Medium-term: In this case, the objective is usually structural and the duration is less than 5 years. The product requires a balance between profitability and liquidity, allowing the money to be withdrawn in the event of unforeseen circumstances.
3. Long-term plan: This plan involves projects of more than five years. Therefore, profitability must take precedence over liquidity, and the money invested must not be required urgently. In this case the objective is structural.

WHAT IS A SAVING PLAN?



- It is a very effective method or technique to manage your personal finances and achieve your long-term financial goals. It is a strategy with which you can save money in a conscious and disciplined way, allowing you to build a financial cushion for future eventualities or achieve specific goals.
- One of the main reasons for having a savings plan is the benefits it can bring to your financial life. First of all, it allows you to have a better control of your expenses because by establishing those main goals in the plan, you can know exactly what you need to spend per month to achieve them. It can help you maintain a level in line with what you have, avoiding indebtedness and prioritizing expenses over unnecessary expenses.





- As with saving, the steps to create a savings plan are very similar; prioritizing the establishment of specific and realistic goals, analysing income and expenses to control them, elaborating a budget once you know the income and expenses, and finally, automating your savings by transferring them from the checking account to the savings account.
- To optimise a savings plan, it is important to reduce unnecessary expenses, look for cheaper alternatives and diversify your investments.

MANAGING SAVINGS

- Good savings management, as we have already mentioned, always starts with the development of a strategy that allows you to start putting money aside after having analysed and researched your investment objectives and options.
- To maximise savings and improve savings management, it is important to seek professional advice. While you may have some insight into the industry, the management of your savings will benefit from having experienced and active financial advisors. This will minimise the risk of financial loss.
- In connection with this advice, you will also be assured that the investment will be as cost-effective as possible by helping you to identify unnecessary expenses that can be used for savings.

EXPLORE SAVING APPS

Try & Compare:

- **Wallet** (budgeting & visual insights) 
- **Plum** (auto-saves money from your account using AI) 
- **Revolut** (tracks spending & creates vaults for goals) 
- **Monese / Viva Wallet** (popular in Eastern Europe) 

PROS AND CONS OF SAVING

- Saving has many benefits, such as providing a financial safety net for unexpected events, liquidity for purchases and other short-term goals, and being safe from loss. However, there are also some drawbacks to consider, such as missing out on potential higher returns from riskier investments. Savings can also lose purchasing power caused by periods of rising inflation.
- While saving is a crucial part of any financial plan, it's essential to combine it with other forms of investing, such as retirement accounts or investing in the stock market, to achieve a balanced approach to financial planning.

Pros

- It builds up an emergency fund.
- It funds short-term or long-term goals, like going on a vacation.
- There's minimal risk of loss. Savings held at banks are protected by the FDIC.

Cons

- There's much lower yields.
- It may lose out to inflation.
- There are opportunity costs when not invested in riskier but higher yielding assets.

FOOD FOR THOUGHTS

Scenario I:

Mira, 24, a migrant worker in Milan (Italy), earns €900/month. She pays €550 rent and sends €150 to her family abroad. She wants to save for a driving license.

Discussion:

- What small habits can Mira change to save €50/month?
- Have you or someone you know faced a similar challenge?

FOOD FOR THOUGHTS

Scenario 2:

Nikos, 21, studies in Athens. He gets €480/month from a part-time job.

Rent: €300 (shared flat)

Transport: €25 (student card)

Groceries & food: €120

Phone & extras: €60

Questions:

- How much can Nikos realistically save?
- What could he cut back on?

FOOD FOR THOUGHTS

Scenario 3:

Ivana, 19, lives with her parents in Plovdiv. She works weekends and earns €150/month.

She keeps most of her money in cash.

Occasionally uses Revolut but doesn't fully trust banks.

She wants to save for a second-hand laptop.

Discussion:

- What are the pros and cons of saving in cash?
- Could a budgeting app help Ivana?

FOOD FOR THOUGHTS – HOW TO MAKE A SAVING PLAN



FOOD FOR THOUGHTS – WHICH SAVING PLAN OPTION IS THE BEST?

CONCLUSIONS

1

- Saving is something that should be practised every day. The best thing to do is to start when you are young.

2

- No one knows when an unexpected expense might happen, so it is best to always have an emergency fund, just in case.

3

- Knowing the different types of interest rates and savings products, we can choose what suits us best when it comes to saving.

4

- The habit of saving must become a way of life that guarantees society economic stability, maintaining constant growth and providing peace of mind in unfavourable seasons.

INVESTMENTS

This unit will provide you with the essential skills to understand the differences between saving and investing and how to choose and diversify your assets.

By the end of this unit, you will be equipped with the knowledge and tools to take control of your finances, ensuring a balanced approach to investing.

Let's embark on this journey towards financial empowerment and stability!



LEARNING OUTCOMES

By the end of this unit, you will be able to:

- know the basics of investing, the differences between saving and investing and the difference between debt and capital. You will learn why the value of investment can go down as well as up, and how changes in inflation, interest rates and/or exchange rates can impact on long-term plans.
- know a wide range of investment products. In this section we will explain the main characteristics of the most traded products on the stock markets.
- An investment decision refers to the resources allocated to a given investment opportunity. It involves evaluating and selecting among different investment alternatives with the objective of obtaining an adequate financial return.

WHAT DO WE MEAN WHEN WE TALK ABOUT INVESTMENT?

- In today's world, investment has become an essential tool to grow our money and secure our economic future. Investment refers to the placement of capital into an asset or project with the objective of earning a financial return in the future.
- By investing, you are "putting your money to work for you", rather than keeping it in a savings account. Investing can be in a variety of assets, such as stocks, bonds, real estate or even your own business.
- The key to investing is to take on some risk in the hope of a higher return. It is important to remember that an investment does not guarantee returns and that there is the possibility of losing some or all of the money invested. It is true that, with a good strategy and knowledge, investing can be a way to grow your wealth over the long term.

WHY INVEST?

When we talk about INVESTMENT we mean putting capital to use today in order to increase its value over time. An investment requires putting capital to work, in the form of time, money, effort, etc., in hopes of a greater payoff in the future than what was originally put in.

As we have already mentioned, investments have become an essential tool to make our money grow and secure ourselves financially in the future, but why invest?

WHY INVEST?

There are a number of key reasons why many people consider investing:

- Wealth building: Investing offers you the opportunity to grow your money over time.
- Protection against inflation: Inflation reduces the purchasing power of your money over time. By investing, you can earn returns that exceed the rate of inflation, allowing you to maintain and grow the value of your money over the long term.
- Generating passive income: Depending on the investment option you choose, you can generate passive income, i.e. money that you receive on a regular basis without having to actively work for it.
- Achieving long-term financial goals: Whether you want to buy a house, fund your children's education or retire comfortably, investing will help you achieve your long-term financial goals.

HOW TO INVEST FOR TEENAGERS

(5 WAYS)



PROS AND CONS OF INVESTING

Pros

- Potential for higher returns than savings
- Can help achieve long-term financial goals
- Diversification can reduce risk

Cons

- Risk of loss, especially in the short-run
- Requires discipline and commitment
- May require longer time horizons

DIFFERENCES BETWEEN SAVING & INVESTMENT

The Differences Between Saving and Investing



Involves setting money aside in safe, liquid accounts



Includes checking accounts, savings accounts, United States Treasury bills, and money market accounts



Provides capital for investing



Can increase capital



Includes stocks, bonds, and real estate



Involves buying an asset in hopes of earning a return

BUILD YOUR MONEY IDENTITY

Prompt: “I am someone who...”

Complete the sentence based on your financial mindset.

Examples:

"...likes to plan before spending."

"...feels anxious about saving."

"...wants to invest one day."

CONCLUSIONS

1

- Today, investment is the order of the day, especially because of the accepted concept of "investing your money in yourself, in your future".

2

- We must not forget that investing, while offering many benefits, also involves risks; and it is often important to get good advice.

3

- When investing, we must take inflation, exchange rates and interest rates into account in order to be able to invest correctly and profitably.

4

- There are many tools to be able to invest, so we must analyse and study which one best suits our requirements and the objectives we want to achieve.

!LOCAL CONTEXTS!

This slide has to present (each facilitator should add information and place it during the lesson when appropriate):

- Country-specific investment options (e.g., tax-free savings accounts, youth banking apps)
- How to open accounts
- Challenges faced by NEETs or part-time workers in the country.



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