

Unit 9

Saving

Introduction

In Unit 8, you discussed self reliance. It is also important to understand the concept of saving. This unit deals with traditional practices that affect saving, planning and a choice of career. This can help you to become self-reliant.

Lessons

1. Traditional Practices which Affect our Saving Habits
2. Managing the Family Budget
3. The Need to Set your Goals and Plan your Saving
4. Choosing a Career

What you will learn

You will:

- understand how traditional practices affect our saving.

- appreciate our saving habits in Ethiopia.
- recognize the necessity of leading a planned life.

Key words and concepts

- Career
- Extravagant practices
- Family Budget
- Planning
- Saving
- Setting Goals
- Unnecessary expenditures
- Vocation



National Bank of Ethiopia

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LESSON

Traditional Practices which Affect our Saving Habits

By the end of this lesson, you should be able to:

- explain how traditional practices can have a negative effect on saving in Ethiopia.

Which traditional practices do you think have a bad effect on our saving habits?

Discuss this issue in the class.

Saving is important so that you can pay for future plans and emergencies. **Thinking about the future** is very important. Some people say that they do not need to think about the future as **God will take care of the future**. In Ethiopia, there are

people who think like that. But this is not right. You have to do your best to get what you want before saying that God will take care of it.

People who believe God will take care of the future also believe that they should not limit the number of children they have. They say that God will take care of their children. Because of this they have lots of children and it becomes difficult for them to look after them. There are many people in Ethiopia who have lots of children. They are not able to feed their children properly, or clothe them well and they are not able to send them to school.

CASE STUDY

Ato Damte, who is a farmer, and his wife W/ro Woinshet have nine children. Only three of the nine children go to school. The other six stay at home to help W/ro Woinshet around the house. They cannot go to school because W/ro Woinshet and Ato Damte do not make enough money to buy the materials they need for school.

W/ro Woinshet is getting tired because she is pregnant with a tenth child. She is worried that there might not be enough money to feed all the children as well as the new baby. She talked to Ato Damte about limiting the children they should have but he

said that it is not up to them. He said that, once they are born, God will take care of them.



What problems do you think the family face because of the number of children? How would you like to plan your family for the future?



Try to list the different traditional practices that affect saving in your surrounding. Think of some solutions to avoid these extravagant activities.

Traditional Practices which Affect our Saving Habits

REMEMBER

- Saving is important so that you can have security and satisfy your needs in the future, and also for emergencies.
- Some religious view could harm the habit of saving.
- It is important to limit the number of children you have.

LESSON 2

Managing the Family Budget

By the end of this lesson, you should be able to:

- explain why it is important not to be extravagant.
- plan a budget and be economical.

Why do you think it is important to be economical?

In Grade 9, you discovered how people can be extravagant. You saw that people borrow money to pay for goods and services they do not need and how, in addition, people spend their savings on events such as a big wedding and a big funeral. But this may not always be right. People should plan to live their lives within their income.

To live within your income you should avoid **unnecessary expenditure** — spending money on things which you do not need. Sometimes people

pay lots of money just to impress other people. This is not a good reason for buying items. You should only buy what you need and, if you can find the same quality cheaper, then that will be a better purchase. Use your resources economically and avoid extravagant purchases where possible.

You can also save money by looking after your property carefully. For example, we should take care when using the utilities in the house such as water, electricity and the telephone. You should not waste them. Only use them when it is necessary. Do not leave the lights on when you are not in the room or leave the water tap running when you are not using it. It is also important to look after household items so that they last a long time. In general, try to avoid wastage at home. This will save your money and will enable you to live within the family budget.

CASE STUDY

Abdul and Sofia are twins. They both enjoy helping their parents around the house after school. Abdul helps his mother with the washing by filling the bucket with water. He leaves the tap running. Sofia cleans inside the house. She puts on all the lights and the radio and nothing is switched off when the job is completed. As a reward for helping, they are both allowed to make a telephone call. They both phone

their friends who live nearby. Abdul and Sofia's parents struggle to pay the bills each month.

What advice would you give Abdul and Sofia if they really want to help their parents?



Work in groups of three to complete your answer, then join with another group to compare your work.

Managing the Family Budget

List unnecessary expenses



Today, when you go home, try to make a list of the items that have been bought by your family but which nobody uses. Also, think of a time when people you know spent a lot of money without a good reason. Make a list and exchange it with your classmates in the next lesson. Compare the many ways you can help to reduce household spending.

REMEMBER

- It is important to avoid extravagant practices.
- It is important to properly use items and utilities at home.

LESSON 3

The Need to Set your Goals and Plan your Saving

By the end of this lesson, you should be able to:

- describe the importance of planning your saving so that you can lead a successful life.
- plan your life.

Why do you think it is important to plan your saving?

Discuss this issue in the class.

Planning for the Future

In the last lesson, you discussed the importance of saving and the need to think about the future. Knowing what you want in the future and setting out actions to achieve it is **planning** or **setting goals**. This helps saving in two ways.

First of all, when you plan for what you know you want in the future, you will be motivated to save.

Secondly, planning also helps you to focus. When you are focused you will be sensible and will not spend money foolishly.

You will need to think about what you want for you and your family. For example, a father should think about what he wants to give to his children in the future. He may want to save money in order to send his children to university.

If there are too many children in the family it will be difficult for him to give all of them what they need. So planning includes **family planning**.

When you limit the number of children you have, it becomes easier for you to provide the necessities in life for them. So one way to have a comfortable life is to limit the size of your family.

Family Budget

Everybody needs to plan a family budget. You should list all the monthly payments you make and all the income you have and set aside a little money for saving. It is important to decide which of the expenses are very important and which are unnecessary so you can plan your saving. If you do not plan, you may spend everything without realizing it and you will have nothing left.



A large family may limit saving capacity

The Need to Set your Goals and Plan your Saving

CASE STUDY

Semira's Budget

Semira is a student at Addis Ababa University. Her family lives in one of the regional states. Her father is a successful businessman. When Semira was growing up her father taught her that saving and preparing a budget was important to be successful. Now she is in the university and every month her father sends

100 birr for her as an allowance. Every month Semira lists all the things she needs for the month, identifying the money needed for each item (see table below).

By the end of the first year, Semira had saved 240 Birr so she could afford to buy the beautiful shoes she wanted.

Do you think planning has helped Semira to save? How?



Try to prepare your own budget. Could you save any money?

	Items Semira needs	Number of items	Cost of one item	Total money needed
		A	B	A x B
1	Soap to wash clothes	4	5 Birr	20 Birr
2	Soap for face	1	8 Birr	8 Birr
3	Toothpaste	1	10 Birr	10 Birr
4	Tea	30	1 Birr	30 Birr
5	Other Items	—	—	12 Birr
6	Saving			20 Birr
	Total			100 Birr

Setting Goals

Setting goals means having a plan for the future. You can make short term goals (for one year), a

medium term goal (for three years) and a long term goal (five years or more).

<i>Short-term goal (one year)</i>
To pass my Grade 10 exams and get into the football team.
<i>Medium-term goal (three years)</i>
To pass Grade 12 exams, to enter to a university to study chemistry
<i>Long-term goal (five or more years)</i>
To graduate and find a good job
To get married
To buy a house

The Need to Set your Goals and Plan your Saving



Now write your own short, medium and long term goals. They do not need to be all about work. They can be personal goals as well. You can see that you will need to save money to achieve your goals.

REMEMBER

- It is very important to set a goal and plan your saving.
- It is very important to use money wisely.
- You need to set a budget to manage your money.

LESSON 4

Choosing a Career

By the end of this lesson, you should be able to:

- describe the difference between ‘job’ and ‘career’.

What do you think a career is?

Discuss this issue with the class.

A **job** is some form of work which we do in order to gain reward (money, satisfaction, to please others). If you choose a job, train for it and gain better skills, then this may become your career. If you like your job you will work hard and you will become good at it. An experienced furniture maker will see his/her job as a career and continue to develop his skills. A nurse will see his/her job as a career to help sick people. Whatever you decide to do, you should do it as well as you can and become proficient at it.

What do you want to become?

? Write down what career you want when you finish school. List the reasons why you have chosen that career and what skills you will need in order to do that profession well. Exchange your plans with your neighbours.

When you choose a profession you will take into consideration the salary because you need money to survive. However, some people only think about money and they do not care how well they do the work. They get no satisfaction from doing it. If you do your job well, you will be happy at work and you may be able to get an even better job. Your achievements will grow with your career. As you grow and as you know more and more about your job, you will be able to pass your skills and knowledge on to others.

Without neglecting the financial reward, it is better to engage in a career that you will be happy in. The more you like your job and become skilled, the better your contribution will be to your work place and your country.

Improving my skills

? List your strengths and weaknesses. Identify the strengths you have that will fit in with your chosen career. How can you improve your weaknesses and develop the necessary skills that you may need for the future?

REMEMBER

- ❑ A job is some form of work which we do in order to gain reward.
- ❑ If, on the basis of your choice, you are trained and become skilled then it may develop into your career.
- ❑ You need to work hard to make money but you should try to engage in a career you will be happy in.

UNIT SUMMARY

In this unit, you have seen traditional practices that affect saving; you also realized the importance of saving. Moreover, you have discussed the importance of planning both in terms of a family and your life. You learnt that it requires planning and preparing a budget to save. You also saw the aspects involved in developing a career.

GLOSSARY

Extravagant Practices:	Unnecessary practices that waste resources.
Family Budget:	A table of the expenditure and income for a family.
Goal:	A plan for the future.
Planning:	Identifying what you need to do in order to achieve your goals.
Saving:	Keeping money for the future.
Career:	A skilled job that a person develops over a long period of time.

UNIT REVIEW EXERCISES

Do these review exercises in your exercise book.

Part I – Multiple choice

- A goal is:
 - saying God will take care of the future
 - something you want to achieve in the future
 - to keep money for use in the future
 - (a) and (c)
- Planning helps to:
 - achieve our goal
 - properly use our resources
 - be extravagant
 - (a) and (b)
- Family budget:
 - helps to save
 - is a list of expenditure and income for a family

- is part of planning
- all of the above

Part II – True or false

- Looking after your property helps to avoid unnecessary expenditure.
- A career is something that develops over time.
- Family planning means to limit the amount of family expenditure.

Part III – Short answers

- What should be your role in family saving?
- What extravagant practices in school do you think could be avoided?