

Fundamental messages in

# Financial Literacy

Savings



## One by one makes a bundle

You don't need much money to start saving. Whether you are a student, a farmer, a teacher, nurse, banker, market vendor, taxi driver or a business person, you can always put a little money aside. When you save regularly, your money will "grow".

## Spend less to save more

You can save by spending less. Cutting down on consumption, such as alcohol and on buying new clothes for every function, enables you to save more money to provide for you and your family's future.

## Encourage your children to save

Parents should teach children to start saving for a purpose while they are still young. This helps children to understand the value of money and to develop a savings culture at an early age. You can help a child save money in a small tin or box (piggy bank).

## Save to avoid unnecessary debt

Savings are the best way to pay for day-to-day costs like school fees, clothing and medical charges. It is better to save for such expenses than to borrow. For example, if you start saving for your children's



education early enough, you may not need to take an education loan or borrow money from a friend to pay fees. While people sometimes get into “debt trouble” by borrowing unwisely, they never get into “savings trouble”.

## Always have an “Emergency Fund”

Savings are very helpful in addressing unexpected or unforeseen problems such as illness, accidents, unemployment, robbery, drought, funerals, too much rain that destroys crops etc. In such situations, your savings can help you as you recover. Make sure that you keep money for emergencies. If you ever have to use part of your emergency fund, top it up again as soon as you can.

## Save for special events

Have a savings account or a small tin or box to save for luxuries such as birthdays, a wedding ceremony or holidays. You can plan ahead for this and hence save over a long period of time. For example, if you plan to have a wedding at the end of next year, you can plan to save 10,000/= every month for 20 months. By the wedding day, you would have saved 2,00,000/=. It is your right to enjoy your money if you plan and save towards such luxuries.





## 4 steps to achieve your savings goals

- Decide what you want to save for and find out how much it will cost - whether it is buying a house, land, starting/improving a business, studying or saving for your child's school fees, etc. Ensure that what you are saving for is realistic and not over-ambitious.
- Start saving now - the sooner you start, the sooner you'll get there.
- Put your savings in a safe and secure place where you earn good interest.
- Keep saving regularly and over a long period of time. It's only then that your money can accumulate.

## Make use of a standing order

Sometimes you may not be disciplined enough to save regularly. You can go to your bank and set up a standing order to ensure that you do save regularly. A standing order is an instruction to a bank to pay a set amount of money at regular intervals from one account to another. However, take note of the charges. If you are an employee, you can also ask your employer to transfer part of your salary directly to your savings account.



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