

CAN INDIVIDUALS EFFECTIVELY MANAGE THEIR PERSONAL FINANCES?

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Summary:

The project will discuss how individuals can effectively manage their finances and how they earn to do so through all matters of ways and how today's world changed the way we look at financial problems in our lives.

Keywords: personal finances, expenses, personal financial decisions, budget plan.

Can people effectively manage their personal finances?

Personal finances can be managed by anyone who has considerable experience in the field. The fact that most individuals manage personal finances without any problems, even though they may not have economic studies, shows that the situation is not that bad.

How do we manage to cope with any financial decision we have to make?

When we are faced with a situation or decision that tests our financial skills, it is very simple how we proceed; depending on the level of each person, they could make the obvious better choice, or they could get bogged down considerably depending again on their level of financial knowledge. But when you are sat down contemplating a decision, you will probably do the right thing, it is obvious that nowadays the abundance of information and experience that most people have, even from a young age, makes unexpected financial situations not as frightening as they were in the past, fortunately the passage of time and the increased level of education today compared to twenty or thirty years ago all contribute to the increased financial intelligence of the youth in the twenty-first century; this is an impressive thing because questions like "How do we deal with a financial situation?" are no longer even a question, they

have become elementary for the much smarter generations of today.

How do we deal with a financial decision regarding consumption/savings/investments?

The disadvantage of the new generations is unfortunately that the financial skills they possess do not change the world around them which is based on mass and dispersed production and consumption. Decisions regarding consumption seem like something that anyone with even a little financial experience could handle, which is true but given the world we live in and our surroundings full of mass media that wants to transform us into the most irresponsible consumers, it is hard to resist the idea of being a consumer like everyone else even though it is clearly an illogical financial choice. The world of today is basically made up of only irresponsible consumers that rarely if ever think about the repercussions of their choices so we must definitely not be led by others on this treacherous path, holding your own opinions on consumerism is an easy path to keep yourself financially stable. On the other hand savings are an essential part of every young adult and even for most teenagers that don't have a source of income and rely only on their parents, savings are a simple term to understand and to apply, at its core all you have to do is save your hard earned money instead of spending it all away as usual. The problem is not whether or not saving is a good idea, of course it is a great idea, the problem is how to make your savings as efficient as possible and to make money work for you instead of you working for the money, there are hundreds of options from saving accounts to deposits at your local banks, all you need to do is inform yourself with diligence of all the terms presented by the bank. Finally, investments are a step up from savings, at this point you aren't just saving money for a time of need or for a specific item that is way too expensive for you to afford with your usual salary, you are investing the money you aren't using to make a much greater return.

Are financial courses a good way to become more financially capable?

A necessary step towards being more capable with money are financial courses, whether they are face to face or online courses, these will help you greatly in your journey to understanding the consumerist market that surrounds us. Paying attention to these courses can also greatly help with understanding how a more experienced person sees everything and how they share this information with you.

What cases will require you to have a great financial understanding?

There are a whole bunch of points in one's life where he needs financial understanding, but the best examples are:

- Getting your first job, even though overwhelming the life of a young adult is filled with financial problems and getting your first job is one of the first and most essential choices in one's life, it also requires a bunch of studying the job market which obviously requires you to have a more than basic financial understanding.

- Getting your first home or apartment, a big step in the life of a young adult that again needs a lot of research on the market that would be impossible unless the person holds a decent financial understanding.

- Monthly expenses, a rather complicated subject for young adults that again requires financial skills.

- Day-to-day life, if you wait and think, it is surprising just how often we have to deal with situations that require a trained mind in financial studies.

How can a budget plan help you?

Financial education is a necessity, whether or not you choose to use banking products and services. If you spend everything you earn, a personal budget will help you see how you could cut back on your spending.

Write down your income on one side and your expenses on the other side for the last month or two. This will help you understand where your money is going and how to manage your expenses.

Divide your expenses into three categories:

- Fixed expenses that must be paid to avoid penalties and this includes maintenance, electricity, credit rate, telephone, cable, etc.

- Flexible spending: budget for food, meals with friends, clothes, products for personal use, vacations, etc.

- Expenses for property taxes, property and car insurance. These must be paid, usually, annually or quarterly, but must be included in the budget.

What is suggested for your budget plan?

Before applying for a loan for durable goods (long-term) it is good to save a good part of the required amount in advance. To save money for the early payment of the loan or for a new car, resist the temptation to buy things that you do not need!

If you receive a bonus, put some money aside. Check how much money you still have available in cash or your account balance via ATM or internet/mobile banking.

When you have additional financial resources, you can deposit the money in a deposit. Deposits and certificates of deposit are guaranteed by the Bank Deposit Guarantee Fund up to 100,000 euros, for each guaranteed deposit.

If the capital holder wants to invest in financial assets with higher potential return bonds /shares, investment funds, pension funds), he must know that the risks he assumes also increase proportionally.

Conclusion:

Individuals can easily manage their finances as long as they keep an open mind and are willing to keep studying the matter.

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