

Addis Ababa city Administration Education Bureau

“Education at Home” Program Unit summery Note

Subject: Civics and Ethics Education

GRADE: 12th

UNIT NINE: SAVING

- Saving is the habit of using money and other resource wisely and not spending money (resource).
- Saving refers the habit of keeping (setting aside something out one’s own present earning for future time earning.)
- Savings is the portion of income not spent on current expenditures.
- Mathematically it can be expressed as income minus consumption.
- Saving can be making meaningful by developing the habit of planning and proper utilization of resources like money, time and even labor.
 - **Income:** is the money that you earn (take in) and have available to spend.
 - **Expenses:** are thing on which you spend money.

1. Fixed expense: are expenses that one has to pay regularly?

2. Flexible expense: are expenses that do not occur regularly or not always the same amount?

- **Saving account:** is an account that holds the money you deposit.
- **Interest:** is money that banks pay you at regular intervals (monthly or annually).
- **Wealth:** is a total accumulated property for a long period of time
- **Budget:** is a plan for using the money you have. It is a set of guideline to use money wisely.

Form/ way of saving

- **Cash saving:** refers keeping money in modern banks when the availability of modern financial institution is widespread,
- **Tangible assets:** like livestock, crops, gold etc. in traditional financial institution is risky.

Use of saving:

- For emergency purpose (for time of sickness temporary/permanent disability).
 - For social obligations i.e. wedding, ceremonies & holidays.
 - For nurturing and educating children
 - For increasing (boost) income
 - For future consumption
 - For improvement of their lives (make life more comfortable)
 - For special needs of the family
 - For enjoyment or refreshment
 - For buy a big thing also at large
- ✓ Good money managers understand the important of living within their income and learn to budget and live on their budget.

Steps of budgeting (to make plan) to spending saving money are:

- **Determine income:** budget starting form identify the source and amount of income
- **Record expenses:** Using a small note book writes down (record) each amount your activity spends money for a period of time

- ✓ **Create a plan:** based on your short- term and long term goal use money wisely by giving priorities to save for achieving a goal. Plan is a set of decision about what and how to do something to reach one's goal
- ✓ **Stick to your plan:** refers checking you budget regularly to see you are staying within plan or not.

Financial institution:

1. Formal (modern) financial institutions

It includes banks, credit union (association), insurance companies, micro –finance institution etc. Banks are institution used to deposit money

Advantage of banks is

- Secured (grunted) or save money in are and insured place
- It is Quick to withdrawal/convenient to withdraw money if needed.
- Earning interest (external money)

2. Informal (traditional) financial institution

- **Ikub:** is a periodically rotating community saving and credit institution. In ikub members receiving large sum at some point in agree time
- **Ider:** is a none- profitable community saving institution for emergency cases

Traditional practice that affect saving: The level of saving is mainly related with the level of income.

1. Extravagance:

Extravagance is the habit of spending (using resource in an uncontrolled way)

2. Absence of family planning:

- **Family** is a group of people related with by blood and marriage (live together)
- **Family planning:** is a deliberative and voluntary decision about reproduction increases awareness about medical service, health family life and to avoid un wanted pregnancies
- **Contraception:** Is a method (deliberate action) using drugs like pills, condoms, and fertility awareness other birth control techniques to prevent UN planed pregnancy and limit the number of children.

3. religion dogmatism:

Religious dogmatism refers the attitude of believers to accept what is parched as an established fact without questioning about its effect.

Modern saving practice

1. Economical use of income and material

- Economical use of materials and income is an indispensable factor in leading a successful life
- Wasting income refers spending income on goods services without assessing their alternative selling price.
- To lead a meaningful life avoiding wastage of income and materials.

2. Reducing extravagance practice

- Traditional excessive consumption and extravagance practice is a factor that has contribution for low level of saving. Then to reduce extravagance awareness creation through media & idir is necessary.

- 3. **Family planning:** Family planning is the only solution to limiting or controlling the birth rate (high rate of population growth and high dependency ration).

4. **Planned life-style:** Avoid unnecessary expenditure and acting accordingly to lead successful, health and self –fulfilling life. Saving is impossible without planning.

A. **Saving institution:** To keep (deposit) a large amount of money in saving institution than putting in pocket.

B. **Resource management and planning:** Resources are things like material, human and natural resource. Used to achieve our goal

Managing resource: Resource management refers using resource wisely and involves four steps.

1. **planning:** is a precondition (primary) for any action

It is most important to manage (use) resource more effectively, efficiently properly and successfully

2. **Organizing:** rearranging what we will do. organizing process has three steps:

- develop a schedule
- assemble the needed resource
- prepare to act

3.Implementing: after planning & organizing you must ready to precede your plan to done.

At the end out the plan in to action

1.monitor the plan and your progress

4. **Evaluating:** when the task is completed the next management process is evaluating the task. i.e.

- evaluating the plan
- evaluating the performance

5. proper use of public utilities:

Public utilities are social services known as electricity, water supply transportation and communication and communication facilities that help people to live better.

• **Conservation:** is a mechanism of protecting resource to life. Then we can avoid wasting water by using water conservation.

Ways to conserve water are

- Use after with minimum amount
- Don't run unnecessarily
- Close pipe tightly after use
- Don't throw any garbage (plastic material) in to running water
- Energy is the resource for producing usable power like electricity, gas fuel oil, fuel – wood etc.
- The purpose of energy is to produced light, to serve as fuel, to pump water, to drive vehicles

Advices (tips) for proper use of electric energy (conserving energy) are:

- i. turn off lights, TV sets, radios and appliances
- ii. replace high –wastage bulbs with low –wastage bulbs
- iii. use fluorescent bulbs (use less energy than other bulb

Remember:

- Planning, conservation, preservation and substitutions are among the useful and possible ways of saving.
- Credit associations, banks and other financial institutions are among the national agents which work hard to encourage investment.

- IMF and World Bank on the other hand are the two most powerful institutions with primary objective of poverty reduction.
- *Saving means doesn't spend more than you earn and make priority list of your expenditures.*