**Financial Education Animated Video Series**

**“Be the King of Financial Management”**

**Transcript**

I want to get new sneakers, but I don’t have the money...

You surely have no money to shop, because you have no savings.

I have been saving money! But... I have only got $200.

There is a way to save money. Let me tell you more about it!

Here’s how to save money effectively: “To save first before spending.” Use the concept of income minus savings equals expenses, instead of spending first and then save the leftover money.

In addition, set a saving goal for yourself. This will make you more motivated to save money. Have you ever heard of the “SMART” principle? We can apply it in setting savings goals. “SMART” stands for Specific, Measurable, Achievable, Realistic and Time-Related. Let’s go further of this principle.

Take Ming as an example. He has a clear goal which is to buy a pair of new sneakers. After listing the goals to be achieved, it is necessary to set a time limit. For example, he set a goal of purchasing new sneakers within three months with the $200 he saved from his weekly pocket money of $400. You need to have a clear target on how long to achieve your goal. Also, the goals we set should be realistic. Pay attention to whether the things you want to buy will meet your actual needs. For example, if Ming intends to buy new sneakers because his old ones have worn out, then this meets the actual needs. The money you save can be deposited in a bank. Think carefully before withdrawing it. Do you really need it? In this way, Ming can save money and buy the sneakers he wants.

Why do we need to save money?

We must develop a habit of saving from an early age and establish correct values towards money. Then we’ll have savings for when we need them in the future.

I have many things in the wish list, but I don’t know how much I have spent. What can I do?

We mentioned the concept of “income minus savings equals expenses”, so we need to set a target amount of savings first. On the other hand, there are many expenditure items in our daily life. Therefore, we must keep accounts and record every income and expense. In fact, bookkeeping is a money management technique that allows you to see exactly where your pocket money is going. It is easier to meet our saving goals if we learn how to balance all aspects of our consumption.

It’s useless to keep an account with such little pocket money.

Actually, bookkeeping is more valuable than you think. For example, on a typical school day you might spend $10 on transportation, $40 on food and $20 on other items. Keeping track of all of these can help you keep track of your daily expenses. Nowadays, electronic payments are so common that we often spend all of our money without realising it. Keeping an account allows us to examine and improve our spending habits, which helps us to better manage our finances.

What kind of method can be used to keep accounts?

Accounts can be kept in a variety of ways, including smartphone apps and conventional accounting books. Choose whatever works best for you.

Three simple steps to help you save money: learn how to save, set savings goals and keep accounts. It’s a good habit to save and prepare for a rainy day. Being a financial management king is actually quite simple if you have the right attitude and method. You and I can do it!