

# MONEY MANAGEMENT



Revised by : Bhavani Shankar  
Vetted by : Preethi Athreya

# WHAT IS MONEY MANAGEMENT?

How do you manage  
Cash Inflow Vs Cash Outflow = Money Management



# Guidelines for money management

- Distinguish between 'essential and 'optional' expenses.
- Create and follow budget.
- Identify different ways to earn extra money .
- Don't allow expenses to exceed income.
- Avoid impulse purchases.
- Increase the value of savings.
- Avoid loans with higher interest rates.
- Cash flow in fundamentals of tally is extremely useful for money management.



# Cash inflow vs Cash outflow

## Income

- **Fixed income - Salary fixed by the Organization**
- **Variable income - Earning money apart from salary like incentives, overtime & rewards etc.**
- **Earning money by doing part time jobs & business**

## Expenditure

- **Paying all essential expenses first & early**
- **Keep a list of needed items to buy when you have extra money**
- **Avoid impulsive purchases**
- **Compulsory allocation for savings**

# Essential and Optional expense

## Essential

- House rent
- Services like electricity bill, water bill & transportation
- Groceries and other essentials
- Health Insurance & life insurance
- Retirement account contributions
- Savings
- Medical expenses

## Optional

- Buying clothes, vehicles & electronic gadgets etc.
- Going for trip or picnic.
- Self development expenditures
- Entertainment & fun activity like going to movie, restaurant & events etc.
- Contribution towards societal welfare measures

# STICK TO YOUR BUDGET.

- ✓ **Long-term savings – are savings for more than 3 years which will help you to achieve long term goals like buying flat, car & for higher education.**
- ✓ **Short-term savings – are savings for less than 6 months which will help you to achieve short term goals like buying mobile, clothes, laptop & books etc.**



# How to Earn Extra Income

(within Ethical frame work)

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- **Variable Income-Incentives, Overtime, rewards etc.**
- **Be an Entrepreneur – to do business.**
- **Freelance – Use your skillset to get additional paid work.**
- **Explore online marketing – Trade through online.**
- **Part time jobs – Earning money during your spare time.**



# Part time jobs

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- ▣ **Typing speed of 30 words per minute with accuracy will help us to work during earning potential time and earn extra income by doing DTP and E-registration.**
- ▣ **Voucher entries - Entering financial transaction details.**
- ▣ **Transcription work - Business service to convert speech in written text document.**
- ▣ **Content writer - Create content from web to sell or promote a specific product.**



# How to Save Money?

- **Build an emergency fund**
- **High Interest Savings account**
- **Savings bond**
- **Stock Investment**
- **Mutual fund**



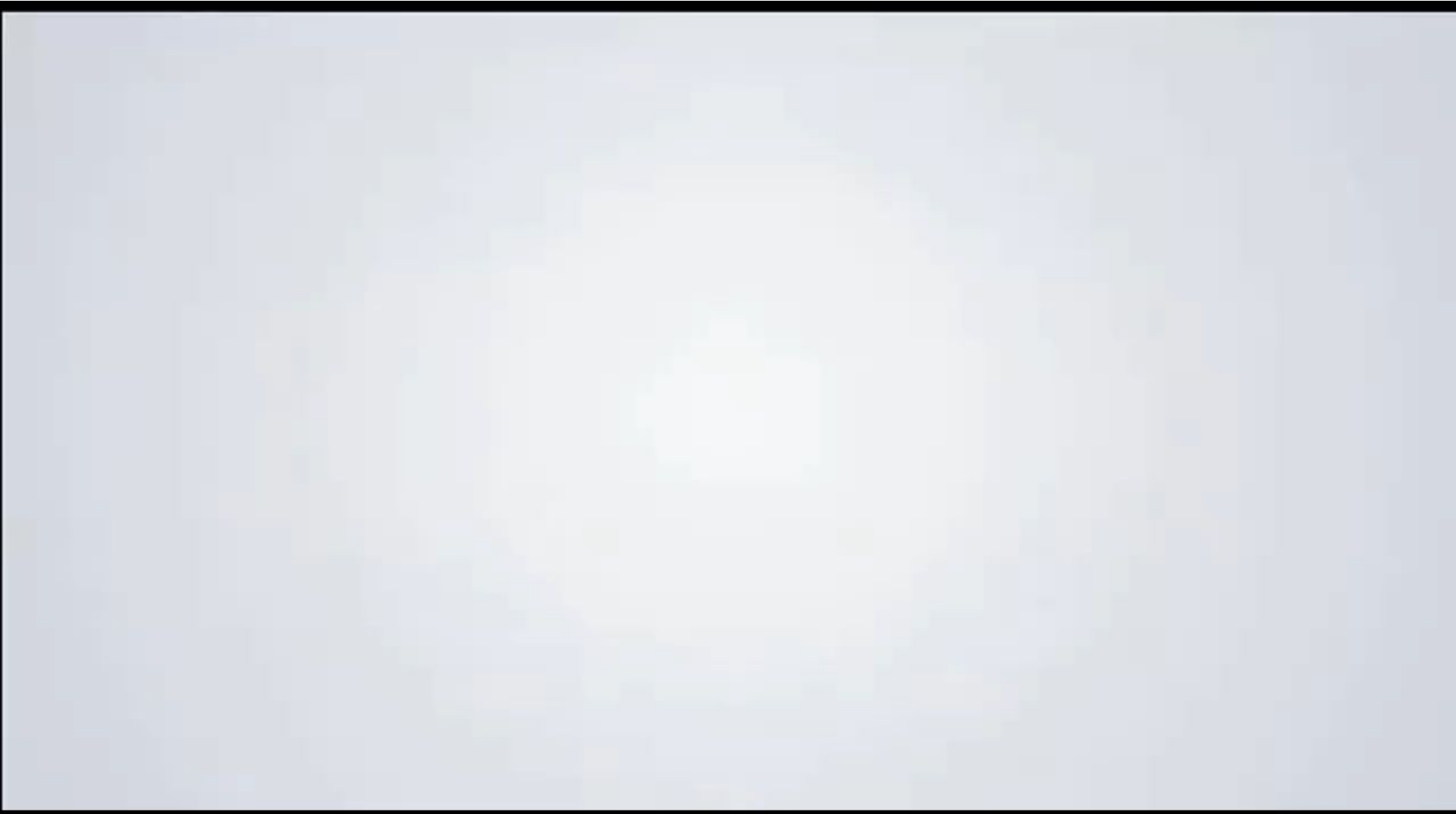
# How to save money?

**PROJECT: BETTER SELF**

# Making a budget

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# Financial planning



# Group activity / (Paired activity)

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- Assume your pay for one month is Rs. 8,000, allocate the budget out of your salary after coding “E” for all essential expense and “O” for all optional expense.
- 50% of your salary should be allocated for Essential expenses, 30% for Optional expenses and 20% for Savings.

# MONTHLY BUDGET

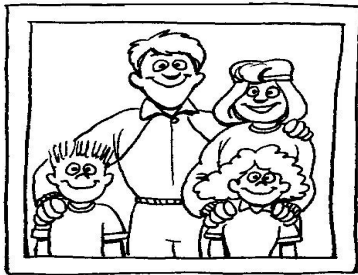
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| <b>Essential</b> | <b>Optional</b> | <b>Savings</b> |
|------------------|-----------------|----------------|
|                  |                 |                |
|                  |                 |                |
|                  |                 |                |
|                  |                 |                |
| <b>Total</b>     | <b>Total</b>    | <b>Total</b>   |

# Personal application

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How can we manage if we cannot pay for all the essential expenses from our earnings?



Will your budget change when you have a family?

How will you achieve your goal within the limited income?



# Summary

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- **Why should we save money?**
- **Should we spend first & save later?**
- **What percentage of salary you have to save?**
- **Is it only the sole responsibility of a man to earn money?**
- **Can a woman be a breadwinner/earning member of the family?**
- **Should we depend on only one source of income?**
- **How does creating a budget help to stay within the earnings?**