



# Week Twenty Two



## Are you a Spender or a Saver?



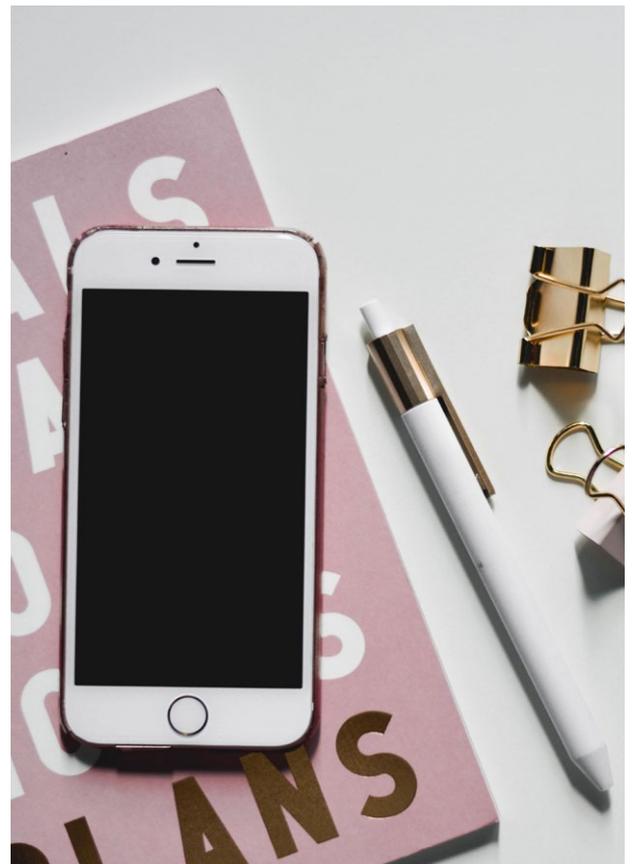
Caption: Photo by Kat Yukawa on Unsplash

Are you a spender or a saver? Or somewhere in between? Do you feel in control of your financial situation, or do you worry about how you will pay for the things you need? Maybe you think this is something you don't have to worry about yet, or that there will always be the "Bank of Mum and Dad" to fall back on if you are in difficulties. Do you want to be 40 years old and still living with your parents or financially dependent on them? Perhaps you need a plan to work towards financial independence and a secure future.

This plan is called a Budget. Successful businesses, individuals and governments use budgets to take control of their finances and use them to achieve their goals.

So what are your goals?

- a phone?
- a car?
- an overseas trip?
- a house?
- ?





# Week Twenty Two



A budget has two halves: Income and Expenses. Income is the money you expect to receive - it could include wages from your job, allowance from your parents, interest on your savings, or profits from your business. Expenses is the money you plan to spend, save or invest. Here is a sample: Penny is a 16-year-old, with a job at a fast food outlet, and she receives an allowance of \$30 a fortnight from her parents. She goes busking with friends in the school holidays. Her parents expect her to buy most of her own clothes, her public transport fares, and pay for her own mobile phone.

## Penny's Budget for 2021

Income	\$
Fortnightly allowance: 26 fortnights @ \$30	\$780.00
Busking tips: 10 days @ \$20 per day	\$200.00
Part-time job at fast food business:	
8 hours per week @ \$13.39 per hour	\$5,570.24
<b>Total expected income for 2021:</b>	<b>\$6,550.24</b>

Expenses	\$
Mobile phone purchased outright	\$249.00
Pre-paid mobile phone plan @ \$30 per 28 days for 25 GB	\$390.00
Student Myki card for public transport	\$617.00
Clothes @ \$60 per month	\$720.00
Entertainment @ \$50 per month	\$600.00
Donations to charity @ 10% of earnings = approx \$25 per fortnight	\$655.02
Savings @ 50% of earnings	\$3,275.12
<b>Total expected expenses for 2021:</b>	<b>\$6,506.14</b>



# Week Twenty Two



Penny is saving up to buy a car when she turns 18. She saves 50% of her earnings, putting the money into a Bonus Saver Account, where she receives additional interest as long as she deposits at least \$100 every month and makes no withdrawals during the month. At the end of three years she will have saved more than \$10,000:



## Saving money on your mobile phone

You may have noticed in Penny's budget that she bought her mobile outright and purchased her phone and data usage on a pre-paid plan. This can be a way to save on phone costs if you choose a less expensive phone and keep your usage under control. Of course, if your goal is to have the very latest phone and you use large amounts of data, then you may be better off with a combined plan. Let's compare Penny with her friends Kara and Imogen:



# Week Twenty Two



Penny	
Phone purchased outright:	
Samsung Galaxy A11 32GB Black	\$ 249.00
Pre-paid mobile phone plan @ \$30 per 28 days for 25 GB	\$ 390.00
Cost per year over 2 years	\$ 514.50
Total data per year	325 GB

Kara	
Phone purchased on 24 month plan:	
Samsung Galaxy A11 32GB Black: payments \$10.37 per month	\$ 124.44
Plan: 40 GB per month @ \$55 per month	\$ 660.00
Cost per year over 2 years	\$ 784.44
Total data per year	480 GB

Imogen	
Phone purchased on 24 month plan:	
Apple iPhone 12 Pro Max: payments \$77.04 per month	\$ 924.48
Plan: 80 GB per month @ \$65 per month	\$ 780.00
Cost per year over 2 years	\$ 1,704.48
Total data per year	960 GB

Kara is spending \$269.94 a year more than Penny, for the same phone, and 155 GB more data per year – is she getting value for money? Does she actually use that extra data? Imogen has the very latest phone, an iPhone 12, but it is costing her \$800 more per year than Kara’s phone – are there other priorities for that \$800, like saving up for a car? She pays \$10 extra per month compared to Kara, but gets twice as much data – this is a good deal if she is a heavy user, but if she chose the same data plan with a cheaper phone, she could save a lot.

Think about your priorities and your goals – where do you want to be in three years’ time?



**Caption: Photo by trail on Unsplash**