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Financial Literacy and Personal Budgeting

Democratizing money conversat

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Outline

- Behavioral Economics (*why smart people make weird money choices)*
- Money personalities (*What is your money DNA?)*
- Personal Finance (*What's all the fuss about?)*
- Budgeting (*I blew it! Psyche!)*
- Flash Quiz (*Eek!)*

Definition: examines how **psychological factors, cognitive biases**, and **social influences** affect economic decision-making.

Here are 3 common brain (biases) quirks to look at:

>Loss Aversion

We hate losing money more than we enjoy gaining it.
Losing R500 *feels worse* than gaining R500 feels good. So we get scared and make bad calls (like pulling out of investments too soon).

>Present Bias

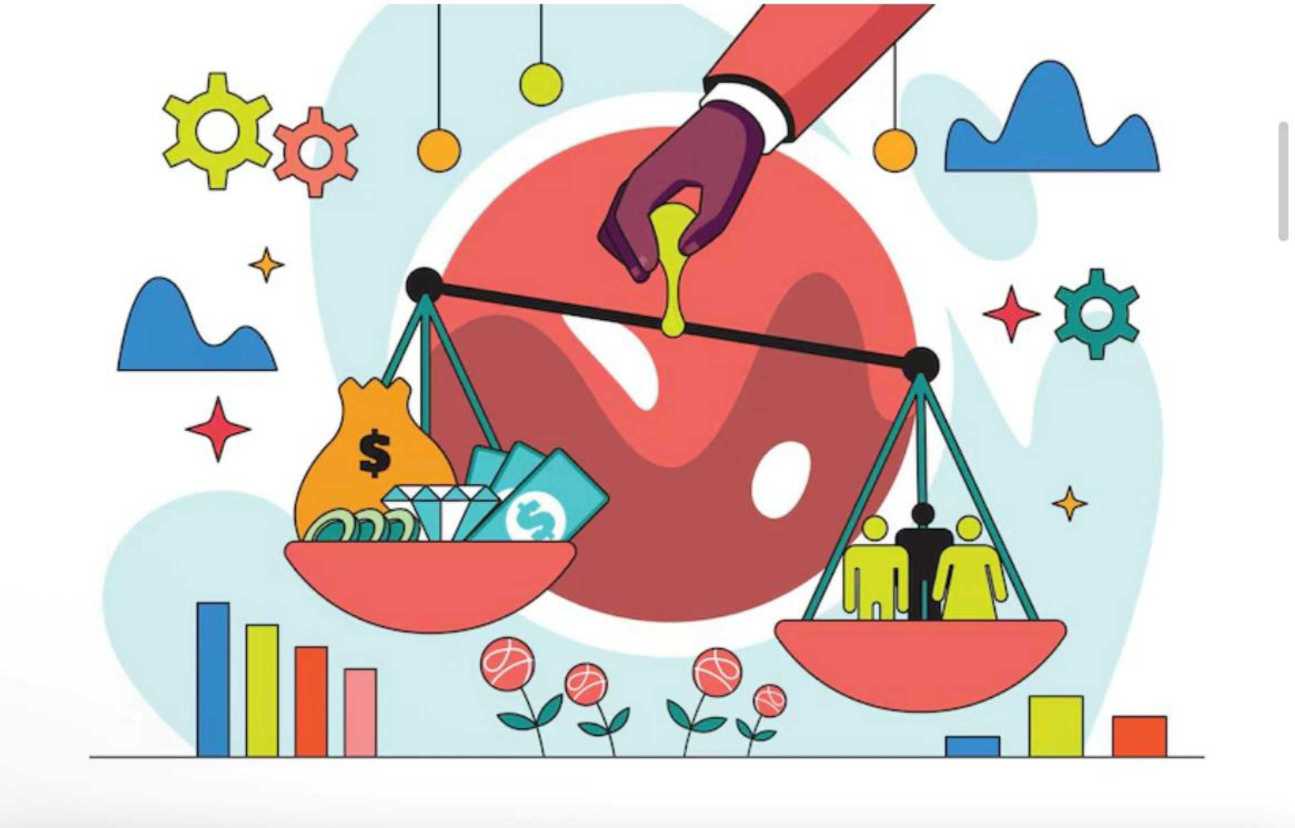
We value now more than later.
So we buy new shoes today instead of saving for vacation next month.

>Mental Accounting

We treat money differently based on where it comes from.
A tax refund feels like "free money" even though it’s just your money coming back. So we splurge.

Money Personality

Definition: We all have different **money personalities** — kind of like emotional habits or styles around money, shaped by how we grew up, what we fear, and what we want in life



Here are 5 common money personality types:

- **The Saver**
Loves budgeting. Feels safe when there's money in the bank.
Motto: "Better safe than sorry."
- **The Spender**
Loves the joy of buying things or giving gifts. Money is for living.
Motto: "You can't take it with you."
- **The Avoider**
Hates talking or thinking about money. Procrastinates on bills.
Motto: "If I ignore it, maybe it'll go away."
- **The Risk Taker**
Enjoys bold moves — investing, side hustles, taking chances.
Motto: "No risk, no reward."
- **The Flyer**
Detached from money. May feel like it's not important, or just not their thing.
Motto: "Money's just not my priority."

Personal finance

Understanding how to manage income, expenses, savings, and investments, you are then able make informed decisions that align with your financial goals. This control helps prevent debt accumulation, fosters a culture of saving, and encourages responsible spending.

Ultimately, sound personal finance practices lead to greater financial security, enabling you to navigate unexpected expenses, plan for major life events, and prepare for retirement with confidence.

Key reasons why it's important

- Financial Security
- Stress Reduction
- Informed Decision-Making
- Empowerment
- Budgeting and Spending Control
- Debt Management
- Investment Growth
- Wealth Building
- Goal Achievement
- Retirement Planning

Budgeting

Budgeting is the process of creating a plan to manage your finances by estimating income and expenses over a specific period, typically monthly or annually.

Why do we budget?

It helps you allocate resources effectively, track spending, and achieve financial goals. By outlining what you expect to earn and spend, budgeting allows for better control over financial decisions, helps prevent overspending, and can lead to savings and investments for future needs.

Basics of budgeting

1. Understand Your Income
2. Track Your Expenses
3. Categorize Your Spending
4. Set Financial Goals
5. Create a Budget Plan
6. Monitor and Adjust
7. Track your finances
8. Stay Disciplined
9. Build an Emergency Fund
10. Evaluate Regularly

Money Personality Quiz

Instructions:

Pick the option that best describes how you would act or feel in each situation.

1. What do you do when you get a surprise bonus?

A) Put it straight into savings or investments
B) Spend it on something fun — I earned it!
C) Feel anxious and unsure what to do with it
D) Think about how to use it to make more money
E) Forget about it and let it sit in my account

2. How do you feel about budgeting?

A) Love it — I track every cent
B) It’s too restrictive
C) I avoid it — it's overwhelming
D) I prefer flexible planning, not strict budgets
E) I don't really think about it at all

3. When you think of money, what's the first word that comes to mind?

A) Security
B) Freedom
C) Stress
D) Opportunity
E) Irrelevant

4. How do you typically spend money on big purchases?

A) Research, plan, and wait for the right deal
B) Go for it if I want it — life is short
C) Put it off until I'm forced to deal with it
D) Take a calculated risk if there's potential upside
E) Let someone else make the decision

Thank You

Questions & Answers

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