

# Unit 9

## Saving

### Introduction

In Unit 8, you saw the idea of self-reliance. To be self-reliant it is also important to understand the concept of saving. This unit deals with the need to save and avoid being extravagant.

### Lessons

1. Saving and Extravagance
2. Planning and Saving
3. Money as a Source of Wealth

### What you will learn

#### You will:

- realize the essence of saving and extravagance.
- understand the relationship between planning and saving.

### Key words and concepts

- Budget
- Emergencies
- Extravagance
- Family planning
- Goal
- Living within your means
- Planning
- Saving
- Waste of resources
- Wealth
- Wise use of money



National Bank of Ethiopia

# LESSON 1

## Saving and Extravagance

By the end of this lesson, you should be able to:

- define what saving is.
- identify extravagant practices in Ethiopia.
- avoid extravagant practices.

- Why do you think people save?
- Discuss if you have ever saved anything.
- What do you think extravagance means?
- What is the most extravagant thing you have done?
- Have you ever seen your friends or your parents be extravagant?

Saving means keeping something for the future. One of the reasons that people save is for the future. For example, most people save to buy or build a house, or buy a car. These are big items which require a lot of money. If you start saving



Boys playing tezer

money today, one day you will have enough to fulfill your dreams.

You also need to save for **emergencies**. These are things which you do not expect to happen in life. For example, you could get sick unexpectedly and need money to get treatment and care.

### CASE STUDY

On a Saturday morning Adil and Daniel were playing tezer on an electric pole. They were enjoying themselves. Suddenly the boys got a shock from an electric cable. A passerby saw the accident and called out for help. Their parents rushed their sons to the nearest hospital. The doctor said that the boys were in shock and there was a problem with their hearts. He also told the parents that they would

need special treatment to save their lives. The receptionist told them that the treatment would cost each boy 3000 birr. Adil's parents rushed to the bank to get the money. However, Daniel's mother, W/ro Tirsit, started crying because she knew that they hadn't saved that amount of money. Because of that she might not be able to save her son. She was always telling her husband to save but he did not

## Saving and Extravagance

listen. Fortunately his brother lent them the money, and Daniel recovered. But now they have to pay the money back.

**?** Discuss the importance of saving in terms of insuring yourself and your family.

You have to develop the habit of saving and avoid buying extravagant items. It is good to celebrate a wedding. However, it is not good to spend all the savings on a wedding ceremony. Some people who prepare their wedding ceremony by borrowing a lot of money find it difficult to pay back what they owe. This is not good. They would be forced to give up a lot of their necessities in

order to pay back the money they borrowed.

Another extravagant practice is to spend excessive amounts of money on funerals. Just like for the wedding, some people borrow money to pay for an extravagant funeral. This may not be good because they may face problems when they have to pay back the money.

### CASE STUDY

#### A Typical Indian Wedding

In India wedding ceremonies are paid for by the parents of the girl. Most people in India, including those who are poor, think that having a simple wedding is shameful. So, even if they don't have the money, they go to illegal money lenders who demand a high interest rate. They borrow a lot of money to have a very big wedding ceremony. Even a relatively poor man pays for a very big wedding ceremony for his daughter. After the wedding he and the rest of the family will bear the burden of paying back the debt for a long time. This means they have to pay the money from their future income. Because of this they have to eat less. They also have problems paying school fees for the rest of the children.



#### Discuss

- What do you think about the expense of wedding ceremony practice in India?
- ?** ➤ Do you think it is sensible to spend so much money on weddings, particularly if you are poor and have to borrow the money?

#### Tezkar and other religious festivities

In Ethiopia there are also some practices that require extravagant expenditure like *Tezkar*. *Tezkar* is a funeral ceremony after a person passes

away. There are people in Ethiopia who pay a lot of money for the preparation of this ceremony. However, extravagant expenditure on *Tezkar* may lead to debt.

### REMEMBER

- Saving is important for the future, and for emergencies.
- Extravagance is harmful and it affects our saving culture.

# LESSON 2

## Planning and Saving

By the end of this lesson, you should be able to:

- define what planning is.
- describe how to live within your own means.
- explain why it is important not to waste resources.

- What do you think 'planning' is?
- What do you think family planning is?
- What do you think is the impact of misuse of resources?

**Planning** means to work out what you need to do, step by step, in order to reach a goal. As students you all have goals to achieve. You all think about what you want to become in the future. When you know what you want to become or what you


want to do in the future, it means you have a **goal**. When you think about what you need to do in order to achieve your goal it means that you are planning. Planning helps you to make the best use of your resources.

It is also important to plan one's family. **Planning a family** means limiting the number of children we want to have so that we can take care of them better. This means, when you plan the family you will be able to use the resources you have to satisfy the needs of the family. If there is small number of children, the available money could be enough to meet the needs and wants of the children. However, if there are a lot of children, the money won't be enough to take care of all the children.

### CASE STUDY

W/ro Woinshet is a woman who has nine children. Early one morning on her way to fetch water she met her friend W/ro Alemtsehay. W/ro Alemtsehay has two children. W/ro Woinshet told her that she has a problem feeding all her children. She also said that only three of her children were going to school. The other six children were at home working with her because W/ro Woinshet and her husband don't have

enough money. W/ro Alemtsehay was sad and told her friend that she didn't have a problem like that as she and her husband decided to limit the number of children in their family.

 Discuss what you think about this situation?

# Planning and Saving

### Share your goal

- On a small piece of paper write down what you want to become in the future.
- Also write five things you are going to do in order to achieve that goal.
- Next exchange it with the student next to you. On his or her list add more things which you think your friend needs to do in order to achieve his or her goals and give the paper back.
- Then talk about your goals in class.

As pointed out earlier, planning helps you to use your resources well so that you can benefit from them. This also works for the things which you have to do at home, in school and in the office. This saves a lot of money and time. The purpose of learning to plan and to save is to develop the habit of living within the limits of your income. By matching your life style to what you earn, you **avoid wasting your resources** and those of your family. Similarly, you should respect public property like public phones, waste baskets, school desks etc.



Misuse of our water resource



Misuse of classroom furniture

Look around your school and try to find examples of bad treatment of school property. What would be the consequences of improper use of school property like furniture. Suggest what needs to be done to look after this properly.

Copy the table below and complete it in your notebook. The first example is given.

	Items being misused	Kind of bad treatment	By whom	Damage caused	Impact of damage	Suggestions
1	Desks	Standing on them; writing on them	Students	Breakages & defacement	Shortens life of desks	Students should use desks properly
2						
3						
4						

## REMEMBER

- Having a goal and planning is important.
- It is important to use all our resources properly.
- It is important to plan a personal or family budget.

# LESSON 3

## Money as a Source of Wealth

By the end of this lesson, you should be able to:

- define wealth.
- explain the importance of money.
- describe the method(s) one should use to get money.

What do you think wealth is?

**Wealth** is the total amount of money and property that a person owns. During their lives

people accumulate wealth through their **efforts** over many years. It grows over time and mostly it is not something that just comes suddenly. Accumulating wealth is possible when you and members of society work in a continuous way and also through generations. You need to work and then you need to save the money. So if you work hard and use the money well it will benefit you and your family.

### CASE STUDY

There are some people who achieve a lot starting from something very small. Samuel Tafesse is a good example of this. He was born in 1958 in a very poor family. Even as a young boy he had to work on construction sites to help his parents. Also, after school he used to vend cigarettes to earn additional income. He grew up working in construction and different jobs. In his early twenties, he borrowed 10,000 Birr from a friend to get his first construction license and started a company. Samuel continued to work very hard. Now, after 25 years, he and his wife own a company with a capital of over 50 million Birr. By working hard and saving money, Samuel has achieved a great deal in terms of wealth.

**?** Do you think Samuel deserves to be a wealthy man? Discuss.



Construction site in Addis Ababa

## Money as a Source of Wealth

Wealth accumulates over time. So we have to use the money we earn wisely. If we exert enough effort to get the money and if we use that money wisely we could accumulate a lot of wealth. If we plan goals as a family it will help the family to become wealthier.



### Debate

Form two groups. Each group should discuss one of the following issues:



- You do not need to work hard to make money because, through corruption and other means, you can get money.
- You need to work hard to make money. You can build your career and become wealthier over time.

Discuss the main outcomes as a class.



Many new buildings are being erected in Addis Ababa and other towns of Ethiopia

### REMEMBER

- Wealth is the total amount of money and property.
- It is very important to use money wisely.
- You need to work hard to make money.
- Be suspicious of easy ways to make money.

## UNIT SUMMARY

In this unit, you have seen the importance of saving. You have discussed the importance of planning a family as well as having a goal. You also saw that it requires effort to get money and to become wealthy. In relation to this you discovered that it is important to give something to society when you become wealthy. Wealth is something that you accumulate over time. Using both money and resources properly and wisely is important and will help you to accumulate wealth.

## GLOSSARY

<b>Emergencies:</b>	Events which we don't expect.
<b>Extravagant Practices:</b>	Unnecessary expenditures.
<b>Family Planning:</b>	Limiting the number of children so that it is easier to take good care of them.
<b>Planning:</b>	Thinking what you need to do in order to achieve a goal.
<b>Saving:</b>	Keeping something for the future.
<b>Wealth:</b>	Accumulated property and money that a person owns.

## UNIT REVIEW EXERCISES

Do these review exercises in your exercise book.

### Part I – Multiple choice

- Saving is important:
  - to buy big things
  - for emergencies
  - both (a) and (b)
  - none of the above
- Planning helps to:
  - achieve our goals
  - properly use our resources
  - have a lot of children
  - (a) and (b)

- Wealth means:

- money earned from selling drugs
- the amount of money and property accumulated over time
- something that can be obtained easily

### Part II – True or false

- Saving only helps to buy big things
- Having a goal helps you to make good plans
- Extravagant things are important