

FINANCIAL LITERACY FOR PARENTS

We live in a consumer society. In this day and age it is important to be financially literate. Financial literacy is necessary so that we as consumers could make good decisions about financial products and services and create personal and family budgets in accordance with our needs.

For smart personal finance management, household budget management, cost planning and control, we need to have a clear and concrete financial plan.

No matter how much we earn and what our income is, we must be careful with how we manage our finances and how we behave towards earned money. If our earnings do not cover our costs, the solution is either to cut costs or increase earnings.

The first step to the successful management of personal finances is to establish control over costs and not have an overdrawn bank account. This is followed by creation of preconditions for savings and such an individual approach to a client should allow to multiply savings in property in the long run.

Managing personal finances, and managing family finances, must have as its main objective increasing the value of assets. The successful realization of this goal requires a precise record of all financial changes in a given period.

Personal finances management also requires an income statement, as an indicator of the financial success of the family. The income statement is usually done at the end of a year, but it can also be done in shorter periods, in order to react in time if you do not realize the plans that you have established.

Household budgets include all of our income and expenses. When planning the household budget the goal should be to achieve higher income than expenditures. All the income and expenditures should be put on paper. The budget plan can be short-term (eg, weekly, monthly) or long- term (annual, perennial).

Planning the household budget

Income

- Regular-salary
- Extraordinary- income from additional jobs and additional pay

Expenditures

- Regular - the cost of food, hygiene costs, household bills, the cost of clothing, transportation, education, bank loan
- Extraordinary – appliance failure, providing much needed furniture, treatment costs

Surplus funds can be achieved by increasing the existing income (eg. finding a second job, selling assets that are not required, ...) or reducing the existing expenditure.

Rationalization of costs can be achieved by reducing the use of credit cards, reducing expenses that can be controlled (telephone, mobile, the Internet, various subscriptions ...), reducing unnecessary debts (eg. overdrawn account interest are very high), planned

shopping (making shopping lists, buying products on sale, comparing the price of the same product in different stores ...).

As customers we must be aware that so called marketing traps have a major impact on the selection of a particular product. Pleasant music, lighting and scent encourage us to stay longer in the store and spend more money. Kindness of retailers also plays a big part; we will find it difficult to resist the persuasion of a friendly seller. Products whose sale traders want to encourage will be placed at the right side of a shop because people naturally move on the right side. The center will accommodate the most popular products, and the cash register little things that particularly appeal to kids (chocolate, candies, chewing gum, etc.). Larger shopping centers set comfortable armchairs for men who are waiting for their female partners.

85% of women and only 72% of men check prices of products.

65% of men and only 25% of women buy the clothes they try on.

Contrary to the popular opinion, men are more impulsive shoppers!

When using bank cards, it is important to be informed about:

- Terms and conditions as they regulate rights and obligations of the issuer and the users,
- Possibilities of purchase and payment by cards - one-time payment, payment in installments, revolving (only a part of the debt is repaid, minimum percentage is defined by the contract, interest is calculated, and in case of repayment delay there is default interest).
- The possibilities of getting a cash loan,
- The possibilities of obtaining a consumer loan - cardholders pay the purchased product from the agreed amount of a consumer credit,
- Other possibilities of cards - paying bills, collecting points, withdrawing cash, the approved expenditure limits.

It is also important to be informed and take into account a number of charges in the card business:

registration and membership fee, fee for issuing the card, fee for payment by credit cards, application fee, compensation for changing conditions, compensation for early repayment, compensation for card replacement, fees for the re-creation of a pin, compensation for unlawful cost advertising.

Why save?

There are three main reasons for saving: emergencies, investments and pensions.

How to make savings plan?

1. Record all costs
2. Make a budget
3. Make a savings plan (plan to save 10-15% of your monthly income)
4. Define saving objectives and term
5. Define priorities
6. Check your savings every month

What should I pay attention to?

1. Get information on the types of savings,
2. Compare the interest rates on deposits, the method of interest calculation, how often the interest is calculated.

Types of savings

1. Time deposits
2. Children's Savings
3. Agreement on saving

Before signing any contract you need to study it in detail and seek additional professional clarification!

In this section, we wish to explain in a simple way what a loan is, which are the main conditions of the loan, which are the most common types of loans and collaterals and what you have to consider when you realize a loan.

Given that major life needs, like education away from the place of residence, buying a flat, building a house, buying a car, etc., require large financial resources, to ensure these funds we often reach for loans.

What is a loan?

Loan is money that the loan provider (lender) gives to the borrower (debtor), with or without a purpose, which the borrower is obligated to return along with the agreed interest within a certain period and under certain conditions. "

Given that this business relationship is also a legal work, it is contracted. Before signing the contract the borrower is given:

- insight into the effective interest rate (EIR) for the loan, and
- on request also receives a free loan agreement draft in order to learn about the conditions.

With a draft of the agreement, the credit institution provides a copy or an electronic version of the relevant articles of the General Terms, Interest rate policy, Tariff of fees and all other acts of a credit institution that directly or indirectly affect the financial position of the borrower and a

brief explanation of the manner in which the above acts might affect your financial position as a borrower.

The credit institution presents all the information the borrower needs to compare various offers and decide whether he/she wants to conclude the agreement. If other participants in the loan also appear in the contract, they also have to be presented with all the relevant information about the terms of the agreement and they are introduced to their rights and obligations.

Types of loans

With regard to the purpose, there are two types of loans:

- dedicated and
- purpose loans

Purpose loans that are most commonly used are:

- Housing Loans
- Loans for vehicles / vessels
- Loans for Education
- Lombard loans
- Consumer loans

Mortgage loan

Mortgage loan is a non-purpose loan, which is usually paid on the account of the borrower, and is secured by a lien on the property in proper ratio.

Lombard loans are usually granted on the basis of pledges to deposit, share in a particular fund or life insurance policy.

Terms and conditions of the loan

In order to meet the general conditions of the credit business, credit institutions have made available the so-called "general conditions" in which information in terms of granting loans are available.

Terms and conditions of the credit business contain information on:

- applicable nominal annual rates of regular and default interest,
- the method of calculating interest (the application of conformal or relative interest rates)
- the conditions under which the rates of regular and default interest can be changed during the use and repayment of loans,
- currency in which to nominate or with which the principal can be bound and clarifications relating to the risk of changes in exchange rates of these currencies,
- fees or commissions that (except interest on the declared nominal rate) credit institutions charge the borrower, including an explanation associated with possible volatility of these fees or commissions for the duration of the credit agreement with the consumer,
- effective interest rates that reflect the total price of each type of loan, calculated in accordance with the regulations of the Croatian National Bank,
- the amount of principal and interest (including other costs) for the assumed loan amount, repayment terms, the number and amount of installments (repayment plan)
- the conditions of deposit with a credit institution, if it is a condition for granting loans,
- possibilities and requirements for offsetting loans and deposits referred to above,
- collateral loan repayment and other conditions set by the credit institution with particular emphasis on the consequences of default under the contract, termination or cancellation of the contract and the order of activation of the collateral,
- the right of consumers to withdraw from the contract and legal deadlines for this and the possibilities and conditions of early return of the loan.

Terms and conditions need to be given to the credit user for inspection prior to the conclusion of the credit agreement.

The credit user is informed about the state of his loan at least once a year at no charge.

The right to withdraw from the loan

The right to cancellation of the loan is regulated by the Consumer Credit.

The borrower has the right to cancel the contract on the loan within 14 days without giving reasons.

Notifications on the status of the loan

The borrower receives a notification on the status of his loan once a year free of charge. The notification includes:

- arrears to a credit institution and
- The information on the deadline by which the credit institution sends the first and the second warning about the debt and the warning about the cancellation of the loan.

Such notice shall be sent to the co-debtors and guarantors, if they are loan participants, and it shall be sent up to the moment of possible proceedings to recover loans.

Consumer complaint

If the consumer believes that the credit institution does not comply with the terms of the contract on the provision of banking / financial services, he/she can make a complaint to:

- appropriate organizational unit of the credit institution
- organizational unit of a credit institution which is responsible for resolving consumer complaints
- internal audit of the credit institution
- society or association for consumer protection
- other competent authorities.

Financial advisor

Since the market offers various forms of loans and credits in various financial institutions, we recommend that you consult an independent financial adviser on every financial commitment.

Financial Advisor:

Helps the customer to collect financial data, prepare balance sheets and make analysis of the financial condition in order to improve it.

Helps the customer to make a personal financial plan and determine its short-term and long-term financial goals.

Finds the optimal solution, taking into account the needs and possibilities of the client and his financial security and liquidity.

Analyzes and compares the most important facts from the offer of financial service providers and helps the client in choosing solutions.

Advises clients independently, responsibly, professionally and individually.

Advises clients to wisely manage personal finances, manage the household budget, plan and monitor costs.

Advises clients in the alignment of receipts and expenditures, and in planning the way out of financial difficulties and over-indebtedness.

Provides customer service, informs him about the news on the financial market and occasionally advises in order to achieve financial goals.

Financial Consulting for Citizens

Personal financial counseling

There is the increasing need for an independent personal financial consulting for citizens, which means that we need qualified experts with the title of personal financial advisor. We also need the system of education for the profession of personal financial advisor and professional code of the profession.

Personal Financial Planning

When creating a personal financial plan first the current financial situation is analysed, then a financial plan is made, after which the client is advised in the selection of financial products and financial institutions to achieve the set goals.

The process of making a personal financial plan

Collecting financial data to determine the client's current financial situation

Assisting in determining the short-term and long-term personal financial goals

Considering the obstacles to achieve their personal financial goals

Preparing a personal financial plan, according to the rules of the profession

Applying the right strategies which will ensure the achievement of personal financial goals

Occasional consultations in order to monitor the achievement of personal financial goals.

Who needs a personal financial plan?

Every person needs a personal financial plan in order to optimally recognize and use their financial resources, and obtain the maximum benefit with them.

Personal financial planning and personal finance management is necessary for the prudent use and management of a person's resources.

The main objective of planning personal finances is to create conditions for increasing the value of the assets of an individual or a family. Through smart financial planning, saving and investing we can control money, instead of being controlled by it and having our lives disrupted by over-indebtedness.

Proverbs about the money ...

I've never been poor, but I have been broke. Being broke is a temporary state: being poor is a state of mind.

Mike Todd

Being poor is not a shame, but it is a shame to do nothing to change this situation.
Thucydides

Poverty doesn't grieve a person, desire does.

Epictetus

No one has ever achieved something really big without taking a risk.

Denis Waltley

By failing to prepare, you are preparing to fail.

Benjamin Franklin

A goal without a plan is merely a wish.

Antoine de Saint-Exupery

The only thing that hurts more than paying an income tax is not having to pay an income tax.

LordThomas Dewar

We still spend money we don't have, to buy things we don't need, to impress people we don't like.

D. Kay

There is only one success – to be able to spend your life in your own way.

C. Morley

When you have money, people look at you in a different way, even if they know very well where it comes from and how it was acquired.

Proverb

Saving is the wisdom of spending.

Proverb

He is rich who is not indebted, he is young who is healthy.

Proverb

Additional earnings

How to increase the monthly income and improve living standards?

Additional work = extra earnings= increase in income!

In answering this question we often encounter the terms: extra earnings, extra income, earnings on the Internet, extra work, work from home, business on the Internet, work on the Internet.

Many people have decided to work from home by their own choice or for various reasons, and the most common reason is extra work and extra income.

Work on the Internet

Today, many choose to work on the Internet, which gives great freedom and independence at work, regardless of whether it is regular or extra work, regular or extra income on the Internet.

As in any business, for work on the Internet there are certain skills and conditions that must be mastered and applied. Also, work on the Internet brings success only with a lot of serious work and learning.

Earnings on the Internet

The company SFI, as an engine Web store TripleClicks, offers work and earnings on the internet, work from home to promote this international program.

On their website SFI give their co-workers for free: excellent training "step by step", excellent support and marketing tools for building your own SFI business.



*Erasmus+ KA219
Young Entrepreneurs in Action*



You can register free of charge and obtain basic information about the SFI program on the SFI link:

<http://www.sfi4.com/15525609/FREE>

The financial plan is the way to the finish line!