

MODULE 5 – Financial Security

UNIT 5.2 - Skills needed to be Financially secured

<p>LESSON INTRO</p>	<p>Being able to pay for your expenses without experiencing stress is the essence of financial security. Put differently, having financial security relieves you of the continual stress about money.</p> <p>Financial security can be defined practically as feeling in control of your finances generally, saving enough money for emergencies, managing debt responsibly, and spending less than you make. To gain and continuously develop your financial security you need a set of skills. There is not something you are bored with but skills that should be adopted and approved with each step to the ultimate goal.</p>
<p>PREVIOUS ASSIGNMENT(S) CHECK</p>	
<p>INTRODUCTION TO THE TOPIC</p>	<p>Achieving financial security involves a combination of skills, habits, and knowledge.</p> <p>By developing and honing your financial security skills, you can build</p>

	<p>solid foundation for security and achieve your long-term financial goals. Remember that financial security is not achieved overnight but rather through consistent effort and discipline over time.</p>
<p>GENERAL THEORY</p>	<p>Some of the most essential skills in order to have financial security are:</p> <p>Budgeting, this is the skill to know how to be smart with your money. Creating and sticking to a budget helps you track your income, expenses, and savings goals.</p> <p>Saving on the other hand is something that could be cultivated as a habit. By saving money regularly you could build a financial cushion. To start adopting this as part of your everyday tasks you could save a portion of your income each month, even if it's a small amount.</p> <p>Investing: Understanding different investment options such as stocks, bonds, mutual funds, real estate, etc., and knowing how to allocate your assets effectively can help your money grow over time.</p> <p>Debt Management: Learning how to manage and reduce debt is essential for financial security. This includes understanding interest rates, paying off high-interest debt first, and avoiding unnecessary borrowing.</p>

	<p>Financial Literacy: Educating yourself about personal finance topics such as taxes, insurance, retirement planning, and estate planning can empower you to make informed decisions about your money.</p> <p>Employability: Developing skills and staying relevant in your field or industry can increase your earning potential and job security.</p> <p>Emergency Planning: Building an emergency fund to cover unexpected expenses like medical emergencies, car repairs, or job loss can prevent financial setbacks.</p> <p>Risk Management: Having appropriate insurance coverage (health, life, property, etc.) can protect you and your family from financial disaster in case of unforeseen events.</p> <p>Long-Term Planning: Setting long-term financial goals, such as retirement planning and saving for major expenses like education or a home, can provide direction and motivation for your financial decisions.</p> <p>Adaptability and Resilience: Being flexible and resilient in the face of economic challenges or personal setbacks is essential for maintaining financial security over the long term.</p>
<p>REGIONAL THEORY</p>	<p>Според проучване направено от Организацията за икономическо и</p>

социално развитие (ОИСР) общото ниво на финансовата грамотност в България е 58%. България е малко над средното равнище за региона, но под средното ниво за страните членки на ЕС. Държавите от Югоизточна Европа са постигнали средно около 57% от максималния възможен резултат. Това е по-ниско от стойностите, получени чрез същата методология от проучвания на икономиките на ЕС и ОИСР (съответно около 64 % и 65 %).

Според друго проучване извършено от S&P Global Ratings относно финансовата грамотност в рамките на България се наблюдава финансова грамотност от 35%, което ни нарежда на ниво под средното в света. Една от основните причини посочена за това е свързана с това, че хората масово изпитват високи нива на финансов стрес в ежедневието си.

С цел подобряване на финансовата грамотност в България се препоръчва изграждането на финансова култура още в ранна детска възраст. Това може да стане чрез шарените касички, в които пускат монети, от своя страна това учи децата на търпение и целеустременост. Затова, още преди събирането на стотинки, е добре за детето да си постави краткосрочна цел, за която родителят да бъде навигатор и съветник. По

	<p>ТОЗИ НАЧИН ТО ВИЖДА, ЧЕ ЗА НЯКОИ НЕЩА СЕ ИЗИСКВА ПОВЕЧЕ ВРЕМЕ И НЕ ВСИЧКО СЕ СЛУЧВА ВЕДНАГА, А СВОЯ ПРОГРЕС ВИНАГИ МОЖЕ ДА ПРОСЛЕДИ С ПОМОЩТА НА РОДИТЕЛИТЕ.</p> <p>ИДЕЯТА ЗА ФИНАНСОВА ГРАМОТНОСТ, А ОТ ТАМ И ФИНАНСОВА СИГУРНОСТ ПРИДОБИВАТ ВСЕ ПО-ШИРОКА ПРЕДСТАВА, КАТО ОНЛАЙН МОГАТ ДА БЪДАТ НАМЕРЕНИ РАЗЛИЧНИ ИНСТРУМЕНТИ ЗА ПОДОБРЯВАНЕ НА ФИНАНСОВАТА ВИ ГРАМОТНОСТ И СЪВЕТИ ЗА ФИНАНСОВА СИГУРНОСТ.</p>
<p>EXAMPLES (BOTH REGIONAL AND NON-SPECIFIC)</p>	<p>Some examples of why is it important to have financial security skills</p> <p>Empowerment: Having knowledge of financial stability enables people to take charge of their financial situations. People who are proficient in budgeting, debt management, investing, and saving can make wise financial decisions and mold their financial destiny to fit their objectives and morals.</p> <p>Independence: By lowering dependency on outside sources for financial help, financial security skills foster independence. People with these abilities are less likely to find themselves in predicaments where they must rely on help from others and are better able to manage financial difficulties.</p> <p>Resilience: Having knowledge about financial security helps people</p>

become more resilient to unforeseen crises and setbacks. Through emergency fund establishment, sufficient insurance coverage, and responsible financial practices, people can weather financial storms without major life disruption.

Goal Achievement: People who possess financial security skills are able to establish and meet their financial objectives. Whether launching a business, saving for retirement, purchasing a home, or on a global tour, possessing the essential financial knowledge enables people to make practical plans and pursue their goals.

Decreased Stress: For many people, financial insecurity is a big cause of stress. People can reduce their stress levels associated with money management and feel more at ease knowing they have the abilities and information necessary to handle their finances wisely by learning financial security skills.

Generational Impact: Developing skills for financial security can have a positive impact beyond the individual level. By passing down financial knowledge and habits to future generations, individuals can contribute to the financial well-being and prosperity of their families and communities.

HANDS ON EXPERIENCE

What is the first step in creating a budget?

- a) Tracking expenses
- b) Setting financial goals
- c) Assessing income
- d) Reviewing spending habits

Why is having an emergency fund important for financial security?

- a) It helps you save for retirement
- b) It covers unexpected expenses
- c) It helps you pay off debt
- d) It allows you to invest in the stock market

Which of the following is an example of a fixed expense?

- a) Groceries
- b) Dining out
- c) Rent or mortgage
- d) Entertainment

What is the key benefit of investing for financial security?

- a) Guaranteed returns
- b) High liquidity
- c) Diversification
- d) Potential to grow your money over time

Why is it important to review and adjust your budget regularly?

- a) To track spending habits
- b) To identify areas of overspending
- c) To make sure you're on track with financial goals
- d) All of the above

What is the purpose of paying off high-interest debt as part of financial security?

- a) To improve your credit score
- b) To decrease your overall debt burden
- c) To free up money for saving and investing
- d) All of the above

Which insurance type protects against loss of income due to injury or illness?

- a) Life insurance
- b) Health insurance
- c) Disability insurance
- d) Homeowners insurance

What does "asset allocation" refer to in investment?

- a) Spreading investments across different asset classes
- b) Concentrating investments in one asset class
- c) Buying only stocks
- d) Avoiding bonds

How can increasing your employability contribute to financial security?

- a) By increasing your job satisfaction
- b) By reducing the risk of unemployment
- c) By expanding your network
- d) All of the above

What is the purpose of setting long-term financial goals?

- a) To create a budget
- b) To guide financial decisions
- c) To track daily expenses

	<p>d) To avoid debt</p> <p>Answers:</p> <p>c) Assessing income</p> <p>b) It covers unexpected expenses</p> <p>c) Rent or mortgage</p> <p>d) Potential to grow your money over time</p> <p>d) All of the above</p> <p>d) All of the above</p> <p>c) Disability insurance</p> <p>a) Spreading investments across different asset classes</p> <p>b) By reducing the risk of unemployment</p> <p>b) To guide financial decisions</p>
<p>DISCUSSION</p>	
<p>FEEDBACK AND OTHERS</p>	