

The Impact of Saving in Personal Finance

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Abstract

Personal finance shows how we manage of our financial resources. Represents our willingness about money and in general money management our economic and financial. This means you need to decide by yourself for your money, to have success. Savings for each case helps us to overcome such crisis in our lives. Saving helps us to overcome significant problems in our lives. To manage our income means to start a journey towards financial freedom. This does not necessarily mean having a luxurious life, but to adopt effective measures of achieving a certain comfort efficient management of money for each individual brings a qualitative growth. Money is a tool, the means by which we support our unique values and priorities. Therefore it is important to create a financial plan, savings strategies. Goals and opportunities for individuals to save are different and it is difficult to find a suitable solution for all. Albania has not started functioning separate windows or agencies that are only in terms of personal finance.

Keyword: saving, personal finance, budget, personal finance planning.

1. Manage the family finance

Life is a challenge that every individual must choose how to deal with revenue path. It is such as a market economy, each of us is the architect of his own welfare. No one but you can't take care of your welfare. Money is a tool, the means by which we support our unique values and priorities. Therefore it is important to create a financial plan, savings strategies. Goals and opportunities for individuals to save are different and it is difficult to find a suitable solution for all. The financial crisis may occur in a moment unexpected, but we should be always ready for that moment (Bajtelsmit, V. L., & VanDerhei, J. A., 1997). Keep in mind that money is a tool, the means by which we support our unique values and priorities. The richest among us are people who believe that they have enough money to live a quality life and achieve financial stability. Following an effective management manual for their personal income, many Albanian families could reach probably not a luxurious life, but would have a greater financial stability, more security nowadays.

If you are looking for a solution to your debt problems, the most important thing is to find the right solution. Some debt solutions are suitable for large debts, others for small debts. (And "big" or "small" means different things to different people, depending on their overall financial situation). Is always available to talk to a debt adviser about your finances, but if your debts are not very serious, the best debt solution may simply be learning to budget more effectively. Everyone can be surprised how quickly you can solve the problems our debt if you really have your mind on it. This will have little information on the balance of personal economy (Cawood W. F 2005).

Goals and opportunities for individuals to save are different and it is impossible to provide a suitable solution for all. However, there are basic principles that are is worth to follow.

A practical way to save is the investment of money in different stages, which may follow a set pattern. This approach helps us to manage pertaining to our current situation (Kahneman, D., and Tversky 1979).

How much can you save at 6 months, can you try to save for such a period? 6 months is not a long time, but it may be long enough to allow us to make a serious effort to leave some "footprint" on our debts, so as to make a step forward.

The question is: How much money we spend on luxuries, money that could go to wash off your debts and how you can achieve the realization of this objective that often decide?

What kind of luxury we buy?

This is not an easy question to answer, so rank 5 weekly spending unnecessary things. By doing this can we come to understand the value of saving and help we can give us this new method that can be followed easily. In this way you can save in 6 months just by giving up 5 things. If debts are not severe, it may be enough to clean (or to reduce existing debts).

How much money can maintain?

If you be more radical and try to be a little farther luxury you can afford can try cutting down to 50% of our costs substantially, resist the temptation else to spend money on things that do we need¹. (Just be sure not compensate this "diet" spending more on other things that we do not need and can compromise us saving method).

Tip: *The best way to stay motivated is to keep a log to record any money we are saving, so we can see all those sacrifices are valid towards a road to a simple life.*

In this scheme you can count the time you need to save a certain amount of money, based on a given interest. Indicate the amount of savings each year, the amount you want to save and annual interest rate. For more see table illustrated below.

- Secrets of how to save more that we get.

Do not give up the cultural temptation to buy more and more things that you do not need!

Can cut unnecessary costs when you take these steps:

1. *Do a weekly plan* – Every Sunday plan how much will spend this week.
2. *Do a list* - Before you go shopping do a list of what will buy and decide how much shall we spend, including the sales taxes. Do not give up the cultural temptation to buy more and more things that you do not need!
3. *Do a weekly plan*– Every Sunday plan how much will spend this week. Withdraw exactly that amount in cash and hide credit cards for the whole week.
4. *Do a list* - Before you go shopping do a list of what will buy and decide how much shall we spend, including the sales taxes. Take Cash in your wallet and leave the credit cards home. This to help we to purchase what we have in the list of purchases. If we or our kids find something that we might need it put it on the list of debts.
5. Do not fall in "hook" commercial win much less money when we spend a little, so they tempt we with advertising and sales allure.

Although sales, traders can empower sales with prices of End with 9 or signs " Sale" that does not tell we how much you save. Spend little time in shops and you will have few time to be tempted to buy. Be smart even when you purchase. "Best time to purchase is when you are alone, unhurried and well feed, "Stress and rush does not allow purchase the right stuff " (Yuh, Y., & Hanna, S. 1997).

Set your goals at work

¹ Fry, T.R.L., Mihajilo, S., Russell, R. and Brooks, R. 2008. The Factors Influencing Saving in a Matched Savings Program: Goals, Knowledge of Payment Instruments, and Other Behavior. *Journal of Family and Economic Issues*.Vol. 29, Iss.2; faqe. 234-251.

Make your goals simple to evaluate and create a plan" to reach them. Every day of the week, it made 2/4 in an envelope instead work to buy a drink for 100 lek. At the end of each month, we can deposit the result an amount of money in our savings account. After three months, that money will be raised, including interest. At 12 months, an individual saved enough to pay some necessary expenses.

And avoid spending more when we can eat what you have. "I believe with all my heart that most of us can feed his family for a week with what is in the closet," "Using things up at the end is a favorite principle". And avoid spending more when you can eat what you have. "I believe with all my heart that most of us can feed his family for a week with what is in the closet," "Using things up at the end is a favorite principle

6. *Do a deal before shopping* - Invite friends that are interested to take part in this meeting where every one can exchange things that they need (Yuh, Y., & Hanna, S. 1997).

What do we mean by debt?

Saved money should be used to pay credit card, overdrafts, which we can pay as soon as we like and have no repayment method. We must not forget that the debts grow at all times.

Does this plan simply 6-month savings for our goals works?

After 6 months, we can take a look at what we have achieved. Hopefully, it will be enough to encourage myself still continuing at this pace. In essence, the "belt tightening" is always worthwhile, if the financial situation is severe or terrible. However, this is not always enough. Whether debts may have reached the point where you can make even the minimum monthly payments, we should seek professional debt advice as soon as possible.

Meanwhile, the work of a financial adviser on the management of money that an individual¹ or a family earns per month does not end here with just a few tips on how to be more efficient with late payments or how to save more. This could be called just the beginning. Range that includes personal finance is very broad. In the following paragraph shall be treated some of the devices that this branch of finance deals and deeply affecting security and our economic stability (Hung, A., Parker, A.M., & Yoong, J., 2009).

Take as an example for our children's tuition fees. Regardless of each individual's social and economic position facing this urgent matter. All parents want to give their children the best in life, and for most parents, this means planning for their child's college education.

Financial pressures often make it seem like a decision that can wait, or it is too early to saving for your child's education, but the best time to start saving now! So what should you do as a parent aware of your budget for this? It is not too early to start planning how you will help our child pay for college education.

Education and other public institutions costs, being surrounded by budget cuts, have increased significantly in recent years and the payments in Albania. But despite good intentions, then the parents in our country do not think long term to set aside money later not weigh quality education for their children. This is because the level of socio-cultural indicators is still improving (Lyons, A. C., Hogarth, J., Schuchardt, J., Smith, T., & Toussaint-Comeau, M., 2003).

Parents still are not prepared for this time jeopardizing the safety and economic viability of their family when the time comes. If you are part of this majority, there is no need to panic. It is not too late to start saving for your child's education. As with other things in life, planning is the key to achieving your financial goals and making sure that your children will have the funds to attend the university of their choice when the time comes. To help we can serve the outlook for the development of a college savings plan, consulting with a qualified financial representative can help you create a strategy for university funding that will meet your goals (Higgins, David P., 1983).

There are a wide variety of strategies to fund your child's education in higher studies. We just need to find the right combination of investment opportunities that is right for we and our family. Scholars offer these important points that should

¹ Wilhelmson, K., Andersson, A., Waern, M. and Allebeck, P. 2005. Elderly people's perspectives on quality of life. *Ageing and Society*. Vol. 25, Part 4, faqe. 585-601

be kept in mind while you make your savings plan for college: place an order. The first step of the planning process is to determine how much money our children will need for their university costs. Once we arrive in order to evaluate financing, we can develop a plan to help achieve it. Put our family's finances in order. Saving for higher studies should be part of our overall financial plan, is an end in itself. Our retirement plan, life insurance policy, and buying a new car, our investment should be a way to determine how savings and investments fit into our overall financial plans, not set aside money to education our son or daughter. Each of these financial options for university savings has advantages and disadvantages. A qualified financial advisor can help we evaluate the choices and select the ones that best meet your family's needs and goals. Do not forget about life insurance! This may not be the primary consideration on our part, when we think about saving for higher studies, but this is a very important part of our financial plan.

Permanent life insurance can play a role to pay for your children's education at the university in a number of ways. Most importantly, if we are not prepared when it comes time payments for higher studies, our child can use the proceeds of life insurance to fund his dream to attain a bachelor's degree and beyond (Borden, L.M., Lee, S., Serido, J. and Collins, D. 2008).

And depending on the type of policy and how it is structured, we may also be able to draw on the value of money to help to bridge the growing gap between financial aid and tuition costs. Be sure to check with a qualified professional in the financial advantages and disadvantages of borrowing from your policy. Do not forget to take them into account potential tax and financial implications with the help of each of your saving opportunities. Also, some of these accounts may affect future financial aid right for your child, while others will not help. Once again, we should ask a professional to help we evaluate these choices. Family should also be involved in saving for your child's expenses during college (Wilhelmson, K., Andersson, A., Waern, M. and Allebeck, 2005). Using some of the options listed above, including those that said, your children's grandparents and other family members can help contribute to university education if they wish. Having carefully considered all the possibilities of university funding, can we get a picture "great" to saving for your child's education gained a clear understanding of what will work best for our family.

Conclusions and Recommendations

- To organize our income mean to start a path towards a financial freedom. This does not mean that we can have a luxury life, but to adopt effective measures to achieve a comfort that we assigned.
- If people have problems with managing their finances they need to transform the process of management of the money. Individuals always should develop new strategies for their financial security.
- Most people are guilty of unplanned purchases. Individuals before they decide to make a purchase they should be rational and to determine if it is a worthy purchase or not. Should avoid impulse purchases.
- A good investment of the savings of individuals can give profitable returns in the future. Individuals should do preliminary research to decide where to invest, given their income and risk. They can invest in an asset in a business, or the stock market.
- One of the most crucial factors that determine the health of household finances is open communication between spouses. Spouses should be able to talk openly about daily expenses and purchases more expensive.
- Following a tight budget, individuals will be able to maximize their profits, by providing that spend money as long as they can afford and most importantly they will save money by fiddling expenses.
- Individuals should try to save at least 10% of monthly income, instead you spend for important purchases.
- For a better management of household finances is recommended to open a savings account. A savings account can help many families pay for future expenses, such as tuition fees, hospital bills, and other emergencies.

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