

Unit 8

Saving & Borrowing



This unit will develop the groups understanding on the importance of saving and of what borrowing is.

Aim

Learners will be aware of the importance of saving; have an understanding of credit; have guidance on using credit responsibly and know where to seek independent advice.

Objectives

- 8.1 The learner will explore what saving means
- 8.2 The learner will know why saving is a good idea
- 8.3 The learner will be able to name things they might need to save for
- 8.4 The learner will know why people borrow
- 8.5 The learner will understand the advantages and disadvantages of borrowing
- 8.6 The learner will be familiar with the places where they can borrow money and the features of each
- 8.7 The learner will understand the consequences of non-payment
- 8.8 The learner will know when and where to seek help

Facilitator Resources

Flipchart

A second facilitator – to assist in role play

Facilitator should have copies of relevant leaflets on credit topics from MABS www.mabs.ie or www.itsyourmoney.ie

NB - All information provided to the learners must be objective, neutral, and not promote any financial institution.

IT Resources

Interactive activities

At the outset ask the group to navigate their way to Activity 2.2.1 to play the coin / note recognition game.

Objective 8.1

Explore what saving means

Begin with the question – what does saving mean? Invite the group to reach their own definition. They may talk about putting money aside, allowing money to build up, not spending money, and so on. Write up their definition.

Objective 8.2

To learn why saving is a good idea and to be aware of things for which they might need to save for

Ask the group to say why they think savings might be a good idea. For example, it means we can have enough money for expensive items, we can go on holiday and we can save for a rainy day and so on. Relate back to their spending habits in Activity 4.2 i.e. yearly expenditure that may have to be saved for.

Invite the group to go to Activity 8.2 – an interactive game that invites the learners to select things for which they might save. Click and drag the pictures or word bubbles (with audio) into the “Save For” or “Not to Save For” boxes.

Objective 8.3

Understand why people borrow

Introduce the idea of ‘borrowing’ – essentially, when a person does not have what they need right now, they may need to borrow. Why might that happen?

Reasons for borrowing may include:

Forgotten wallet

Sometimes people forget their wallet and need to borrow cash for an item or service.

Large Purchases

There are some things for which we would simply never be able to save enough money – for example a house. Most people borrow money to buy a house, simply because it is not practical to save the full price before buying.

Not enough savings

Sometimes we borrow money when we do not have enough put by to cover the cost in full. Where some things are expensive, we may decide it would take too long to save for – an example might be a car or home improvements.

Emergency or Unexpected Events

Sometimes we hit a run of bad luck that we are not prepared for – this can force us to borrow.

Borrowing costs money

We must pay for the use of this money – we are generally charged a fee -‘interest’ - for what we borrow. This means that not only do we have to pay back what we have borrowed but we also have to pay back a little more.

Borrowing is not something which is good or bad – like all things to do with money, it is something which we need to think about before doing, making sure we understand absolutely everything, asking lots of questions and taking our time before making a decision.

Remind the learners to ask an advocate or someone they trust for help in seeking advice if they feel they may need or want to borrow money.

Objective 8.4

To understand the advantages and disadvantages of borrowing

Invite the learners to say what they see as advantages in borrowing money write them up on one side of a page. Now invite the group to say what they think the disadvantages of borrowing might be – write these up on the other side of the page.

Advantages of borrowing:

- I have the money I need now
- I don't need to wait
- I don't need to save up
- I can maybe take advantage of an offer or bargain

Disadvantages of borrowing:

- I have to pay this back PLUS more i.e. interest and a fee
- It will cost me more in the long run
- What if I forget to pay it back when I said I would?
- Will I worry about this?
- While I'm paying this back, will I be able to save as well?
- What if I never pay it back?

Help the learners to conclude that there are advantages and disadvantages to borrowing money, so it is important never to rush into it – each situation needs to be carefully weighed up before a decision is made. It may be sensible to discuss this with an advocate.

Objective 8.5

Be familiar with the places where they can borrow and the features of each

One of the key messages with borrowing money is the importance of repayment, as and when agreed.

Borrowing money is often known as 'getting credit': we hear terms such as credit agreement, cost of credit, credit card and so on – the bottom line with this is that we are borrowing money. There are many types of credit i.e. many ways to borrow money.

Ask the group to navigate their way to Activity 8.5. Invite them to click on each pictures and they will hear an explanation of same.



If anyone in the group is concerned about borrowing, advise them to contact their [local MABS](#) or the [MABS National Helpline on 1890 28 34 38](#). Remind them to ask an advocate or someone they trust to help with this.

Objective 8.6

Understand the consequences of non-payment

So what if I 'forget' to repay a loan? What happens then?

Ask a second facilitator to assist you in doing a role play to highlight the consequences of non-payment of a debt. Possibly try 2 scenarios.

Scenario 1 - non-repayment to a friend, a conversation between the 2 highlighting the grievances felt by your friend that you have not repaid.

Scenario 2 - receiving a letter from the bank stating that you have missed some repayments and that they wish to have a meeting with you regarding this.

The role play will add a different angle to the content thus keeping the group more engaged.

It is important that the learner understands that when they borrow money from a bank or credit union, this is a legal agreement and they can get into a lot of trouble if they do not pay it back. They will get letters and phone calls from the people they borrowed from and may even have to go to court to talk to a judge.

Explain to the group that there is a difference between people who cannot pay back what they borrowed and people who will not pay. If you are not able to pay what you owe, you need to get help.

Objective 8.7

Know when and where to seek help

It is time to seek help if you keep forgetting to pay money back; if you don't have enough money each week or month; if you are getting letters from the place where you borrowed money from.

Talk to an advocate or someone you trust straight away – ask them to help you contact your [local MABS](#) or the [MABS helpline – 1890 283438](#).
www.mabs.ie

Preparation for next session - facilitator to gather a variety of empty packaging of household goods and items for the purpose of comparison.