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PERSONAL FINANCE: HOW TO PAY FOR YOURSELF

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Everyone gets a job one day. And if it is the first-ever job, the one might spend all of money in a day, because he or she doesn't know how to deal with them. Whole salary can go for buying some unnecessary staff or just for entertaining. Unfortunately, we don't learn at school how to behave with cash. But there is a way out of it. It is about Personal Finance that will help you to pay for yourself wisely.

Personal finance is the financial management which an individual or a family unit performs to budget, save, and spend monetary resources over time, taking into account various financial risks and future life events

As a specialized field, personal finance is a fairly recent development, though colleges and schools have taught aspects of it as “home economics” or “consumer economics” since the early 1900s. The field was initially disregarded by male economists, as “home economics” appeared to be the purview of home-making women. However, more recently economists have repeatedly stressed widespread education in matters of personal finance as integral to microeconomics and the overall economy [1].

There are some tips that will help to correctly deal with money [1]:

Devise a Budget

There is the most important part. A budget is your roadmap that helps you live by your means, in same time having enough left for saving for own goals. The first method is the “50/30/20”. It offers a great framework and can be written like this:

- 20% of your salary includes future goals: covering debt and saving both for emergencies and for retirement.
- 30% goes to lifestyle expenses, such as shopping for clothes, trawling etc.
- 50% of your net income (after taxes, that is) includes towards living essentials, such as rent transport, utilities.

Nowadays, a lot of mobile apps that can help you to look after you cash flow.

2. Emergency Fund

There is an important thing: you have to “pay yourself first”. It helps that you money covers your own unexpected expenses. For example, rent if

you get laid off, medical bills, etc. The ideal safety net is between three to six months' worth of living expenses. The experts in finance totally recommend save “to your pocket” 20% of each your monthly salary (which of course, you’ve already budgeted for!). When you will have filled up your emergency fund, you don’t need to stop. You may start to fill up 20% to another financial goal.

3. Be careful with Credit Card

It has the positive points either negative ones as well. One important dangerous of it is major debt catches. But in our modern life, it's unrealistic not to have any cards. They can be used not only for buying goods, but also, your cards can show credit rating, and it is amazing way to keep track of spending – a big budgeting helping..

4. Your Family is important

For protecting your own assets and providing that your desires are carried out when you die, you need to be sure that you create a will or trust. By the way, you have to look into own insurance: not only on the major possessions (vehicles, homeowners), but also on your life. And be sure to rhythmically view your own policy, to be sure it looks your family's needs though life's major milestones.

5. Your Retirement

Retirement is something far and can be seemed like other lifetime way, but it’s only one trust: you get it so faster than you’d expect. Finance experts suggest that major people need about 80% of their usually salary in retirement. As younger you start to collect money, the more you will get in the future. Also, you can get benefit from a compounding interest – how small sums grow over time. Putting-off your money now for the retirement not only allows growing the long term, it can cut down your present income taxes, if funds are placed in a tax-advantaged plan fund like an Individual Retirement Account (IRA).

So the Personal Finance is a good solution for controlling your cash flow and achieving the goals. It can help you understand how to deal with your money and pay for yourself.

1. Investopedia – Access mode:- <https://www.investopedia.com/terms/p/personalfinance.asp>

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