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## **Personal Finance**

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Personal financial management is a subject that is not taught in many schools, but is something that nearly everyone has to deal with in their lives later on. Here are some statistics: According to BGZ Optima specialists, only half of Belarusians had deposit accounts in 2014. Besides, 21.9 % of our citizens are reported to save money for retirement. By comparison, in Russia this index is 14.6 %, 14.4 % and 15.8 % for Ukraine and Poland respectively [1].

Most experts recommend contributing as much of your income as possible if you want to be financially ready to retire. In order to carry out this recommendation, follow these steps so your money can grow over time.

### **Make a Budget**

1) For one month, keep track of all your expenses. You don't have to limit yourself; just get an idea of what you spend money on during any given month. Save all your receipts, make note of how much cash you need versus how much you expense to credit cards, and figure out how much money you have left over when the calendar turns.

2) After the first month, take stock of what you spent. Don't write down what you wished you had spent; write down what you actually spent. Categorize your purchases in a way that makes sense to you.

3) Now, write down your actual budget. Based on the month of actual expenses — and your own knowledge of your

spending history — budget out how much of your income you want to allocate to each category every month.

4) Be honest with yourself about your budget. It's your money — there's really no sense in lying to yourself about how much you're going to spend when making a budget. The only person you hurt when doing this is yourself.

5) Keep track of your budget over time. The hard part of a budget is that your expenses may change from month to month. The great part of a budget is that you'll have kept track of those changes, giving you an accurate idea of where your money went during the year.

Plan for the unexpected. Setting a budget will also teach you that you never know when you'll have to pay for something unexpected — but that the unexpected will come to be expected.

### **Spend Your Money Successfully**

1) When you can borrow/rent, don't buy. Don't just rent blindly. If you use an item for long enough, it may be best to buy. Perform a simple cost analysis to see whether renting or buying is in your best interests.

2) If you have the money, pay a high down payment on your mortgage. For many people, buying a home is the most costly and significant payment they'll ever make in their lives. For this reason, it helps to be in the know how to spend your mortgage money wisely.

3) Understand that owning a credit card may be very important for establishing credit. A credit score of 750 or above may unlock significantly lower interest rates and opportunities for new loans — nothing to sneeze at. Even if you rarely use the credit card, it's important to have one. If you don't trust yourself, just lock it in a drawer.

4) Spend what you have, not what you hope to make. The first and greatest rule of spending money is this: Unless it's an emergency, only spend money that you have, not money that

you expect to make. This should keep you out of debt and planning well for the future [2].

### **Make Smart Investments**

1) Familiarize yourself with different investment options. As we grow up, we realize that the financial world out there is so much more complicated than we envisioned as children. The more you know about financial instruments and possibilities, the better off you'll be when it comes to investing your money, even if that wisdom consists only of knowing when to back away.

2) If you're going to put money into the stock market, don't gamble with it. Many people try to day trade in the stock market, betting on small gains and losses in individual stocks every day.

3) Have good insurance coverage. They say that smart people expect the unexpected, and have a plan for what they'll do just in case. Talk with your family about different kinds of insurance that you can purchase to help you in the event of an emergency:

- a) Life insurance (if you or a spouse unexpectedly dies);
- b) Health insurance;

So, personal management is a difficult thing. But if you understand this system, you will have smart and comfortable life.

### References:

1. Bankers have counted how many Belarusians economize and save for pension [Electronic resource]. – Mode of access: <https://finance.tut.by/news511259.html>. – Date of access: 03.05.2017.
2. How to manage your finances [Electronic resource]. – Mode of access: <http://www.wikihow.com/Manage-Your-Finances>. – Date of access: 29.04.2017.