

**Financial Literacy Talk
To Members Of
Generation Change
At The U.S. Embassy Premises**

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What Is Financial Literacy?

Financial literacy is the ability to understand finance.

More specifically, it refers to the **set** of **skills** and **knowledge** that allows an individual to make **informed** and **effective** decisions through their understanding of finances

Skills That You Need To Have



1. **Budgeting skills.** At an early age, it is important to begin to budget the money that you receive.

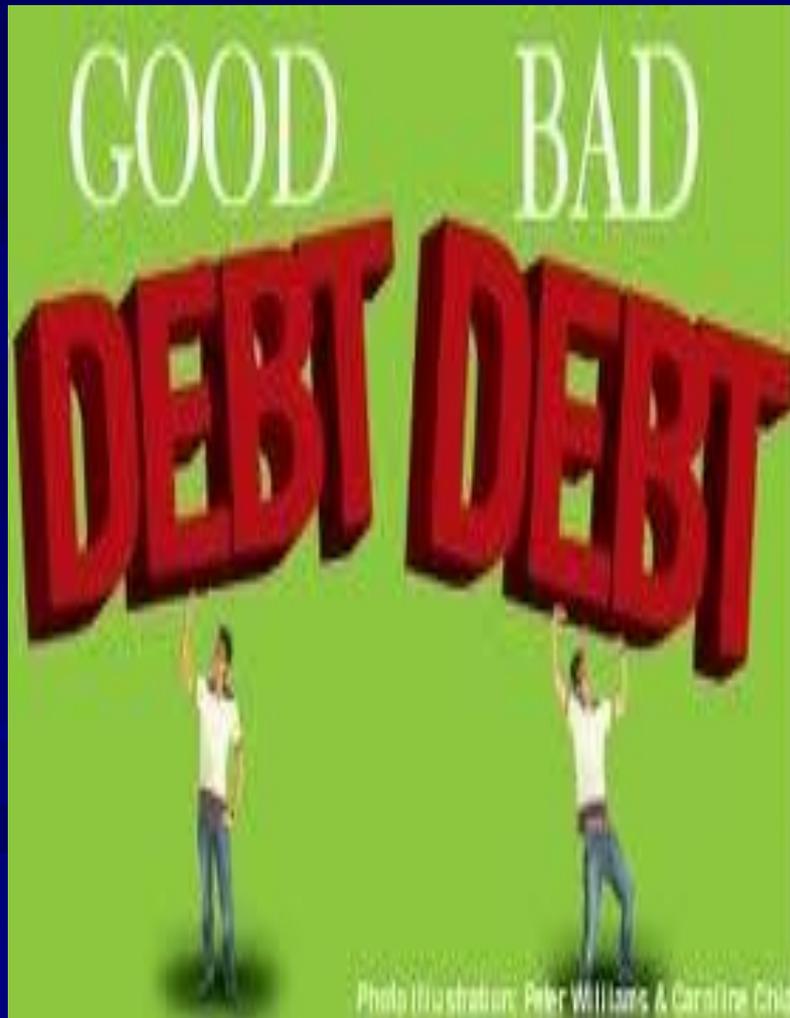
Skills That You Need To Have



2. **Consistent saving**

Aim to save at least 10% of the money that you receive. This will create a valuable source of money that will provide an income in the future.

Skills That You Need To Have



3. Debt Management

1. **Good Debts:** This is a debt that helps one to build equity (Capital) or increase on ones net worth
2. **Bad Debts:** This is a debt that negatively impacts ones financial future. This is an obligation that lasts longer than the purchase item and the ones that have no return towards increasing ones net worth.

Skills That You Need To Know.

4. Investing

Learn how to invest your money



What Is Saving?



This is putting aside money or other resources for future use.

Why Do We Save Money?



1. Plan for the future

- We all have our aspirations of what we want to do in the future and most of that will require financing

Why Do We Save Money?



2. To Handle emergencies that come our way so that we pay for them with cash.

Why Do We Save Money?



3. To Avoid getting into debt

Why Do We Save Money?



4. So that we can get into business or other investments

Why Do We Save Money?



5. So We can become a blessing to other people by being generous-Giving

How Do We Start Saving?



1. Review
your
lifestyle

How Do We Start Saving?



2. Make a realistic budget of the money that you receive

How Do We Start Saving?



3. Open a savings account

How Do We Start Saving?



4. Join or form a saving & Investment Scheme/club

What Is A Saving & Investment Scheme/Club

This is nothing more than a small/(Large) group of individuals, usually comprised of friends, co-workers, neighbours and family members, etc... who meet on a regular basis e.g. once a month for the purpose of pooling their funds and decide how the group/club will invest their money.

Why Should One Join A Saving & Investment Scheme/Club

- To learn the culture of saving, which savings will be used in investing or acquiring things e.g. Land, a house, Fees, Tv, Car etc...
- Making a return on the investments
- It is a great way for someone to learn about investing.
- Have a good avenue to acquire cheap and easily accessible credit

Musts For Saving & Investment Scheme

1. Have defined membership
2. Have a legal status e.g. SACCO,Ltd
3. Have guidelines/constitution/by-laws
4. Have a Committee/board.
5. Work towards have a physical address i.e. office – (Might not be at the beginning)
6. Have paid worker (s)-with time

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