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Money Management

Introduction

People love to dream about having money but hate to talk about how to get it. It takes time, discipline, persistence, and diligence to make the dream of having money come true and the financial difficulties become a thing of the past. The hardest part is to change your spending habits to a habit of managing your money. Managing your money means paying attention to the money you have and how you use it.

Resources and methods

The study used the latest scientific achievements of local economists, managers and financiers.

Results

Usually we spend money on what's important to us. Regardless of our financial state, what we decide to do with our money today will have an impact on our lives tomorrow. By realizing our values, we can make the most satisfying decisions. At the present time managing money is very complicated. Not only do we have more spending options than in the past, we now have more choices of how to pay – by cash, check, credit card, debit card, pre-authorized withdrawals and through the Internet. Part of personal money management is using credit. The advantage of credit is that we can enjoy new purchases today while spreading repayment into the future. In today's financial world, there are many types of credit available to you: credit cards; debit cards; charge accounts.

Savings set aside in case of an emergency situation is another way of good money management. Saving is one of the most important things you do with your extra cash. What makes saving money just a pleasant experience is interest. Your money is

making more money.

Bank accounts are a basic part of managing your personal finances. Before starting any savings program it pays to choose the type of an account you will keep your money with a bank. The accounts offered by depository institutions generally fall within one of these types:

- Checking account or demand deposits are accounts the main function of which is to provide check-writing privileges therefore most lenders either pay no interest or pay a low interest rate on credit balances. Money placed in these accounts doesn't generate interest.
- Savings accounts are accounts which pay somewhat higher interest but can not be used directly as money (by, for example, writing a cheque). These accounts let you set aside a portion of your liquid assets that could be used to make purchases while earning a monetary return.
- Time deposits are money deposits that cannot be withdrawn for a certain time period. The longer the term, the better the yield on the money. Money placed on a time deposit enables you to maximize the interest generated.

Conclusions

The key to effective money management is time. The more time you are willing to invest in managing your financial affairs, the greater the return on that investment. If you're interested in reaching your financial goals, you have to do more than simply store your money. You have to manage it actively, using the following money-management tools (for ex.: saving, borrowing)

References

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