PRO(F)LITERACY 2.0

Financial Literacy Intervention Programme

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Agência Nacional Erasmus+ Juventude/Desporto Corpo Europeu de Solidariedade

Co-funded by the European Union

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Title

PRO(F)LITERACY 2.0 – Financial Literacy Intervention Programme

Project Details

PRO(F)LITERACY 2.0 - Competence Based Development Programme for Financial Literacy (Project Reference: 2023-1-PT02-KA220-YOU-000116900)

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Year of Publication

2024

Funded by

Agência Nacional Erasmus+ Juventude/Desporto Corpo Europeu de Solidariedade

Co-funded by the European Union

Scope

This manual has been developed as part of the **PRO(F)LITERACY 2.0 - Competence Based Development Programme for Financial Literacy**, an Erasmus+ project under the reference 2023-1-PT02-KA220-YOU-000116900. Coordinated by **PROACTING - Associação para a Promoção do Empreendedorismo e Empregabilidade** (Portugal), the project brings together a consortium of partners, including **EURO SUD** (Italy), **Noored Ühiskonna Heaks** (Estonia), **EvolvingYOUth** (Latvia), and **EKO Greece** (Greece).

This handbook serves as a practical tool for youth workers and young Europeans, providing guidance and resources to build financial literacy. It reflects the collaborative efforts of the consortium and seeks to empower its users with the knowledge and skills needed to make informed, confident financial decisions in their everyday lives.

Erasmus+ Programme

Erasmus+ is the European Union's programme supporting education, training, youth, and sport. It places a strong emphasis on inclusion, sustainability, and innovation, equipping participants with the competences needed to thrive in an increasingly digital, multicultural, and interconnected society.

The programme aligns with key EU priorities such as the European Education Area, the Digital Education Action Plan, and the European Green Deal. By facilitating mobility and cooperation, Erasmus+ plays a important role in supporting individuals' socio-educational and professional development, promoting equity, and contributing to greener, more cohesive societies.

PRO(F)LITERACY 2.0 reflects Erasmus+ priorities by addressing financial literacy as a fundamental skill for fostering economic resilience and personal empowerment across Europe.

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"Financial freedom is available to those who learn about it and work for it."

Robert Kiyosaki

"The single biggest difference between financial success and financial failure is how well you manage your money. It's simple: to master money, you must manage money."

T. Harv Eker

PART 1. Foundations of Financial Literacy

This first part of the handbook comprises 13 chapters, each dedicated to a core aspect of financial literacy. These chapters explore essential topics such as budgeting, saving, credit, investing, and managing financial risks, all while addressing the diverse financial realities across European countries. Designed for youth workers engaged in financial literacy as well as young Europeans, this section serves as a comprehensive resource for understanding both universal financial principles and country-specific practices that shape personal finance.

To make these concepts tangible and applicable, each chapter includes practical tips and exercises. These tools invite readers to connect theoretical concepts with real-life scenarios, reinforcing their understanding through direct application. The tips provide actionable guidance that young people can put into practice immediately, while the exercises are crafted to foster reflection, critical thinking, and confidence in handling financial responsibilities. By addressing the varied experiences of young people across Europe, this part of the handbook equips youth workers and young Europeans alike with the knowledge and skills needed to navigate personal finance responsibly in their own unique national contexts.

> *"An investment in knowledge pays the best interest."*
>
> Benjamin Franklin

Chapter 1. Understanding the Difference Between Needs & Wants

Effective financial management begins with distinguishing between needs and wants, as this understanding shapes how we allocate our resources. A ‘need’ is essential for survival and well-being – fundamental elements we cannot forgo. In contrast, a ‘want’ is a desire for something that enhances comfort or pleasure but is not vital for existence.

Defining Needs and Wants

Needs are indispensable; they are natural and necessary requirements for a balanced life. These include physiological essentials like food, water, shelter, and basic hygiene, as well as psychological needs such as companionship, achievement, and moral fulfilment. To explore this concept, psychologist Abraham Maslow introduced the *Theory of Human Motivation* in 1943, a theory commonly depicted as Maslow's Pyramid, illustrating a hierarchy of needs that progresses from basic to advanced. At the pyramid’s base are Physiological Needs, that we have already mentioned. Moving up, we encounter Safety and Security Needs, followed by Love and Belonging Needs, Esteem Needs, and, at the peak, Self-Actualization Needs, which include personal growth, the fulfilment of potential, and the pursuit of dreams and goals.

Financial needs intersect with each level of this hierarchy, underscoring the importance of prudent financial management. Ensuring fundamental needs are met before addressing higher-level desires helps establish a stable foundation for overall well-being and future aspirations.

Wants, while they may enhance our lives, are not essential. According to the MacMillan Dictionary, a want is "to feel a need or a desire for; wish for". Wants often represent pleasures or aspirations that bring personal satisfaction. For instance, buying a new television when an existing one functions well exemplifies a want rather than a need.

Balancing Needs and Wants

Needs and wants frequently to intertwine in our lives, but it is imperative to prioritize satisfying our needs before indulging in wants. The challenge arises when we conflate wants with needs, potentially leading to choices that fulfil our desires at the expense of our essential requirements. This misalignment can result in insufficient resources to address our fundamental needs, jeopardizing our well-being.

As we begin earning an income, we typically allocate funds toward essentials like food, housing, healthcare, clothing, and education. However, social influences – such as marketing, peer pressure, and cultural norms – can impact our daily decisions, encouraging us to place higher value on wants. Marketing campaigns, peer pressure, and cultural norms can persuade us to prioritize non-essential desires, potentially leading to financial strain.

To mitigate this, it is essential to establish clear priorities and distinguish between true needs and personal desires. Making thoughtful choices about spending involves evaluating each expense critically. Consider questions like: Is this purchase necessary for my well-being? Does it support my long-term goals? Can I afford it without compromising essential needs? By doing so, we ensure that our fundamental needs are met and maintain a healthy balance between fulfilling necessary obligations and indulging in wants when feasible.

Two Categories of Expenses

Expenses generally fall into two categories:

1. Necessary Expenses: Payments for goods and services crucial for survival and well-being, such as housing, food, healthcare, education, and basic utilities.
2. Unnecessary Expenses: Costs related to goods and services that satisfy desires, like entertainment, luxury items, hobbies, and non-essential travel.

Understanding and acknowledging the influence of modern society and technology is also essential. The digital age has amplified exposure to advertising and lifestyle portrayals that can blur the line between needs and wants. Social media platforms often showcase idealized versions of life, leading to comparisons and the desire to acquire similar experiences or possessions. Being aware of this can help resist unnecessary pressures and focus on what truly matters.

In conclusion, distinguishing between needs and wants is a fundamental aspect of effective financial management. By prioritizing essential needs, being mindful of social influences and implementing these strategies and exercises, you'll develop a deeper understanding of needs versus wants, allowing for smarter financial choices. This not only ensures essential needs are met but also supports balanced spending that maintains well-being and promotes long-term stability.

TIPS

To further refine your financial decisions, consider these strategies:

1. **Assess Personal Values and Goals:** Reflect on what is most important to you. Aligning spending with core values and long-term objectives helps prioritize needs over fleeting desires.
2. **Create a Budget:** Outline a budget that covers necessary expenses first, giving a clear picture of what remains for discretionary spending.
3. **Practice Mindful Spending:** Before making purchases, especially significant ones, take time to consider their necessity and impact on your finances.
4. **Set Financial Boundaries:** Set limits on non-essential spending to prevent overspending on wants. This could involve setting aside a specific amount monthly for leisure activities.
5. **Educate Yourself:** Enhance your financial literacy by learning about personal finance topics like saving, investing, and managing debt. Knowledge empowers informed decisions.

6. **Track Your Expenses Regularly:** Maintain a record of expenses to see where your money goes each month. This can help identify areas where spending might be redirected toward meeting essential needs.
7. **Review Spending Influences:** Evaluate how much social media and advertisements affect your spending. Limiting exposure to these influences can reduce unnecessary pressure to spend on wants.

By recognizing and understanding the difference between needs and wants, you empower yourself to make smarter financial choices. This awareness helps allocate resources effectively, ensuring essential needs are secured while managing desires responsibly. It promotes financial stability and sets a foundation for achieving personal goals and aspirations without compromising well-being.

PRACTICAL EXERCISES

i. Create a Needs and Wants List

Write down recent purchases from the past month and categorize each as a need or a want. Reflect on whether certain wants could have been postponed or avoided altogether. This will help reinforce the habit of distinguishing between essential and discretionary spending.

ii. Set a Budget and Track Progress

Develop a budget that prioritizes necessary expenses and allocate a specific amount for wants. Track your spending over a month and see if you stayed within the set budget for both categories. Reflect on how budgeting influenced your financial decisions and whether adjustments are needed.

iii. Identify Social Influences on Spending

Reflect on a recent purchase influenced by an advertisement or a social media post. Was it a need or a want? Could the expense have been avoided? Consider limiting exposure to such influences, especially if they often lead to impulse spending.

iv. Mindful Spending Challenge

For one week, practice mindful spending by asking, "Is this purchase necessary for my well-being or long-term goals?" before each purchase. At the end of the week, note any purchases avoided by taking this approach. Reflect on how this method affected your decisions.

v. Calculate Monthly Savings from Reduced Wants

Estimate the amount spent on wants in the last month and aim to reduce it by 10-20%. Track the resulting savings over the next month and consider how these savings could be allocated to meet essential needs or build an emergency fund.

vi. Plan for an Essential Purchase Using a SMART Goal

Identify an essential purchase you'll need to make soon and use the SMART (Specific, Measurable, Achievable, Relevant, Time-Bound) framework to create a savings plan for it. For instance, if you need to buy a new appliance, set a realistic timeframe and savings goal. This exercise emphasizes prioritizing needs with structured planning.

"A wise person should have money in their head, but not in their heart."

Jonathan Swift

Chapter 2. Expenses & Revenue

1. What is an Expense?

Let's dive into the concept of expenses - those everyday costs that chip away at our wallets bit by bit! An expense is any money you spend on goods or services. It's the cash flowing out of your pocket to pay for things you need or want, from essentials like groceries and rent to extras like movie tickets or new gadgets.

In the simplest terms, if money leaves your hands in exchange for something, that's an expense. Buying a coffee, paying your phone bill, grabbing lunch with friends, or subscribing to a streaming service - these are all expenses.

But not all expenses are created equal! Understanding the different types can help you manage your money better and make informed decisions. Here's a breakdown:

Types of Expenses

1. **Fixed Expenses:** These are the predictable costs that stay the same each month, like rent or mortgage payments, car loans, or monthly gym memberships. You know they're coming, and you can plan for these because the amounts don't change.
2. **Variable Expenses:** These costs fluctuate from month to month, such as groceries, utilities, fuel, and entertainment. For example, your electricity bill may increase in the summer due to air conditioning.
3. **Discretionary Expenses:** These are non-essential costs - basically, your "wants" rather than "needs". This category includes things like eating out, hobbies, vacations, and impulse purchases. These are fun but can be reduced when saving money.
4. **Essential Expenses:** These are necessary for your basic living needs, including food, housing, healthcare, and transportation. You can't really avoid these expenses, but you can manage them wisely.
5. **Unexpected Expenses:** Life is full of surprises! These are unplanned costs like car repairs, medical emergencies, or last-minute travel. An emergency fund can help cover these without derailing your finances.

Why Understanding Expenses Matters?

Getting a handle on your expenses is a game-changer for personal finances. Here is why:

- **Budgeting Made Easy:** When you know where your money is going, you can create a realistic budget. This helps you live within your means and avoid overspending.
- **Spot Spending Patterns:** Tracking expenses reveals habits you might not be aware of. Maybe those daily lattes are adding up more than you realized!
- **Achieve Financial Goals:** Whether you're saving for a new laptop, a car, or building an emergency fund, understanding your expenses shows you where you can cut back to reach your goals faster.
- **Reduce Financial Stress:** Knowing your expenses helps prevent that dreaded feeling of wondering where all your money went. It brings clarity and peace of mind.

How to Keep Track of Your Expenses

Tracking every expense might sound tedious, but it's easier than you think:

- **Use Budgeting Apps:** Apps like Mint, PocketGuard, or YNAB (You Need A Budget) automatically track and categorize your spending. It is like having a personal finance assistant in your pocket!
- **Set Up Alerts:** Many banks let you set up alerts for when transactions occur or when your balance drops below a certain amount.
- **Keep Receipts:** Go old-school by saving receipts and logging them into a spreadsheet or notebook at the end of the day.
- **Regular Check-Ins:** Set aside time each week to review your expenses. This keeps you aware and in control.

The Bigger Picture

Every expense affects your overall financial health. By being mindful of your spending, you're not just managing money - you're shaping your future. You'll have more freedom to do the things you love, less stress about bills, and a clearer path to achieving your dreams.

Remember, it's okay to enjoy your money! The key is balance. By understanding what expenses are and how they impact your finances, you're empowering yourself to make choices that support both your present happiness and future goals.

So next time you pull out your wallet, take a moment to consider: Is this expense moving me closer to or further from where I want to be? With that mindset, you are well on your way to mastering your money.

2. What is a Revenue?

Let us flip the script and talk about revenue - the money flowing into your pocket. If expenses are the outflow of cash, revenue is the inflow. It is the income you receive that boosts your bank account balance, allowing you to cover your expenses, save for the future, and maybe even treat yourself to something special.

But what exactly is revenue in our daily lives? Simply put, revenue is any money you earn or receive. It is not just about a paycheck from a job; revenue can come from various sources, big or small. Whether it's earnings from a part-time gig, an allowance from your parents, profits from a side hustle, interest from a savings account, or even birthday money from your grandma—all these count as revenue.

Different Sources of Revenue

Revenue is not one-size-fits-all. It comes from various avenues, and recognizing these can help you maximize your income:

- **Employment Income:** This is the most common source - money earned from a job. Whether you are working part-time at a coffee shop, doing freelance graphic design, or interning at a local business, your wages or salary are revenue.
- **Allowances and Gifts:** Regular pocket money from your parents or one-off gifts from family and friends during special occasions add to your revenue.
- **Side Hustles and Gigs:** Earnings from babysitting, dog walking, tutoring, or any service you provide in your free time.
- **Business Income:** If you run a small business, like selling handmade crafts online or mowing lawns in your neighbourhood, the money you make is revenue.

- **Investment Income:** This includes interest from savings accounts, dividends from stocks, or returns from other investments. Even if it's just a few dollars, it counts!
- **Scholarships and Grants:** Funds received for educational purposes can also be considered revenue, especially if they cover living expenses beyond tuition.
- **Rental Income:** If you rent out equipment, a room, or anything else you own, the money you earn is revenue.

Understanding Your Personal Revenue

For many young people, revenue might seem straightforward, but it's worth taking a closer look at all possible income streams:

- **Part-Time Jobs:** Working after school or on weekends is a common way to earn money. Don't underestimate the value of these earnings - they add up!
- **Freelance Work:** Offering skills like writing, coding, art, or music lessons can bring in extra cash.
- **Online Opportunities:** In today's digital world, you can earn money through content creation, such as starting a YouTube channel, streaming on platforms like Twitch, or becoming a social media influencer.
- **Selling Items:** Have unused clothes, gadgets, or collectibles? Selling them online or at local markets turns clutter into revenue.
- **Participation in Studies or Surveys:** Some organizations pay for your opinions or participation in research studies.

Why Does Revenue Matter?

Understanding what revenue is and recognizing all the ways you can earn money is a big deal for managing your finances effectively. Knowing how much money is coming in and where it's coming from sets the foundation for budgeting, saving, and making smart spending decisions. It's like having a clear picture of the ingredients before you start cooking up your financial plan.

How to Keep Track of Your Revenue

Just like keeping an eye on expenses, it's important to track your revenue:

- **Keep a Record:** Note down every source of income, no matter how small. This helps you see the full picture of your earnings.
- **Use Apps or Tools:** There are plenty of budgeting apps that can help you track your income and expenses in one place.
- **Regular Reviews:** Set aside time each month to review your income streams. Are there opportunities to earn more? Are some sources inconsistent?

Final Thoughts

Revenue is more than just money - it's a tool that enables you to achieve your dreams, meet your needs, and enjoy life. By staying aware of where your money comes from and seeking opportunities to increase it, you're setting yourself up for financial success.

Remember, every bit counts. Celebrate your earnings, no matter how small they may seem. Keep exploring ways to grow your revenue, and most importantly, make sure it reflects your efforts, talents, and aspirations.

So, the next time you receive any income, take a moment to acknowledge it as a valuable part of your financial journey. You're not just earning money; you're building the foundation for your future.

TIPS

1. **Prioritize Needs Over Wants:** Ensure your essential expenses are covered before splurging on non-essentials.
2. **Budget for Fun:** Allocate a portion of your income for entertainment or hobbies. This way, you enjoy guilt-free spending without compromising your financial health.
3. **Think Before You Spend:** Ask yourself if a purchase is necessary, or if it aligns with your financial goals. Setting spending limits can also help you prevent overspending in areas where you're prone to splurge.

4. **Look for Savings:** Can you switch to a cheaper phone plan? Cook at home more often? Small changes can lead to big savings over time.
5. **Look for Passive Income:** While it often takes time to set up, passive income streams like blogging, affiliate marketing, or creating an app can eventually provide revenue with less ongoing effort.
6. **Explore Side Gigs:** Consider freelancing, tutoring, pet sitting, or gig economy jobs like food delivery. Or, if you have a hobby or passion, think about how you could monetize it. Love baking? Start selling your treats. Good at art? Consider commissions.
7. **Participate in Online Surveys and Studies:** Sign up on legitimate survey sites that pay for your opinions, as they can provide a small but easy income.
8. **Invest in Education and Skills Development:** Take online courses, attend workshops, or learn new certifications, because enhancing your skills can lead to better-paying opportunities.

PRACTICAL EXERCISES

i. *Educate Yourself of Personal Finance*

Choose one personal finance book, podcast, or online course to explore this week. Take notes on key concepts related to expenses and revenue and reflect on one new idea you can apply to improve your financial habits.

ii. *Practise Delayed Gratification*

For any non-essential purchase you're considering (such as a new gadget or clothing item), commit to waiting at least seven days before buying. After the week, reflect on whether the item still feels necessary - note how delaying helped you avoid impulse spending and save money.

iii. *Set Spending Limits*

Identify one category of expenses (such as dining out or entertainment) and set a spending limit for the next month. Track your expenses in that category using a budgeting app or spreadsheet and, at the end of the month, evaluate at the end of the month whether you stayed within the limit and how it impacted your savings.

"Do not save what is left after spending, but spend what is left after saving."

Warren Buffett

Chapter 3. Why Should I Save?

Saving money is a very important step toward achieving financial security and well-being, regardless of where you live in the EU. Whether you're planning for a significant purchase, preparing for unexpected expenses, or building a safety net for the future, saving provides stability and peace of mind. It helps you navigate life's challenges - like job loss, medical emergencies, or home repairs - without relying heavily on credit or loans, which can lead to long-term debt.

The Benefits of Saving

1. **Financial Security:** Savings ensure you can cover unexpected costs, such as car repairs or medical bills, without the need for borrowing. This financial cushion can help you avoid accumulating debt.
2. **Achieving Financial Goals:** From buying a home to going on holiday or starting a business, savings allow you to afford significant milestones while reducing financial stress.
3. **Reducing Stress:** Knowing you have money set aside brings peace of mind, especially during periods of uncertainty like economic downturns or personal challenges.

4. **Building Wealth:** Consistent saving and investing can grow your wealth over time. Across the EU, options like low-risk savings accounts, government bonds, or mutual funds offer opportunities to benefit from compound interest and long-term growth.

How Much Should I Save?

A common budgeting guideline is the 50-30-20 rule:

- 50% for your income essentials (such as rent, utilities, groceries);
- 30% for discretionary spending (like entertainment and dining out);
- 20% for savings and debt repayment.

Even if saving 20% isn't feasible, starting small - like 5% or 10% of your income - can make a noticeable difference over time. For long-term financial security, aim to build an emergency fund that covers 3-6 months of essential living expenses, as this safety net provides resilience during unforeseen situations

Types of Savings

1. **Emergency Fund:** This should be easily accessible, such as in a high-yield savings account. It's not meant for regular expenses but for true emergencies.
2. **Short-Term Savings:** These savings are for near-future goals like vacations, new gadgets, or home improvement projects. They are typically stored in a regular savings account or a money market account.
3. **Long-Term Savings:** For long-term goals such as retirement, education, or buying a house, it's wise to use investment vehicles like mutual funds. These accounts often offer higher returns than traditional savings accounts.

Common Obstacles to Saving

- **Living Paycheck to Paycheck:** If your expenses match your income, it can feel impossible to save. But starting small, even with just 5€ or 10€ a week, can make a big difference over time.

- **Impulse Spending:** With online shopping and credit cards, it's easy to make purchases without much thought. Building the habit of waiting 24 hours before buying something can help curb impulse spending.
- **Not Having a Budget:** Without a budget, it's hard to know where your money is going. Creating a simple budget can highlight areas where you can cut back and save more.

Taking control of your savings doesn't require large sacrifices. Consistency is key—small, steady contributions can lead to substantial growth over time. By setting clear goals, creating a realistic budget, and building habits that prioritize saving, you're paving the way for a secure and prosperous financial future. Remember, the effort you make today will pay off tomorrow!

TIPS

1. **Automate Your Savings:** Set up automatic transfers from your checking account to your savings account. This way, you save without thinking about it.
2. **Start Small:** If saving a large amount seems overwhelming, start with small, manageable goals. For instance, try to save 10€ a week, then gradually increase that amount as your budget allows.
3. **Prioritize an Emergency Fund**: Before focusing on other savings goals, build an emergency fund. This will prevent you from going into debt when unexpected expenses arise.
4. **Track Your Spending:** Keep track of your daily expenses to identify areas where you can cut back and allocate more money toward savings.
5. **Avoid Unnecessary Debt:** High-interest debt can eat away at your savings potential. Prioritize paying off credit card debt and other high-interest loans.

PRACTICAL EXERCISES

i. *Identify Your Savings Goals*

Take a few minutes to list your short-term and long-term financial goals. How much will each cost? What steps can you take to start saving for them?

ii. *Create a Savings Plan*

Based on your goals, calculate how much you can realistically save each month. Break it down: How much will you save weekly or bi-weekly? Automate this plan if possible.

iii. *Track Your Spending for a Week*

For the next seven days, keep a record of every euro you spend. At the end of the week, reflect on your spending habits. Are there any expenses you could reduce to increase your savings?

iv. *Impulse Spending Reflection*

Think back to your last impulse purchase. Was it something you needed, or could the money have been saved? Practise a 24h pause the next time you feel the urge to buy something unplanned.

"If you don't control your money, it will control you."

Anonymous

Chapter 4. Salary: Gross, Net and Financial Planning

Salary is a key part of our financial lives, but it's more than just a number on a monthly payslip. In the EU, salaries can vary widely not only by job but by country and understanding how they're broken down is essential for managing finances well. Gross and net salary, tax deductions, and other contributions play a big role in how much you take home. Knowing the difference between these components is crucial for budgeting, planning, and making sure you're making the most of what you earn.

What is a Salary?

Your salary is the payment you receive for work, typically shown as an annual figure in EU countries. This amount includes both gross and net salary. Your gross salary is the total amount before deductions, including your base pay, bonuses, and any allowances. Your net salary, also called take-home pay, is what's left after all taxes, social contributions, and pension deductions. Understanding this difference is key for managing your money, as the actual amount you receive can be quite different from your gross salary.

Defining Gross Salary

Gross salary is your total earnings before anything is deducted. It usually includes:

- **Base Salary:** This is your agreed pay for the job, shown annually or monthly.
- **Bonuses and Commissions:** Extra payments, often tied to performance or sales.
- **Overtime Payment:** Additional pay for working beyond your usual hours, depending on company policies and labour laws in your country.

The gross salary is often the number you see in job contracts, but remember it is not what ends up in your account each month. For that, you need to look at net salary.

What Makes Up Gross Salary?

Your gross salary might also include various earnings or benefits, like:

- **Basic Salary:** Your main pay for the job.
- **Allowances:** Some companies offer housing, transport, or meal allowances, depending on the role and policy.

- **Bonuses or Commissions:** Payments tied to performance, meeting goals, or other incentives.
- **Other Earnings:** This might include stock options, special incentives, or awards from your employer.

While the gross salary might look appealing because it's your total earnings, it doesn't reflect what's deposited into your account, which brings us to net salary.

Defining Net Salary

Your net salary, or take-home pay, is what you receive after all deductions are taken out. These deductions can vary depending on where you live in the EU but usually include:

- **Taxes:** Income taxes required by your country, calculated based on your earnings.
- **Social Contributions:** Payments that go toward social services, like national insurance or pension funds, which support you later in life.
- **Health Insurance:** In some countries, your employer will deduct a portion to cover health insurance premiums.
- **Other Deductions:** This might include pension contributions, union dues, or voluntary savings.

Your net salary is the amount you have to work with—what gets deposited in your bank account and what you'll use to cover living expenses and savings.

Common Deductions from Gross Salary in the EU

Deductions vary greatly from one EU country to another:

- **Income Taxes:** Rates differ significantly across the EU. For example, countries like Sweden and Denmark have higher tax rates to support public services, while countries like Bulgaria have a flat tax rate of around 10%.
- **Social Contributions:** These deductions go toward retirement, healthcare, and other benefits. In countries like Germany, France, and Italy, these contributions can take a noticeable portion of your gross pay.

- **Health Insurance:** Many EU nations require employees to contribute toward either national or private health insurance schemes, usually as a percentage of earnings or a set fee.

For instance, if you earn €4.000 monthly in Germany:

- Gross Salary: €4.000
- Income Tax: €500
- Social Contributions: €300
- Health Insurance: €200
- Net Salary: €3.000

When you are considering a job offer, it's always worth asking whether the salary is quoted as gross or net. Tax rates and contributions can significantly affect your final take-home pay, so it's best to be clear from the start.

Why Understanding Gross vs. Net Salary is Important

1. **Budgeting:** When you're planning your budget, it's best to work from your net salary, as that's the amount you actually have to spend on rent, groceries, transport, and savings. Gross salary can be misleading if you don't factor in deductions.
2. **Job Offers:** When reviewing a job offer, confirm whether the salary is gross or net. High gross pay may look good on paper, but the net amount could be less than expected once taxes and other deductions are applied.
3. **Financial Planning:** Knowing your net salary is crucial for planning ahead. It helps you figure out how much you can put towards savings, investments, and big financial goals, like buying a home or planning for retirement.

Understanding the difference between gross and net salary helps you make smarter financial choices. Whether it's budgeting, negotiating job offers, or planning for tax season, knowing what you truly take home each month is key to financial stability.

TIPS

1. **Understand Your Payslip:** Review your payslip regularly to understand the deductions from your gross salary. If anything's unclear, ask your HR department for a breakdown—this will help you know exactly where your money is going.
2. **Negotiate Benefits:** Not every employer can offer a higher gross salary, but they might provide valuable benefits like retirement contributions, healthcare, or bonuses. These can add a lot of value to your compensation, so consider them when discussing offers.
3. **Plan for Taxes:** If you're self-employed or have a variable income (such as freelancing), it's wise to set aside a portion of your earnings for taxes. This way, you're not caught off guard when tax season comes around.
4. **Budget with Net Salary:** Base your budget on your net salary to get a realistic picture of what you can spend. Prioritise essentials like rent and bills, and make sure to allocate some for savings.
5. **Track and Adjust:** Keep an eye on your income and spending habits. If you get a raise, adjust your savings and spending to make the most of the increase.

PRACTICAL EXERCISES

i. Calculate Your Net Salary

Look at your latest payslip and identify your gross salary along with the various deductions, like taxes, social contributions, and health insurance. Calculate the total deductions to see what your net salary is. Was it what you expected?

ii. Review a Job Offer

If you're considering a job offer, make sure to ask whether the salary is gross or net. You can use an online tax calculator for your country to estimate your net salary after deductions. Does it match your financial needs and goals?

iii. Create a Monthly Budget Based on Net Salary

Use your net salary to set up a budget, dividing it among necessities like rent, food, utilities, savings, and other expenses. Are there areas where you could cut back or save more?

iv. Examine Your Payslip

Take a closer look at your payslip and note each deduction. If any aren't clear, do a bit of research or ask your HR department for clarification. Make sure you're using all available benefits, like retirement contributions or health savings accounts.

"Financial peace isn't the acquisition of stuff. It's learning to live on less than you make, so you can give money back and have money to invest. You can't win until you do this."

Dave Ramsey

Chapter 5. Budget Management

What is Budget Management?

Budget management refers to the process of creating, overseeing, and controlling a financial plan (budget) to ensure that an organization, household, or individual does not spend more than the available resources. It involves:

1. **Planning:** Estimating future income and expenses based on historical data, projections, or specific goals.
2. **Allocation:** Distributing resources to different categories, like operational costs, investments, or personal needs.
3. **Monitoring:** Regularly tracking actual income and expenses to ensure alignment with the budget.
4. **Adjusting:** Making changes to the budget based on actual performance, unforeseen events, or new financial goals.

Effective budget management helps maintain financial stability, make informed decisions, and achieve long-term objectives while avoiding overspending.

Country-Specific Budget Practices

Greece

Budget management practices at the household level have evolved significantly, especially following the economic crisis in the late 2000s, which led many individuals and families to adopt more cautious and strategic approaches to managing their finances. The economic pressures, high unemployment, and austerity measures have influenced people to become more frugal and resourceful in their personal budgeting. Here are some of the common practices that people in Greece use to manage their budgets:

- **Prioritising Needs Over Wants:** Greek households tend to focus on necessities like food, utilities, and healthcare over non-essential spending, such as dining out, entertainment, and luxury purchases.
- **Reduced Consumption:** Due to economic constraints, many families have significantly reduced their consumption of discretionary items and focus on more basic, cost-effective goods.
- **Manual Budgeting:** Many Greeks still use traditional methods like handwritten notes or simple spreadsheets to track income and expenses. This helps them keep a close eye on their spending and stick to a budget.
- **Digital Budgeting:** Younger generations and tech-savvy individuals have adopted budgeting apps to track expenses, manage savings, and set financial goals. Apps like Mint and YNAB (You Need A Budget) are increasingly popular.
- **Family and Community Support:** Family structures in Greece are traditionally strong, and during tough financial times, households often share resources. Families might live together in multi-generational homes to reduce housing costs or pool their income to support one another.
- **Bartering and Sharing Economy:** Rural areas engage in informal bartering to minimise cash outflows.

Italy

In Italy, budget management practices at the household level are influenced by cultural values, economic conditions, and the broader European financial landscape. Italians have historically been known for their frugality and resourcefulness, particularly in times of economic difficulty. Recent economic challenges, such as high unemployment rates, inflation, and the COVID-19 pandemic, have further reinforced the need for careful budgeting and financial planning.

Some common budget management practices used by Italians are:

- **Emergency Savings:** Italians tend to be conservative savers, with many households maintaining emergency funds to prepare for unexpected expenses such as medical costs or job loss.
- **Cautious Spending:** Saving for the future, particularly for retirement or large life events (weddings, home purchases), is a priority. Italians often save a significant portion of their income, focusing on long-term financial stability.
- **Spending on Essentials:** Italians are generally cautious about unnecessary spending. Many households focus on essential purchases, such as food, utilities, and housing, while limiting luxury or non-essential items.
- **Thrift Shopping and Second-hand Goods:** Italians are increasingly embracing thrift shopping for clothing, furniture, and other goods to save money. Buying second-hand goods, especially through online marketplaces or local markets, has become more popular.
- **Cutting Unnecessary Subscriptions:** People review their recurring expenses, such as streaming services or gym memberships, and eliminate unnecessary subscriptions to save money.
- **Energy Conservation and Energy Transition:** Italian households are mindful of utility costs, especially electricity and heating, and many people use energy-efficient appliances, limit the use of heating and air conditioning, and take steps like turning off lights when not in use. Many households have also installed solar panels to reduce their electricity bills and become more energy independent.
- **Water Conservation:** Water usage is carefully monitored in many Italian homes, especially in southern Italy where water is scarcer, to reduce utility costs.

Estonia

In Estonia, budget management practices at the household level reflect a blend of traditional values, modern technology, and the country's fast-growing digital economy. Estonia is known for its strong digital infrastructure, which extends into personal finance management, with many people relying on technology for budgeting and saving. The country's experience with transitioning from a post-Soviet economy to a thriving digital hub has shaped the financial habits of its people.

Here are some common budget management practices used by people in Estonia

- **Budgeting Apps and Digital Banking:** Estonians widely use digital tools and mobile apps for budgeting and tracking expenses. Digital banking through platforms like Revolut and Estonia's own LHV Pank allows users to easily track transactions and control spending.
- **E-Estonia and Digital Payments:** Estonia's world-leading e-governance system extends to personal finances. Most Estonians use digital payments, reducing the need for cash transactions, and they benefit from real-time tracking of expenses through their banking apps.
- **Saving for Future Goals:** Many Estonians prioritize saving for long-term goals, such as buying a home or saving for retirement. Estonia's pension system encourages people to start saving early, and many people use voluntary private pension plans to secure their financial future.
- **Emergency Funds:** Keeping an emergency fund is a standard practice for Estonian households. Estonians save a portion of their income in easily accessible accounts in case of unexpected expenses like healthcare needs or job loss.
- **Avoiding Consumer Debt:** Estonians generally avoid high levels of personal debt, especially when it comes to credit cards and consumer loans. There is a cultural preference for paying for goods upfront rather than financing through credit.
- **Home Cooking:** Many Estonians prefer cooking meals at home, which is not only healthier but also significantly cheaper than eating out. This practice is especially common in rural areas, where access to restaurants and cafes is more limited.

- **Stock Market and P2P Lending:** Estonia has a growing investment culture, with many people investing in the stock market or using peer-to-peer (P2P) lending platforms to earn returns on their savings.
- **Cryptocurrency Investment:** Estonia is a tech-forward country, and many individuals have embraced cryptocurrency investments as part of their financial strategy, taking advantage of the country's favourable digital environment.

Latvia

In Latvia, budget management practices reflect the country's economic history, cultural values, and a growing focus on modern financial tools and digital technologies. As a Baltic state with a history of economic transitions, many Latvians are careful with their finances, practicing frugality and prioritizing long-term savings. Economic challenges, such as inflation and wage disparity, have also shaped Latvian households' budgeting strategies.

- **Living Within One's Means**: Latvians are generally careful about spending, often opting for a more minimalist lifestyle. Households focus on essential expenses such as housing, food, and utilities, and avoid luxury items unless they are financially secure.
- **Living Within One's Means**: Latvians are generally careful about spending, often opting for a more minimalist lifestyle. Households focus on essential expenses such as housing, food, and utilities, and avoid luxury items unless they are financially secure.
- **Prioritizing Homeownership**: Homeownership is a cultural priority in Latvia, with many families working toward owning property. Latvians often allocate a large portion of their income to saving for a down payment or paying off a mortgage.
- **Budgeting Apps and Digital Banking**: Like their Baltic neighbours, Latvians are increasingly adopting digital tools for budgeting and financial management. Mobile banking apps from banks like Swedbank, SEB, and Citadele allow users to track expenses, set savings goals, and monitor their financial health.
- **Energy Conservation**: Latvians are mindful of utility costs, especially during the cold winter months. Many households focus on reducing heating and electricity bills by using energy-efficient appliances,

insulating homes, and practicing energy-saving habits, such as turning off lights and lowering the thermostat.

Portugal

Budget management practices in Portugal are influenced by rising living costs, a challenging housing market, and a culture that values careful spending and family support. Portuguese households typically prioritise essential needs, maintain strong community ties, and adapt to economic pressures with a mix of traditional and digital budgeting methods.

Here are some common practices that people in Portugal use to manage their budgets:

- **Prioritising Essentials:** Given rising costs for essentials, Portuguese households focus on covering necessities like rent, food, utilities, and healthcare first. Spending on non-essentials like entertainment and dining out is typically reduced, especially in urban areas where the cost of living is high.
- **Shared Housing and Family Support:** With homeownership becoming less attainable, particularly in larger cities due to high property prices and rent, many families share housing with extended family members. This not only helps reduce individual housing costs but also creates a support system for managing other expenses, childcare, and shared responsibilities.
- **Mixed Budgeting Methods:** Many Portuguese households still rely on traditional budgeting methods, such as handwritten records or simple spreadsheets, to track monthly expenses and income. However, there’s also a growing trend of using digital budgeting apps, particularly among younger generations.
- **Increased Savings for Emergencies:** Financial uncertainty has encouraged more households to save for unexpected expenses. Although saving can be challenging, Portuguese families often set aside small amounts regularly, aiming to build an emergency fund.
- **Energy and Water Conservation:** Utility costs are a significant part of household expenses, and conserving energy and water has become a standard practice. Many households invest in energy-efficient appliances, limit the use of heating, and reduce water usage. Solar

panels are also becoming more popular in sunny regions, as families seek long-term savings on electricity.

TIPS

1. **Establishing Financial Goals:** Start by clearly outlining both immediate and future financial targets. This could mean building savings for a significant investment, clearing debts, or simply managing day-to-day finances more effectively. Clear goals provide a roadmap for your budgeting efforts and help you prioritise spending.
2. **Estimating Income:** Accurately estimate your combined earnings from various sources, including wages, business profits, or investments. A realistic income estimate helps set the foundation for effective budget planning and ensures you're not overestimating available funds.
3. **Identifying Costs:** Make a complete list of expected expenses. This should include fixed costs, like rent and utilities, as well as variable expenses, such as groceries and entertainment. Understanding both types of costs allows for more precise financial planning and reduces the risk of unexpected shortfalls.
4. **Distributing Money:** Designate specific amounts to different categories, prioritising essentials over desires. Ensure that necessary costs are fully covered before allocating funds to non-essentials. This disciplined approach helps prevent overspending and keeps the budget balanced.
5. **Assessing and Correcting:** Regularly reassess your budget to ensure it remains realistic. Adjust as needed to reflect changes in income or expenses, whether they're short-term shifts or long-term adjustments. This flexibility allows your budget to adapt to life's changes without compromising stability.

PRACTICAL EXERCISES

i. Set Your Financial Goals

Identify three short-term financial goals (e.g., building a small emergency fund, paying off a credit card) and three long-term goals (e.g., saving for a home, retirement). For each goal, estimate how much you'll need and set a realistic timeline to achieve it. Do these goals fit within your current budget?

ii. Track Your Monthly Expenses

For the next month, record every expense you make. Group these expenses into categories such as essentials (e.g., rent, groceries) and non-essentials (e.g., dining out, entertainment). At the end of the month, review the totals in each category. Are there any areas where you could cut back?

iii. Create a Monthly Budget

Based on your income, list all monthly expenses by category (e.g., rent, utilities, groceries, entertainment). Allocate a set amount for each category, focusing first on essentials, then savings, and finally discretionary spending. Does this budget help cover your basic needs and future savings goals?

iv. Set a Weekly Spending Limit for Non-Essentials

Establish a weekly spending limit for non-essential items like dining out, entertainment, or shopping. Track your spending each day to stay within this limit. At the end of the week, reflect on your spending. Were you able to stay within the limit, and did this approach help you avoid impulse purchases?

"Financial literacy is just as important in life as the other basics."

John W. Rogers

Chapter 6. Financial Systems

Financial institutions are like the base of the economy, playing a vital role in everyone's financial journey. Think of them as the bridge that connects you with various financial services and products. In general, a financial system refers to a set of institutions, instruments, markets, and regulations that facilitate the flow of money and credit in a region's economy. Key components include:

- **Financial Institutions:** Banks, insurance companies, pension funds, and other entities that provide essential financial services.
- **Financial Markets:** Platforms where financial instruments, like stocks and bonds, are traded.
- **Financial Instruments:** Assets that can be traded, such as equities, bonds, currencies, and derivatives.
- **Regulatory Framework:** Laws and regulations that ensure the stability, transparency, and fairness of financial institutions and markets.
- **Monetary Policy:** Central bank actions to manage money supply and interest rates to achieve macroeconomic objectives, such as controlling inflation and promoting economic growth.

One of the things that are managed by financial institutions is the currency. It is a medium of exchange that allows people to trade goods and services efficiently in a specific region. It can take many forms, including coins, paper money, and digital assets. Common examples include the US Dollar (USD), Euro (EUR), and Japanese Yen (JPY). It is also possible that over time, the country might change its currency to a different one; for example, Estonia adopted the euro in 2011 as its official currency, shifting from its previous currency, the kroon, to align with the European Union's economic framework, simplifying trade and investment across borders.

Have you ever noticed how the prices of your favourite items at the grocery store seem to rise over time? That is inflation at work, and it is more than just a minor change in the price of a specific item. In general, inflation is the rate at which the prices of goods and services increase, causing purchasing power to decrease over time. Inflation affects your purchasing power, savings, and even your salary. If the rate of inflation outpaces the growth of your income, you have less money to spend!

Understanding and monitoring inflation helps you make better financial decisions, whether it's about investing, saving, or even negotiating raises. Let's look again at Estonia: in recent years, the country has experienced varying inflation rates that impacted everything from housing prices to everyday goods. By keeping a close eye on these changes, Estonians can better plan their finances and investments, ensuring they stay ahead of the curve. So, next time you hear about inflation in the news, pay attention - it's your wallet that could get affected.

Bank Accounts

And now, let's speak about the other thing you need to pay attention to – bank accounts. It's not just about knowing your balance but understanding how your money flows in and out, recognising patterns, and spotting any unauthorised transactions early enough to prevent the unpredictable loss of funds. This cautiousness can save you from potential fraud, help you better manage your finances, and even uncover opportunities for saving and investment. Various advanced digital banking solutions were implemented in Estonia to make managing your finances more secure and convenient than ever. So, take a moment to review your accounts regularly – it's a small effort that can lead to significant financial peace of mind.

Now, how do you open a bank account? In Estonia, this process is very simple and user-friendly, often done through digital channels without the need to visit a bank in person. Here's a step-by-step guide to how to open a bank account in Estonia (and in any other country since the processes are quite similar):

1. **Choosing a bank:** Compare banks based on the services they offer, fees, and digital banking options. It really comes down to your personal needs and preferences on which one you would choose.
2. **Gathering the required documents:** Typically, you'll need a valid ID, proof of address, and possibly proof of income. Based on your chosen bank, you will find the list of documents on the bank's website.
3. **Joining online:** Many banks offer you to open a bank account digitally, where you can submit your documents and complete identity verification online using tools like Smart ID or Mobile ID. However, in some cases, it would be easier to open a bank account in person, especially if you have some questions and would like to get a proper explanation.

4. **Choosing an account type:** Choose between different account types based on your needs - current accounts for daily transactions, savings accounts, or investment accounts.
5. **Managing your account:** This can be done by using the bank's mobile app or online banking platform to monitor your transactions, set up alerts, and manage your finances efficiently.

Payment Methods

When it comes to paying for goods and services, there are various options available to match your preferences. Most commonly, you'll find that businesses accept major credit and debit cards, which offer a quick and secure way to make payments both online and in-store. Additionally, many places now also accept mobile payment methods such as Apple Pay and Google Wallet, allowing you to simply tap your smartphone to complete a transaction. For those who prefer to handle transactions offline, cash is always an option, however, it is becoming less common in many places. Some businesses may also accept checks, though this method is also less popular due to its slower processing time and higher risk of fraud.

Here are some key aspects of engaging with global financial systems from your own country:

- **International Transfers:** SEPA transfers make euro transactions within Europe simple, while platforms like Wise facilitate low-cost international money transfers.
- **Investment Opportunities:** Europeans can invest globally through digital brokerage services like Interactive Brokers or through local banks that offer international trading options.
- **Currency Management:** Multi-currency accounts and digital exchange platforms make managing different currencies easy for those engaged in international transactions.

Digital Advancements in the Financial System in Estonia

Nowadays, Estonia is often referred to as the world's most advanced digital society, and its financial sector reflects this status as well. Digital services are the core of Estonia's financial system, offering convenience, security, and accessibility. There are a lot of various programmes aimed at digitalizing the financial sector but some of the most well-known are:

- **Digital Wallets and Contactless Payments:** Estonians widely use digital wallets (e.g., Apple Pay, Google Wallet) and contactless payments, making transactions fast and convenient.
- **E-Residency:** Estonia's e-Residency program enables non-residents to start and manage businesses online, expanding access to Estonian financial services.
- **Banking Security:** Cybersecurity is a priority, with strong encryption, multifactor authentication, and blockchain technology ensuring secure digital transactions.

Financial Policies in Estonia

Estonia's financial policies focus on transparency, inclusivity, and supporting innovation in fintech. The government works closely with financial institutions to create an accessible financial environment, ensuring that citizens across all demographics can benefit. Financial literacy programmes also empower individuals to make informed financial decisions. As consumers, Estonians can actively participate in shaping financial policies:

- **Staying Informed:** Follow updates from the Estonian Financial Supervision Authority to understand how regulations affect you.
- **Advocacy and Participation:** Join groups focused on issues like fair lending and consumer rights or take part in public consultations on policy changes.
- **Supporting Fair Practices:** Choose banks that align with ethical values, driving demand for transparency and social responsibility.

TIPS

1. **Use Digital Banking:** Embrace digital banking platforms to manage finances securely and conveniently.
2. **Compare Bank Services:** Research fees and services across banks to find the best fit for your needs.
3. **Track Fees and Charges:** Be mindful of banking fees, as they can add up over time.
4. **Explore Savings Options:** Learn about different savings products to find the one that matches your goals.
5. **Understand Inflation:** Follow inflation trends and learn how financial institutions can help protect your purchasing power.

PRACTICAL EXERCISES

i. *Identify Financial Goals*

List three short-term and three long-term financial goals, such as saving for an emergency fund or retirement. Estimate the amount needed for each and set a realistic timeline. Are these goals achievable within your current financial situation?

ii. *Compare Local Banks*

Research at least three banks in Estonia, focusing on their account types, fees, and digital services. Which bank's offerings align best with your financial needs? Make a note of any standout features or charges.

iii. *Track Your Payment Preferences*

For one week, track all your payment methods (cash, cards, digital wallets). At the end of the week, review the convenience, fees, and security of each method. Are there any methods you prefer, or could you simplify your payments by using digital options?

iv. Set Up a Digital Banking Alert

If your bank offers it, set up an alert for significant account activity (e.g., large withdrawals, low balance). Reflect on how this helps you stay informed and secure in your daily financial management. Would this feature improve your financial awareness?

"A penny saved is a penny earned."

Proverb

Chapter 7. Tax System

You might be wondering what exactly a tax system is, and why should you even care. To put it briefly, a tax system is the framework through which a government collects revenue from individuals and businesses. There are various types of tax systems, including:

- **Progressive taxes:** Where the tax rate increases as income increases.
- **Regressive taxes:** Which take a larger percentage from low-income earners.
- **Flat taxes:** Where everyone pays the same rate, regardless of income.

Understanding these systems is crucial because taxes impact your finances, influence economic decisions, and affect the overall economy. Take Estonia, for instance, a country that uses a flat tax system that is praised for its simplicity and efficiency, yet often criticised as unfair for not accounting for differences in income. By familiarising yourself with how different tax systems operate, you can make more informed decisions and better navigate your financial responsibilities.

Taxation in EU

Taxation in the EU might seem complex at first, but don't worry – it's simpler than it seems. Imagine the EU as a big family, where each country (or family member) has its own way of handling chores (in this case, taxes). While each country manages its own system, they follow some shared rules to ensure fairness and harmony.

Each EU country has a unique tax system but follows common guidelines to ensure taxes don’t disrupt trade between them. For instance, there’s the Value-Added Tax (VAT), a type of sales tax on goods and services. Whenever you buy something in the EU, VAT is already included in the price. There’s also corporate tax, which businesses pay based on their profits.

The EU collaborates to tackle tax evasion and prevent double taxation. For example, if you live in one EU country but work in another, you won’t be taxed twice on the same income, thanks to EU measures that prevent this. So, while each country manages its own taxes, they work together to create a fair and efficient system across Europe.

Why Do We Pay Taxes?

After learning about taxation in the EU and different tax systems, you might wonder, "Why do I need to pay taxes?". Think about the things you use every day – schools, hospitals, roads, parks – these are funded by the taxes we all pay. When everyone contributes their share, the government can keep these essential services running, making communities safer and better for everyone.

Taxes also support people who need a little extra help, such as those who are ill, elderly, or facing tough times. By paying taxes, you’re not just fulfilling a legal obligation; you’re playing a vital role in building a society where everyone can enjoy a good quality of life and access the services they need. So, paying taxes is a way of taking care of each other and ensuring a better future for all.

Types of Taxes

Let’s break down some common types of taxes:

- **Income Tax:** Money taken from your earnings by the government. When you receive a payslip, part of it goes to the government.

- **Sales Tax (VAT):** Added to the price of items when you buy them, such as clothes or gadgets. In the EU, this is usually the VAT (Value-Added Tax).
- **Property Tax:** If you own property, you pay tax based on its value. The more valuable your property, the higher the tax.
- **Excise Tax:** A special tax on products like cigarettes, alcohol, or petrol. Part of the price of these items includes excise tax.
- **Payroll Tax:** Taken directly from your payslip, funding social services like healthcare and education. It's deducted automatically.
- **Estate Tax:** Applied when someone passes away and leaves you money or property, in which case you may pay tax on the inheritance.
- **Corporate Tax:** Businesses pay a tax on their profits, similar to how individuals pay income tax on earnings.

TIPS

1. **Understand Your Tax Obligations:** Learn about the taxes you're required to pay, from income tax to VAT, and stay informed about due dates.
2. **Keep Records:** Maintain records of all income, deductions, and taxes paid. This makes tax filing easier and helps you avoid errors.
3. **Claim Deductions and Credits:** Find out what deductions or credits you're eligible for, as these can reduce your taxable income.
4. **Use Digital Tools:** Many EU countries provide online tax calculators and filing services to simplify tax management.
5. **Seek Advice if Needed:** Consult a tax professional if you have multiple sources of income or complex financial arrangements. They can help you maximise deductions and stay compliant.

PRACTICAL EXERCISES

i. Identify Your Taxes

List all the taxes you pay annually, including income tax, VAT on purchases, and any property or payroll taxes. Note the purpose of each tax and how it supports public services. Are there any taxes you didn't realise you were paying?

ii. Review Your Payslip for Payroll Tax

Examine your latest payslip, identifying any payroll taxes and social contributions. Calculate the total deductions and reflect on how these funds contribute to services like healthcare and education.

iii. Track VAT on Purchases

For one month, keep a record of VAT paid on purchases. At the end of the month, total your VAT spending and reflect on how sales taxes impact your daily expenses.

iv. Calculate Potential Deductions

Review your expenses from the past year and identify any that might qualify as tax deductions (e.g., education expenses, healthcare costs). Estimate how these could lower your taxable income if deductions apply in your country.

v. Research EU Tax Agreements

If you have income from another EU country, research any tax treaties that prevent double taxation. Note the tax rates and exemptions that apply to ensure you understand how these agreements benefit cross-border earners.

"The number one problem in today's generation and economy is the lack of financial literacy."

Alan Greenspan

Chapter 8. Credit

What is Credit?

Credit is a financial tool that allows individuals, businesses, and governments to borrow money or access goods and services with the promise of paying it back later. It is a cornerstone of modern economies, enabling the flow of funds between lenders and borrowers, and thus facilitating growth, consumption, and investment. Credit comes in various forms, such as loans, credit cards or lines of credit, and is often extended by banks, financial institutions, and credit card companies.

Credit plays a vital role in the economy, providing flexibility for individuals and organisations to make necessary purchases and investments. For individuals, credit allows for the acquisition of goods and services that may exceed their immediate financial capacity, such as housing or vehicles. Businesses use credit to invest in growth through expansion, hiring, and innovation. By extending credit, financial institutions help create a dynamic economy, where individuals and businesses can actively participate in economic activities.

An individual’s access to credit is largely determined by creditworthiness, typically assessed through a credit score. A credit score is a numerical representation of a person’s credit history, reflecting how well they’ve managed their past debt obligations. Factors like payment history, total debt, and types of credit used influence this score. A high score can lead to more favourable borrowing terms, such as lower interest rates and higher credit limits, while a low score may result in in higher interest rates or denial of credit. Lenders use credit scores to assess the risk of lending to an individual or business.

National Realities of Credit

Greece

In Greece, credit practices have been shaped by the country's financial crises, leading to cautious borrowing habits. Many Greeks are often hesitant to take on large debts, especially for non-essential purchases. Mortgages are common, but borrowers try to make large down payments to reduce loan amounts. For consumer credit, many people avoid relying on credit cards for non-essential purchases, preferring to pay in cash for everyday expenses. This cultural tendency toward cash-based transactions became even more prevalent during and after the financial crisis.

Credit card use tends to be conservative, with most Greeks paying off balances in full each month to avoid interest charges. Credit is primarily used for major purchases or significant one-time expenses, rather than regular consumption. Interest rates on credit cards and personal loans can be high, which further discourages people from carrying balances. Greeks are generally averse to accumulating long-term debt, and many opt for safer, smaller-scale borrowing or defer purchases until they have saved enough to pay in cash.

Strict lending criteria imposed by Greek banks post-crisis also influence credit behaviour. Lenders require a stable income and strong credit histories for personal and business loans, making access to credit more limited. Family support is a common alternative to borrowing in Greece, where family members often provide financial assistance for large expenses.

Latvia

In Latvia, credit usage has grown steadily, but borrowing practices remain cautious due to the country's economic history. Many Latvians are careful when it comes to taking on debt, especially after the financial crisis of 2008-2009, which hit the Baltic region hard. Mortgages are a common form of borrowing, as homeownership is highly valued, but Latvians tend to take out smaller loans compared to other European countries, often contributing larger down payments to avoid excessive debt. Consumer credit, including credit cards and personal loans, is available, but many Latvians prefer to use credit sparingly.

Credit cards in Latvia are less common than in Western Europe, and those who have them typically use them for planned, larger purchases rather than everyday expenses. Latvians tend to pay off their balances in full each month to avoid interest, and there’s a cultural preference for saving rather than relying on credit. High-interest debt is generally avoided, and maintaining a good credit score is important for securing favourable loan terms.

Since the financial crisis, Latvian banks have imposed stricter lending requirements, which has led to a cautious approach to borrowing, with many Latvians focusing on financial stability and long-term savings. While credit is increasingly used for practical purposes, such as housing or business investments, Latvians remain wary of accumulating excessive debt and are more likely to save for major purchases rather than depend heavily on loans or credit cards.

Estonia

In Estonia, credit usage is well-established and has grown alongside the country's strong digital infrastructure and economic stability. Estonians commonly use credit for major purchases, such as homes and cars, with mortgages being a particularly popular form of borrowing. The availability of digital banking services has made it easy for consumers to access loans and credit. However, despite the accessibility, many Estonians maintain a conservative approach to borrowing, ensuring they can comfortably manage their repayments before taking on debt.

Credit card usage in Estonia is more widespread compared to its Baltic neighbours, but it is typically used responsibly. Many Estonians pay off their balances in full each month to avoid interest charges, using credit cards primarily for convenience or to take advantage of rewards programs. The culture of responsible borrowing is reinforced by the fact that high-interest debt is avoided when possible, with Estonians focusing on maintaining good credit scores and financial health.

Estonia’s well-developed digital ecosystem plays a key role in credit accessibility, with many financial services being conducted online. Fintech innovation has made credit more accessible, but Estonian banks still maintain strict lending criteria, ensuring borrowers have stable incomes and good credit histories. This cautious approach to lending has helped maintain financial stability in the country.

Italy

Credit practices in Italy reflect a combination of traditional caution and modern financial trends. Italians tend to be conservative about borrowing, influenced by a cultural preference for saving and financial prudence. Mortgages are a common form of credit, but Italians often prefer to make substantial down payments to reduce the size of their loans. Personal loans and credit cards are available, but Italians generally use them more sparingly compared to other Western European countries. The cautious approach to credit is a result of both historical economic challenges and a cultural inclination towards financial stability.

Credit cards are primarily used for larger purchases or travel expenses, and there is a strong emphasis on paying off balances in full each month. While credit cards are common among younger Italians, older generations prefer using cash or debit cards for everyday transactions, reflecting a more conservative attitude towards debt.

The Italian banking system maintains stringent lending standards, requiring thorough checks on borrowers' financial stability and creditworthiness. This cautious approach to lending has been influenced by past economic difficulties and contributes to the overall conservative borrowing culture. Although access to credit has improved in recent years, Italians still approach borrowing with care, focusing on essential expenses and investments. Family support is also a significant factor in managing finances, with many Italians relying on familial assistance for major financial decisions rather than resorting to credit.

Portugal

In Portugal, credit card usage reflects a blend of traditional caution and evolving financial behaviours. While credit cards are widely available, they are predominantly used for specific purchases rather than daily expenses. Many Portuguese prefer cash or debit cards for everyday transactions, mirroring a conservative stance toward debt. This cautious approach is influenced by cultural values that prioritize financial prudence and a reliance on savings over borrowing.

The Portuguese banking system offers various credit products, including mortgages and personal loans. However, consumers often opt for substantial down payments to minimize loan amounts, thereby reducing long-term financial obligations. Credit cards are typically utilized for larger or planned expenditures, with a strong emphasis on paying off balances promptly to avoid interest charges.

Despite the increasing accessibility of credit, many Portuguese continue to rely on savings or family support for significant expenses, such as purchasing a home or funding education. This preference for self-reliance over borrowing highlights a cultural inclination toward financial responsibility. While younger generations are gradually embracing credit products, the overall attitude remains conservative, with a focus on essential spending and prudent financial management.

Before Using Credit

Before resorting to credit, consider the following to ensure responsible borrowing:

- **Need vs. Want:** Assess if the purchase is essential or discretionary. Using credit for necessities may be justified, but for non-essentials, it's wise to reconsider.
- **Repayment Ability:** Calculate how credit payments will impact your budget. Borrow only if you can meet the repayments without financial stress.
- **Interest Rates and Costs:** Examine rates and fees carefully. High-interest debt, such as credit cards, can quickly escalate if balances aren't paid off.
- **Credit Score Impact:** Understand how taking on new debt affects your credit score. High credit utilisation or missed payments can lower your score.
- **Alternative Options:** Explore alternatives, like saving or borrowing from family, before turning to credit, especially for non-urgent needs.

Types of Credit

Revolving Credit: Revolving credit is a flexible form of borrowing that allows individuals to borrow up to a specified limit, repay it, and borrow again as needed. This type of credit is most associated with credit cards, but it can also come in the form of lines of credit. In revolving credit, the borrower is only required to make a minimum payment each month, but they can choose to pay off part of the balance or the full amount. Interest is charged on the remaining balance. The credit limit is typically set by the lender based on factors such as the borrower's credit history and income level. The flexibility of revolving credit is one of its main advantages, as it allows for continuous access to funds, but it also requires discipline. If not managed properly, revolving credit can lead to high-interest debt that is difficult to repay over time.

Instalment Credit: Instalment credit involves borrowing a lump sum of money and repaying it in fixed, regular payments over a set period of time. Each payment typically includes both principal and interest, and the terms of repayment are agreed upon upfront. Examples of instalment credit include auto loans, personal loans, mortgages, and student loans. The borrower is usually given a fixed interest rate, though some loans may have variable rates that fluctuate over time. One of the key benefits of instalment credit is predictability. The borrower knows exactly how much they will pay each month and how long it will take to pay off the loan. This makes instalment credit a popular option for major purchases or expenses, such as buying a car or financing education. However, unlike revolving credit, instalment credit does not offer the flexibility of borrowing again once payments are made.

Open Credit: Open credit, also known as service credit, is a type of credit that allows individuals to receive a service or utility and then pay for it at the end of a billing cycle. Common examples include utility bills, cell phone bills, and cable services. With open credit, there is typically no set credit limit, and the borrower is required to pay the full balance by a specified due date. If the borrower fails to make the payment on time, they may incur late fees or risk having their service discontinued. While open credit does not accumulate interest like revolving credit or instalment credit, it is still important to manage payments responsibly. Failure to pay on time can negatively impact a person's credit score, and utility providers may report missed payments to credit bureaus.

Charge Cards: A charge card is a type of credit that operates similarly to a credit card, but with some important distinctions. Charge cards do not have a preset spending limit, and the full balance must be paid off at the end of each billing cycle. Unlike credit cards, charge cards typically do not allow carrying a balance from month to month. Charge cards can offer significant spending power and are often associated with premium rewards programs. However, they require strong financial discipline, as failing to pay off the balance in full can result in substantial late fees or penalties. Additionally, charge cards may require higher income levels and better credit scores than traditional credit cards.

TIPS

Managing credit responsibly is essential for maintaining financial health and avoiding debt traps. Here are some useful tips for managing credit effectively:

1. **Pay Bills on Time:** Timely payments are crucial for maintaining a good credit score. Late or missed payments can negatively impact your credit and lead to penalties or higher interest rates.
2. **Pay More Than the Minimum:** If you carry a balance on your credit card, try to pay more than the minimum each month. This reduces total interest paid and helps clear debt faster.
3. **Keep Credit Utilisation Low:** Credit utilisation is the percentage of available credit you're using. Aim to keep it below 30% to improve your credit score. For example, if your credit limit is €10.000, try to keep your balance below €3.000.
4. **Regularly Check Your Credit Report:** Ensure there are no errors or fraudulent activities on your report. Many services offer free credit monitoring, and you can request a free credit report annually from major credit bureaus.

5. **Avoid Unnecessary Credit Applications:** Each credit application triggers a hard inquiry on your report, which can temporarily lower your score. Only apply for new credit when necessary.
6. **Use Credit Cards Wisely:** If possible, pay off your credit card balance in full each month to avoid interest charges and keep debt manageable. Avoid using credit for impulsive or unnecessary purchases.
7. **Maintain a Mix of Credit Types:** Having different types of credit, such as instalment loans (e.g., car loans) and revolving credit (e.g., credit cards), can positively impact your score. However, don't take out loans solely to diversify.
8. **Prioritise High-Interest Debt:** Pay off high-interest debt first to save money in the long run and reduce overall debt faster.
9. **Co-sign with Caution:** Co-signing a loan or credit card can affect your score if the other party misses' payments. Only co-sign if you're willing to take on this risk.
10. **Build an Emergency Fund:** Establish an emergency fund to avoid relying on credit during financial hardships. This can help keep credit utilisation low and prevent debt accumulation.

PRACTICAL EXERCISES

i. *Compare Credit Card Options*

Research three credit cards available to you, comparing interest rates, fees, and rewards. Which card best aligns with your spending habits and financial needs?

ii. *Calculate Loan Repayments*

Choose a hypothetical loan (e.g., €10.000 at 5% interest over 5 years) and calculate monthly payments. How does the repayment amount affect your budget?

iii. Monitor Your Credit Utilisation

Track your monthly credit card balance against your total credit limit. Is your utilisation under 30%? Consider adjusting spending if it's higher.

iv. Check Your Credit Report

Obtain your latest credit report and review it for accuracy. Are there any errors or suspicious entries that need addressing?

v. Set a Credit Utilisation Goal

If you currently carry a credit card balance, set a target to lower your utilisation (e.g., from 50% to 30%). Track your progress and assess how it affects your overall financial health.

"Financial fitness is not a pipe dream or a state of mind. It's a reality if you are willing to pursue it and embrace it."

Will Robinson

Chapter 9. Insurance

Imagine if one day you wake up to find that your car has been damaged in an accident or that you suddenly need expensive medical treatment. Without insurance, these unexpected events could leave a huge dent on your finances. Insurance is like a safety net, helping you manage such risks. By paying a small amount regularly, you pool your money with others, so if something goes wrong—like an accident, illness, or fire—the insurance company steps in to cover the costs. For instance, if you have health insurance and need hospital care, your insurance will pay part or all of the medical bills. Or if your car is damaged in an accident, car insurance helps pay for repairs. Think of insurance as a way to protect your finances from life's unpredictable events.

Types of Insurance

Understanding the different types of insurance can help you protect what matters most. Let's explore the most popular types and what they cover, using examples from Estonia:

1. **Health Insurance:** Covers medical expenses like doctor visits, hospital stays, and prescriptions. In Estonia, the Estonian Health Insurance Fund (EHIF) provides coverage to residents, funded by social tax paid by employers and employees. For example, if you're employed, your employer contributes to your health insurance, giving you access to medical services such as doctor visits, specialist care, and hospital treatment.
2. **Auto Insurance:** Protects your vehicle and covers liabilities in case of accidents. In Estonia, Compulsory Motor Third Party Liability Insurance (MTPL) is required by law for all vehicle owners. This covers damages you may cause to others in an accident. Optional coverage like Comprehensive Insurance (KASKO) is also available, which covers damage to your own vehicle from accidents, theft, or natural disasters.
3. **Home Insurance:** Safeguards your home and belongings from risks like fire, theft, or natural disasters. For instance, if your apartment suffers water damage due to a burst pipe, your home insurance policy may cover the repair costs and damages to your belongings.
4. **Life Insurance:** Provides financial support to your family in case of your death, helping them maintain their lifestyle and cover expenses. In Estonia, life insurance policies are offered by private companies like Swedbank and SEB.
5. **Travel Insurance:** Covers unexpected expenses while travelling, such as medical emergencies or trip cancellations. For example, if you're on holiday in Spain and need emergency treatment, your travel insurance can cover the medical costs, which could otherwise be very expensive.

How to Choose Insurance

Choosing an insurance plan can be a rather challenging task due to the variety of options available. Here are some tips to help:

1. **Assess Your Needs:** Start by evaluating what you need insurance for – whether health, home, car, or other areas. Understand the risks you face and how insurance can mitigate them.
2. **Compare Options:** Don’t settle for the first quote. Compare different insurance providers, coverage options, deductibles, and premiums to find the best fit for your budget and needs.
3. **Read the Fine Print:** Always read carefully the policy details. Pay attention to exclusions, limitations, and conditions that might affect your coverage.
4. **Consider Deductibles:** Higher deductibles often mean lower premiums, but make sure you can afford the deductible if you need to make a claim.
5. **Review Regularly:** Your insurance needs may change over time due to life events (like buying a home or having children). Review your policies annually to ensure they still meet your needs.
6. **Bundle Policies:** Many insurers offer discounts if you bundle multiple policies (e.g., home and auto insurance) with them. It's worth checking if this could save you money.
7. **Understand Coverage Levels:** Ensure you understand what each policy covers. For example, health insurance might cover different services or medications depending on the plan.
8. **Ask Questions:** If something is unclear, don't hesitate to ask your insurance provider. Understanding your coverage fully can prevent surprises later.
9. **Maintain Good Records:** Keep copies of your insurance policies, receipts for premiums paid, and records of communications with your insurer. This can be crucial if you ever need to file a claim.
10. **Stay Informed:** Stay updated on changes in insurance laws and regulations that could affect your coverage. Knowledge is your best tool for making informed insurance decisions.

How to Document Insurance Claims

Once you have insurance, it’s essential to know how to document claims if something goes wrong. Properly documenting losses and negotiating with your insurer can improve your claims experience.

- **Document Everything:** From the moment a loss occurs, record all details. In Estonia – and in most of the countries – you can use the electronic ID system to store documents related to insurance policies and communications. For example, after a car accident, take photos of the scene, gather witness contact information, and file a report online.
- **Understand Your Policy:** Familiarise yourself with your policy's terms and conditions. Most insurers provide clear policy documents in multiple languages, so you know what's covered and any exclusions.
- **Be Prompt:** Notify your insurer as soon as possible after an incident. Many insurers have online portals or mobile apps for quick claim filing and tracking.
- **Negotiate if Needed:** If the initial settlement seems inadequate, don't hesitate to negotiate. Present your documentation clearly and make a case for a fairer settlement.
- **Seek Advice:** If you find the claims process complex, consult an insurance advisor or lawyer.

Remember, insurance is about protecting yourself and your assets. Choosing the right policies and managing them wisely can give you peace of mind knowing you're prepared for the unexpected.

TIPS

1. **Pay Premiums on Time:** Keeping your policies active requires timely payments. Missing payments can disrupt coverage.
2. **Bundle Insurance Policies:** Bundling can save money, as insurers often offer discounts for multiple policies.
3. **Know Your Deductibles:** Choose deductibles that fit your budget, so you're prepared if you need to file a claim.
4. **Update Beneficiaries:** Ensure beneficiaries on life insurance policies are up to date, especially after major life events.
5. **Review Coverage Annually:** Your needs may change, so review and adjust your coverage periodically.
6. **Understand Exclusions:** Know what your insurance does not cover to avoid surprises.
7. Ask for Help if Needed: Don't hesitate to ask your insurer about unclear terms or conditions.

PRACTICAL EXERCISES

i. *Identify Your Insurance Needs*

List the assets or risks you'd like to protect (e.g., health, car, home). Based on your priorities, identify the types of insurance that best meet your needs.

ii. *Compare Insurance Policies*

Research and compare two insurance policies in a category you're interested in, such as health or car insurance. Focus on premiums, coverage limits, and exclusions to determine which policy offers better value for your needs.

iii. *Calculate the Deductible Impact*

Review your current insurance policies and calculate how much you would need to pay out-of-pocket if you made a claim (i.e., your deductible). Consider whether you're comfortable with this amount or if adjusting your policy might be beneficial.

" I think people don't understand compound interest because typically no one ever explains it to them."

James Surowiecki

Chapter 10. Investments

What is Investing?

Imagine you have some money saved, and you want it to grow. That's where investing comes in. Investing means using your money to buy assets like stocks (shares in companies), bonds (loans to companies or governments), real estate (property), or even starting a business, with the goal of growing your wealth over time.

When you invest, you are making a strategic decision to put your money into something that could increase in value. For instance, if you buy shares in a company, you're betting that the company will succeed, which could increase the value of your shares. Similarly, investing in bonds means lending money with the expectation of earning interest. Successful investing involves understanding risks and rewards, making informed choices, and being patient for potential growth. It's an essential tool for building wealth and achieving financial goals.

Types of Investors

Whether you're new to investing or looking to expand your knowledge, it's helpful to understand the different roles investors play:

- **Individual Investors:** Everyday people investing personal funds in assets like stocks, bonds, or real estate, typically for long-term wealth growth.
- **Institutional Investors:** Large organisations (e.g., pension funds, insurance companies) investing substantial sums on behalf of others, often with access to greater resources and expertise.
- **Angel Investors:** Wealthy individuals who provide capital to early-stage startups in exchange for ownership equity. They take on higher risks in exchange for potential high returns and often providing mentorship to entrepreneurs.
- **Venture Capitalists:** Firms or investors focusing on funding innovative startups with high growth potential. They provide capital, strategic advice, and industry insights to help businesses grow.

Understanding these investor types can help you navigate the financial landscape more effectively, whether you're thinking about your own investment options or looking to understand the wider market dynamics.

Types of Investments

When considering where to place your money, it's important to also understand the different types of investments available, as each comes with unique characteristics and potential rewards. Here's a little guide with potential rewards and risks to help you navigate the investments:

1. **Stocks:** Shares of ownership in a company.
   - Potential rewards: They offer the possibility of high returns if the company performs well.
   - Risks: Stocks are known for their volatility and can fluctuate significantly in value, making them higher-risk investments.
2. **Bonds:** Loans to companies or governments.
   - Potential rewards: They provide lower but more stable returns compared to stocks.
   - Risks: Generally considered safer than stocks, but they can still be affected by interest rate changes and credit risk.
3. **Mutual Funds:** Pooled money from many investors used to buy a diversified portfolio.
   - Potential rewards: They offer a balance of risk and reward, as the diversification helps mitigate individual investment risks.
   - Risks: While more stable than individual stocks, mutual funds can still be impacted by market fluctuations.
4. **Real Estate:** Purchasing property for rental income or resale profit.
   - Potential rewards: Real estate can be more stable and can provide steady rental income or capital gains upon sale.
   - Risks: Requires significant capital and can be less liquid than other investments. Property values can also fluctuate based on market conditions.
5. **Savings Accounts:** Low-risk bank accounts for slow, safe growth.
   - Potential rewards: They grow your money slowly but safely over time with minimal risk.
   - Risks: The returns are typically lower than other investment types, which may not keep pace with inflation.

What is Diversification of Investments?

Another thing to consider when planning your investments is the diversification of your portfolio. It is a key principle in investing that involves spreading your investments across different asset classes to reduce risk. In Estonia, as in other countries, a diversified portfolio can include a mix of stocks, bonds, real estate, mutual funds, and more. Here are a few options:

1. **Stocks and Bonds:** Investing in stocks allows you to own shares in companies, while bonds, such as those issued by the national

governments or local corporations, provide a more stable income through interest payments.

2. **Real Estate:** The real estate market is usually growing steadily, particularly in big cities and famous tourist destinations. You can invest directly by purchasing property to rent out or sell for profit, or indirectly through real estate investment trusts (REITs), which pool money from many investors to buy income-generating properties.
3. **Mutual Funds and ETFs:** Mutual funds and exchange-traded funds (ETFs) are another way to diversify. For example, LHV offers a range of funds that invest in various assets across the Baltic region.
4. **Peer-to-Peer (P2P) Lending:** Platforms like Bondora and Estateguru allow investors to lend money directly to individuals or businesses in exchange for interest payments. This can be a higher-risk investment, but it offers the potential for higher returns.
5. **Alternative Investments:** You might also consider investing in alternative assets like art, collectables, or even local startups. Estonia has a diverse startup ecosystem, and platforms like Funderbeam allow you to invest in early-stage companies. This can be riskier but potentially more rewarding if the startups succeed.

Understanding the European Investment Market

When investing, it's crucial to understand the landscape of the market you're entering. As an investor coming from a EU country, you're uniquely positioned within the broader European Union (EU) market, which offers both opportunities and challenges.

One of the key aspects of investing in Europe is the regulatory environment. The EU has established a framework designed to protect investors like you. These regulations include strict rules on financial transparency, consumer rights, and corporate governance. This means that companies you invest in are generally required to disclose their financial information clearly and accurately, providing you with the data you need to make informed decisions.

The European market is very diverse, combining well-established economies like Germany and France, as well as emerging markets in Eastern Europe, including Estonia, Latvia, and Lithuania. This diversity offers a range of opportunities. For instance, you could invest in the stability of Western

European companies or seek higher growth potential in emerging Eastern European markets with higher risks.

However, this diversity within the EU market also brings different types of risks. Political changes, economic shifts, and varying levels of market development can all impact your investments. For example, while Western European markets are typically more stable, they might offer slower growth compared to the dynamic but potentially riskier Eastern European markets. It’s also worth considering the impact of geopolitical events – such as Brexit or regional tensions – that can create volatility in the market.

And finally, the fact that you are an investor in the Eurozone is a big advantage, since you’re dealing with investments in euros. This can simplify your investments within other Eurozone countries, as there’s no currency risk involved – you're using the same currency. For example, investing in a French company or a German ETF won’t require you to worry about exchange rates impacting your returns.

But if you decide to invest outside the Eurozone, currency fluctuations become an important factor to consider. For instance, if you invest in UK stocks or American tech giants, changes in the value of the pound or the dollar against the euro could affect your overall returns. To manage these currency risks, you might consider hedging options or choosing funds that already manage currency differences. Understanding how currencies interact and impact your investments can help you make more strategic decisions, especially if you plan to diversify your portfolio globally.

Where can you get help and advice?

Navigating the investment landscape can be complex, especially if you're new to the market and have never dealt with investments before. Here are some tips on how you can get started and find the guidance you need:

- **Financial Advisors:** A financial advisor can help you create a personalized investment strategy based on your goals, risk tolerance, and financial situation. Advisors can provide insights into the European market's peculiarities, such as regulations and tax considerations specific to a specific country and the EU.

- **Educational Resources:** If you prefer a hands-on approach, plenty of online resources are available to help you learn about investing responsibly.
- **Online Platforms:** Numerous online platforms, such as LHV Trader or Swedbank Investor, which offer tools and research to help you make informed decisions. These platforms often include educational content and market analysis to guide your investment choices.

Though investing and gambling both involve risk, they're fundamentally different. Investing is a calculated effort based on research and strategy, aimed at growth over time. It isn't just a wild guess: it is based on informed decisions, research, and strategic planning. In contrast, gambling is a game of chance with uncertain outcomes. Investing uses informed decisions to achieve financial goals, while gambling is driven by luck and immediate rewards – there is no amount of skill or knowledge that can predict the result. So, while both activities involve risk and the potential for reward, investing is a calculated effort aimed at growth, while gambling is essentially a game of chance.

TIPS

1. **Start with a Plan:** Set clear investment goals based on your risk tolerance, timeframe, and financial goals.
2. **Diversify:** Spread investments across different asset classes to reduce overall risk.
3. **Understand the Risks:** Know the risks associated with each investment type, from stocks to real estate.
4. **Invest for the Long Term:** Patience is key. Avoid the urge to make quick decisions based on market fluctuations.
5. **Stay Informed:** Follow market trends, economic news, and updates that could impact your investments.
6. **Review Your Portfolio Regularly:** Reassess your investments periodically to ensure they still align with your goals.
7. **Limit High-Risk Investments:** Avoid placing too much money in high-risk assets unless you're prepared for potential losses.

8. **Consider Tax Implications:** Be aware of tax impacts on your returns, especially with cross-border investments.
9. **Monitor Fees and Expenses:** Be mindful of management fees, as these can eat into your returns.
10. **Seek Professional Advice if Needed:** Consult a financial advisor if you're uncertain about your investment choices.

PRACTICAL EXERCISES

i. *Define Your Investment Goals*

Identify one short-term and one long-term investment goal. Estimate the amount needed and set a realistic timeframe for each.

ii. *Research an Investment Type*

Choose an asset class (e.g., stocks, bonds, real estate) and research its risks, rewards, and how it fits with your goals. Summarise your findings.

iii. *Track Market Trends*

Follow an investment market or sector of interest (e.g., tech stocks, European real estate) for a month. Note any changes and consider what factors may be influencing these trends.

iv. *Calculate Potential Returns*

Choose an investment amount and use an online calculator to estimate potential returns over time at different interest rates. Reflect on how rate changes impact long-term growth.

"If money is your hope for independence, you will never have it. The only real security that a man will have in this world is a reserve of knowledge, experience, and ability."

Henry Ford

Chapter 11. Financial Fraud Prevention & Security

1. Financial Security

You received a grant for your project! What's next?

Before implementing your project, there are a few crucial steps to secure your funding properly:

Financial Agreement: Carefully review the terms and conditions with the funding institution and any project partners. This agreement outlines your responsibilities, including deadlines, reporting, auditing requirements, and termination conditions. As a legal document, the financial agreement cannot be altered by overwriting text; if changes are necessary, request an amended agreement from the funding partner.

Why is it important? Funding institutions, whether public or private, must use funds according to specific objectives, as they are accountable to the public or stakeholders. Financial agreements, along with annexes, define how funds should be spent and the rules for the project. It's essential to read these documents carefully, especially with public institutions like the European Union, as they often include numerous annexes with references to their financial regulations.

2. Agreements with Project Partners

A partnership agreement ensures clarity on the rights and responsibilities of all project partners, helping to prevent misunderstandings. This contractual arrangement outlines how to administer the financial agreement and offers legal recourse if partners don't perform as expected. The partnership agreement should be finalized before the project begins and should include:

- Commitment to the financial agreement terms.
- Roles and responsibilities of all parties.
- Conditions for payments, reimbursement, and eligible expenses.
- Dispute resolution and applicable law, ideally that of the beneficiary organization's country.

This agreement should clarify each partner's role, tasks, and communication methods, especially for transnational projects. Topics like cost sharing, expense management, and decision-making authority should also be addressed.

3. Risk Management

What is Financial Risk? Financial risk is the possibility of financial loss in a project or business venture. Common types include:

- Contract Fraud: Manipulating contract terms.
- People Risks: Issues like falsified CVs or expense fraud.
- Conflicts of Interest: Collusion between staff and suppliers.
- Financial Fraud: Tactics like duplicate invoicing or mandate fraud.
- Income and Expense Risks: Job loss, health issues, unexpected expenses.
- Asset-Related Risks: Loss, damage, or theft of investments and property.
- Mitigating Financial Fraud Risks

To manage fraud risks effectively, a project manager should create a risk management plan to identify, assess, and monitor potential or real risks. Regularly updating the plan to address new or changing risks keeps a project secure and resilient.

4. Digital Security Tips

a) **Safe Wi-Fi:** Use a secure Wi-Fi connection when handling financial transactions; avoid public Wi-Fi networks for sensitive operations.

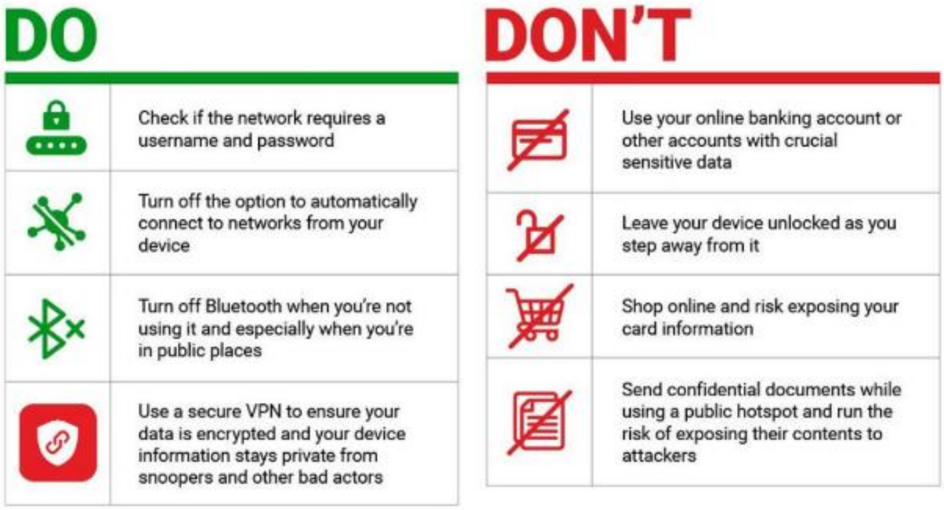

Figure 1. The DO's and DONT's regarding the safe wi-fi.

https://www.bitdefender.com/cyberpedia/secure-wi-fi-connection/

b) **Strong Passwords:** Use complex passwords of at least eight characters with digits, uppercase and lowercase letters, and symbols. Avoid common or personal information (like birthdays, names of people or phone numbers). Consider using a password manager to securely store and manage your passwords.

c) **Data Protection:** Your financial data is sensitive. Never share passwords, PINs, or identification numbers with anyone, and keep security codes away from your devices. Banks and other institutions will never ask for this information by phone or email.

d) **Secure Online Payments:** Use secure, trusted sites with the 3D Secure system (e.g., Verified by Visa, MasterCard SecureCode). Avoid using foreign or unknown devices for transactions.

VISA SECURE

mastercard. ID Check

e) **Monitor Account Activity:** Regularly check account statements and set up notifications for account changes to detect unauthorized transactions quickly.

5. Handling Cash in Non-Profit Organizations

- **Control Systems:** Establish systems to secure finances, prevent fraud, and ensure policy adherence.
- **Separation of Duties:** Assign different individuals for cash handling and accounting, especially for large transactions.
- **Prefer Bank Transfers and Cheques:** Use traceable methods for larger payments to enhance security.
- **Cash Receipts Management:** Deposit cash promptly and keep records.
- **Physical Cash Checks:** Conduct regular cash audits to prevent discrepancies.

6. Online Security Basics

6.1. Open-Source Software

Open-source software is software whose source code is made publicly accessible, allowing anyone to view, modify, and distribute it. This openness provides essential benefits for security and trust. Unlike closed-source software, where code is hidden from users, open-source software allows for community inspection, meaning security vulnerabilities can be quickly identified and addressed. Users can audit the code to ensure it behaves as expected, with no hidden malicious features.

Open-source projects are often collaborative, involving developers worldwide. This collective intelligence accelerates improvements and enhances reliability. For example, the Linux operating system, developed by thousands of contributors, has become a robust, secure platform widely used across various devices.

6.2. End-to-End Encryption (E2EE)

End-to-end encryption (E2EE) ensures that only the intended recipient can access the data sent, securing it throughout the entire transmission process. Unlike traditional encryption, where data is encrypted on the sender's device and decrypted at the recipient's device, E2EE keeps data encrypted during the entire journey. This means that even if a third party intercepts the data, they cannot read it, as only the recipient's device can decrypt it.

Traditional encryption methods, like HTTPS, protect data in transit but not at rest. For instance, an email sent through Gmail is encrypted during transmission, but once it reaches Google's servers, it can be accessed by the provider or shared if required by law. E2EE solves this issue by ensuring that encryption and decryption happen solely on the devices of the sender and recipient, reducing the need to trust third parties.

6.3. Smartphones

Smartphones come with numerous features that can track user behaviour and collect personal data. Here are some key privacy concerns to keep in mind:

- **Location Tracking:** Smartphones can track your movements accurately, even when GPS is turned off. This tracking can occur through Wi-Fi networks, cell towers, and device sensors. If you want to maintain privacy, leaving your smartphone at home is the safest option.
- **Data Collection by Tech Giants:** Companies like Google and Apple collect substantial metadata through apps. To mitigate this, users can sideload APK files or download apps from third-party stores like F-Droid, although this can carry its own risks if apps are not verified.
- **Invasive App Permissions:** Many apps request permissions that go beyond what is necessary for their functionality. For example, a simple game may request access to contacts, camera, or location. Android apps often request more permissions than iOS apps, but recent Android versions allow users to control permissions more precisely. Regularly review app permissions and adjust them according to your comfort level.
- **Data Backups and Encryption:** While most modern smartphones use E2EE for data in transit, data backed up to cloud services like iCloud or Google Drive is often not encrypted. Users should disable auto-backups or consider secure alternatives like NextCloud for data storage.

6.4. Private/Incognito Mode

Private or incognito mode in browsers prevents the browser from saving visited pages or adding them to the browsing history. This feature is useful for hiding browsing activity from others who might access the same device, such as family or coworkers. When in private/incognito mode, your browsing history and cached pages are not stored on the device.

While private/incognito mode protects activity within the browser itself, it does not hide your browsing from external observers, like your Internet Service Provider (ISP) or the websites you visit. Many users mistakenly believe that incognito mode provides complete anonymity. In reality, your IP address and identifying information are still visible to websites and your ISP, even in incognito mode.

6.5. Virtual Private Networks (VPNs):

A VPN connects your device to a VPN server, operated by a VPN service, creating a secure and encrypted connection that offers enhanced online privacy. Here's how VPNs help protect your data:

- **ISP Privacy:** When using a VPN, your ISP cannot see your online activities because all data is encrypted and routed through the VPN server. The VPN server acts as an intermediary, hiding your browsing activity from the ISP.
- **Government Surveillance:** ISPs often cooperate with government surveillance programs, but a VPN's encryption helps protect your data from being accessed by government entities. This added privacy helps reduce the risk of mass surveillance.
- **IP Address Masking:** A VPN hides your real IP address, making websites see only the IP of the VPN server. This makes it harder for websites and potential malicious actors to trace your identity and location.

TIPS

1. **Secure Your Financial Agreements:** Carefully review all terms and conditions in financial and partnership agreements.
2. **Separate Duties:** Divide financial responsibilities, especially in cash handling, to prevent fraud.
3. **Use Secure Connections:** Only use secure Wi-Fi for financial transactions; avoid public networks.
4. **Create Strong Passwords:** Use unique passwords for accounts and consider using a password manager.
5. **Monitor Accounts Regularly:** Check statements frequently for any unusual or unauthorized activity.
6. **Limit App Permissions:** Regularly review and limit app permissions on your devices.
7. **Use a VPN for Privacy:** Connect to a VPN for secure browsing, especially on public Wi-Fi.
8. **Educate Your Team:** Train staff on digital security practices and fraud prevention.
9. **Implement a Risk Management Plan:** Regularly assess potential fraud risks and update mitigation strategies.
10. **Conduct Regular Audits:** Schedule audits to review financial practices and maintain compliance.

PRACTICAL EXERCISES

i. *Review Your Financial Agreements*

Examine a current financial agreement, noting the key terms and any annexes. Identify any potential risks or unclear sections and consider questions to clarify with your funding partner.

ii. *Monitor Account Security*

Set up notifications for account changes and review your latest bank statement. Note any unusual transactions and think about how these alerts help improve security.

iii. Assess Digital Security Practices

Review your current online practices (e.g., password strength, app permissions). Identify two areas where you can improve security and take steps to enhance them.

iv. Conduct a Cash Handling Audit

If applicable, review cash handling practices in your organization. Evaluate separation of duties and identify areas for increased control or oversight.

v. Evaluate Wi-Fi and VPN Use

List the networks you commonly use for financial tasks. If you use public Wi-Fi, consider switching to a VPN for added security.

"Financial literacy begins the process of earning more for what you know and less for what you do."

Linsey Mills

Chapter 12. Ethics, Law and Duties

Ethics, law, and duty play crucial roles in shaping societies by defining expectations, establishing guidelines, and creating frameworks for responsible behaviour. Together, they provide the foundation for cooperation, trust, and justice in both personal and professional relationships. Understanding these concepts is essential, as they influence individual actions, social norms, and the functioning of organizations.

Ethics: The Foundation of Integrity and Responsibility

Ethics refers to a set of moral standards guiding individuals and organizations in discerning right from wrong. Though ethics can vary across cultures, their primary goal is to promote fairness, honesty, and respect within society.

- **Personal Ethics:** A personal code of conduct that individuals adopt to guide their own behaviour, reflecting values such as honesty, integrity, respect, and compassion.
- **Professional Ethics:** Many professions have specific codes that members are expected to follow, fostering public trust and ensuring the welfare of clients. For instance, doctors follow the Hippocratic Oath, emphasizing their duty to do no harm.
- **Organizational Ethics:** Companies create ethical policies to guide decision-making and interactions with employees, clients, and stakeholders, promoting transparency and accountability.
- **Societal Ethics:** These represent the collective values and norms that shape social behaviour. Societal ethics can evolve, reflecting changes in public attitudes and beliefs.

Ethical standards often underpin laws, aligning personal and collective values with legal obligations. While ethics guide behaviour voluntarily, laws make certain ethical standards mandatory by enforcing formal consequences for violations.

Law: The Backbone of Order and Justice

Law consists of formalized rules established by governing bodies to regulate behaviour and maintain social order. Laws define rights and responsibilities, protect citizens, and promote fairness.

- **Civil Law:** Governs disputes between individuals or organizations, addressing issues like contracts, property rights, family matters, and torts (civil wrongs). Civil law aims to provide remedies, such as compensation, to those who have been wronged.
- **Criminal Law:** Focuses on actions harmful to society, such as theft, assault, and fraud. These crimes are prosecuted by the state, with penalties including fines, imprisonment, or community service.

Criminal law aims to deter harmful behaviour and protect public safety.

- **Regulatory Law:** Sets standards for industries and organizations, covering areas like environmental protection, workplace safety, and consumer rights. Regulatory laws help prevent unethical practices and ensure compliance with societal expectations.
- **International Law:** Governs relations between nations, covering issues such as human rights, trade, and environmental protection. Compliance promotes global cooperation and peace.

Laws are enforceable, providing structured methods for resolving disputes and assigning penalties for violations. They ensure accountability, protect the public from harm, and maintain social order.

Duties: The Expectations for Civic and Social Responsibility

Duties are obligations individuals and organizations have toward society, grounded in ethical and legal standards. These responsibilities foster respect, harmony, and progress within communities.

- **Personal Duties:** Individuals have responsibilities to act in ways that contribute to the well-being of others. This includes showing respect, offering help, and following social norms.
- **Civic Duties:** Civic responsibilities support the functioning of society and uphold democratic values. Examples include obeying laws, voting, and serving on juries. Fulfilling these duties strengthens democracy and public trust.
- **Professional Duties:** Professionals are accountable to clients, employers, and colleagues, with responsibilities grounded in ethics. For example, lawyers must represent their clients' best interests, while teachers are expected to promote learning and integrity.

The Intersection of Ethics, Law, and Duty

Though ethics, law, and duty are distinct concepts, they intersect in significant ways. Ethical standards often inspire laws, and laws clarify and enforce duties. In daily life, individuals – particularly young people – experience these intersections across various areas.

- **Academic Integrity and Ethical Behaviour:** Students face ethical decisions related to honesty and fairness in academic settings. For example, respecting intellectual property and avoiding plagiarism are both ethical and legal responsibilities. Violating these standards can result in academic penalties and harm one's reputation.
- **Social Media Conduct:** Social media blurs the lines between personal and public life, posing ethical and legal challenges. Respecting others' privacy and avoiding harmful behaviour is an ethical duty, while legal obligations restrict actions like defamation, hate speech, and sharing copyrighted material.
- **Civic Duty and Law:** Young adults who gain the right to vote also have the civic duty to stay informed and participate responsibly in democracy. This aligns with ethical principles such as integrity, respect for diverse opinions, and commitment to public welfare.
- **Employment and Workplace Conduct:** Young individuals entering the workforce must comply with company policies and legal obligations, such as anti-discrimination laws. Ethical considerations include workplace honesty, fair treatment of colleagues, and reporting misconduct. Upholding these standards fosters a respectful work environment and strengthens professional integrity.
- **Environmental and Social Responsibilities:** Many young people feel a duty to engage in sustainable practices, such as reducing waste or supporting eco-friendly businesses. Ethical consumerism, such as choosing fair-trade products, aligns with laws on environmental standards, creating a shared responsibility for sustainable practices.

TIPS

1. **Know Your Rights and Responsibilities:** Familiarize yourself with laws relevant to your activities, such as consumer rights, privacy laws, and employment standards.
2. **Follow Ethical Standards:** Adhere to ethical principles in both personal and professional life, maintaining honesty, integrity, and respect in all interactions.
3. **Stay Informed:** Keep up with changes in laws and social norms that impact your duties as a citizen, employee, or consumer.

4. **Respect Privacy:** Whether online or in person, be mindful of others' privacy and avoid sharing sensitive information without consent.
5. **Uphold Civic Duties:** Engage actively in democratic processes like voting and participating in community initiatives.
6. **Model Responsible Behaviour:** Set a positive example by following laws, respecting ethical standards, and fulfilling your obligations toward others.
7. **Act Responsibly on Social Media:** Maintain respectful interactions online, avoiding defamation and other legally questionable behaviour.
8. **Acknowledge Environmental Duties:** Make choices that support sustainability, such as reducing waste, recycling, and supporting eco-friendly businesses.
9. **Adhere to Workplace Ethics:** Maintain professionalism, respect company policies, and prioritize honesty in all work-related actions.
10. **Seek Guidance if Uncertain:** If facing an ethical dilemma or legal issue, consult a mentor, legal expert, or trusted advisor for advice.

PRACTICAL EXERCISES

i. *Reflect on Personal Ethics*

List three personal values that guide your decisions (e.g., honesty, respect). Consider how these values impact your behaviour in daily interactions.

ii. *Identify Civic Responsibilities*

Write down three civic duties you hold (e.g., voting, obeying laws, paying taxes). Reflect on how fulfilling these responsibilities strengthens your community.

iii. *Examine Social Media Conduct*

Review recent social media interactions and consider if they align with ethical and legal standards. Identify any areas for improvement.

iv. Learn about Workplace Ethics

If employed, review your company's code of conduct. Identify two ethical guidelines that apply to your role and consider how you can uphold them.

v. Explore Environmental Responsibilities

List three actions you can take to support environmental sustainability (e.g., recycling, reducing waste, choosing eco-friendly products). Reflect on how these choices benefit society and the environment.

"The art is not in making money, but in keeping it."

Proverb

Chapter 13. Creative Saving

What is Creative Saving?

Creative saving involves finding innovative, often unconventional ways to set aside money. While traditional methods like saving a portion of your income or using a savings account are effective, creative saving encourages you to think outside the box. It focuses on developing new habits, using technology, and employing strategies that make saving both easier and more enjoyable.

The goal of creative saving is to make saving money a natural part of your routine—sometimes without you even realizing it. Whether through gamifying your savings, automating finances with apps, or turning hobbies into income, creative saving helps you maximize resources in ways that suit your personality and financial goals.

Why is it important?

Saving money can sometimes feel tedious or restrictive, but creative saving can make the process more engaging and flexible. It also offers several key benefits:

1. **Achieving Financial Goals:** Creative saving can help you build funds for future goals, whether for a vacation, an emergency fund, or a significant purchase.
2. **Reducing Financial Stress:** By consistently setting money aside, even through small, creative methods, you gain peace of mind knowing you have a financial cushion for unexpected expenses.
3. **Encouraging Flexibility:** Unlike rigid saving plans, creative saving methods are adaptable, allowing you to adjust as your financial circumstances or goals change.
4. **Transforming Small Efforts into Big Gains:** Small, everyday savings can add up over time, allowing you to grow your funds without major lifestyle changes.

Creative Saving Methods

Here are some innovative saving techniques to inspire you:

- **Automate Your Savings:** Many banks offer apps that round up purchases to the nearest euro and transfer the difference into a savings account. This simple step lets you save without thinking, accumulating funds gradually with every transaction.
- **The 30-Day Rule:** Before making a significant purchase, wait 30 days. Often, the desire to buy fades, helping you avoid impulse purchases and save more effectively.
- **Envelope System for Cash Spending:** Allocate a set amount of cash for specific categories each month (e.g., groceries, entertainment). Once the cash is gone, you can’t spend more in that category, promoting discipline and financial control.
- **Sell Unused Items:** Sort through your belongings and sell items you no longer need. Platforms like eBay, Facebook Marketplace, or Vinted can help turn clutter into cash, which can go directly to your savings.

- **Save Windfalls:** Unexpected money, like tax refunds, bonuses, or birthday gifts, can go straight into savings rather than being spent right away. Treat windfalls as opportunities to boost your financial security.
- **No-Spend Challenge:** Commit to avoiding non-essential spending for a specific period, such as a week or a month. The challenge builds awareness of spending habits, allowing you to save the money you'd typically spend on extras.
- **Gamify Your Savings:** Make saving fun by turning it into a game. Set small, specific targets (e.g., saving €50 in a week) and reward yourself when you reach them. Apps like Qapital and YNAB offer goal-setting features that can help gamify the experience.
- **Monetize a Hobby:** If you have a hobby like photography, writing, or crafting, consider selling your creations or offering services online. Income from hobbies can go directly into savings, adding to your financial goals without affecting your main income.
- **Meal Planning and Batch Cooking:** Plan your meals for the week and cook in bulk. Reducing restaurant visits and takeout saves money over time while simplifying meal preparation.
- **Switch to Generic Brands:** Store-brand products often match the quality of name brands at a fraction of the price. Switching to generics for groceries, personal care, and household products can add up to significant savings over time.

TIPS

1. **Automate with EU-Based Apps:** Many European banks offer apps that allow for automated savings by rounding up purchases and transferring spare change to savings. Check with your bank for available options.
2. **Direct Windfalls into Tax-Advantaged Accounts:** Use tax-advantaged savings accounts like ISAs in the UK or similar EU structures for saving bonuses, tax refunds, or other unexpected income. These accounts can help you grow savings while reducing your tax liability.
3. **Participate in No-Spend Challenges:** Many EU countries popularize "No-Spend November" and similar events, encouraging mindful spending and extra savings.

PRACTICAL EXERCISES

i. *Create a Savings Plan*

Choose one or more creative saving methods from this chapter and incorporate them into your routine. Write down a savings goal (e.g., save €500 in six months) and list the steps to achieve it. Track your progress weekly, adjusting your plan as necessary.

ii. *Try a No-Spend Challenge*

Pick a weekend or a full week for a No-Spend Challenge, spending only on essentials like food, bills, and transport. Reflect on how much money you saved and how this influenced your spending habits. Could you extend this challenge to a longer period?

iii. *Sell Unused Items*

Identify at least five items in your home that you no longer need. List them for sale on an online marketplace or at a local garage sale. Deposit the money earned from these sales into your savings account. Reflect on how quickly small sales can add up to meaningful savings.

iv. *Batch Cook for a Week*

Plan your meals for the upcoming week and try batch cooking. Prepare multiple meals in advance and store them in the fridge or freezer. Calculate the savings from reduced dining out or takeout orders. Could this become a regular practice?

v. *Automate Your Savings*

Set up automatic transfers from your current account to your savings account each month. Start small and gradually increase the amount. Reflect on how automation simplifies saving and track how much you accumulate over time.

PRO(F)
LITERACY 2.0

"Financial literacy is not an end in itself, but a step-by-step process. It starts in childhood and continues throughout a person's life all the way to retirement."

Anonymous

"Financial education needs to become part of our national curriculum and scoring systems so that it's not just the rich kids that learn about money... it's all of us"

David Bach

PART 2. Activities for Youth Financial Empowerment

In this second part of the handbook, we present a collection of structured activities aimed at empowering youth workers to enhance financial literacy among young Europeans. Financial literacy is a critical life skill that not only enables young people to manage their finances but also provides them with the tools to make informed decisions, build confidence, and achieve greater independence. Each activity in this section has been designed to address specific financial topics, aligning with the overarching themes of the handbook.

These activities are meant to be practical, adaptable, and engaging. They provide youth workers with step-by-step guidance to deliver impactful workshops, combining theoretical insights with interactive activities. The sessions aim to foster discussion, reflection, and real-world application, ensuring young participants can relate to and integrate the concepts into their daily lives. With varied methodologies, including group discussions, role-playing, simulations, and creative exercises, each activity accommodates different learning styles and promotes collaborative learning.

1. Budget Management

Title of the Activity	THE SHOPPING SPREE CHALLENGE
Target group	Youth workers, young leaders, students
Issues addressed	Participants will engage in a simulated shopping experience where they must manage a fictional budget while making decisions about purchases. This activity teaches prioritization, decision-making, and balancing needs versus wants.
Aim/learning outcome	Participants will gain practical experience in managing a budget, fostering essential financial literacy skills such as prioritization, decision-making, and financial planning. They will learn how to differentiate between needs and wants, adapt to unexpected financial situations, and understand the long-term implications of their spending habits.
Objectives	To simulate managing a budget for a shopping trip and enhance financial literacy.
Duration	2 hours
Materials needed	Materials Needed: - Fictional budget handouts - Item list with prices - Calculators (if needed) - Pens and paper for notes
Step by step instruction	**1. Introduction (10 minutes)** - Explain the importance of budgeting and financial decision-making in everyday life. - Discuss the objectives of the activity and what participants will learn. **2. Setting Up the Challenge (10 minutes)** - Distribute a fictional budget to each participant (e.g., $500). - Provide each participant with a list of items categorized by type (e.g., clothes, electronics, groceries) along with their prices. - Example item list: ● T-shirt: 20€ ● Jeans: 40€ ● Laptop: 300€

	● Phone: 200€ ● Groceries: 50€ ● Shoes: 60€ ● Book: 15€ **3. Shopping Phase (30 minutes)** - Participants will have 30 minutes to "shop" from the item list, selecting items while staying within their budget. - Introduce sales or discounts (e.g., a 20% discount on shoes) that participants can choose to take advantage of. - Occasionally introduce unexpected expenses (e.g., a surprise tax of 25€ or a "need" for new headphones) to simulate real-life financial situations. **4. Reflection and Discussion (20 minutes)** - After the shopping phase, participants will calculate their total spending and determine what items they were able to purchase. - Facilitate a group discussion about the choices they made: - What did they prioritize? - How did they handle unexpected expenses? - Were there any items they wished they could have bought but couldn't? - How did they decide between needs and wants? **5. Debriefing on Budgeting Strategies (20 minutes)** - Share tips for effective budgeting and financial planning: - How to create a budget - The importance of tracking expenses - Setting financial goals - Discuss real-life implications of staying within a budget and the consequences of overspending. **6. Conclusion and Wrap-Up (10 minutes)** - Summarize key lessons learned from the activity. - Encourage participants to reflect on their shopping habits and how they can apply these lessons in their own lives. - Provide resources for further learning about budgeting and personal finance.
Additional Suggestions	Encourage groups to incorporate digital and innovative financial solutions like mobile banking apps or blockchain-based services in their business plans.

Title of the Activity	CREDIT MYTH VS. FACT QUIZ
Target group	Youth workers, young leaders, students
Issues addressed	Participants will work in teams to develop a quiz that addresses common myths and facts about credit. They will identify which statements are true or false, fostering discussion and deeper understanding.
Aim/learning outcome	Participants will gain a deeper understanding of credit myths and facts, enabling them to make informed financial decisions and manage credit responsibly. They will learn to differentiate between accurate and misleading information, improving their ability to navigate credit-related challenges with confidence.
Objectives	To educate participants on common misconceptions about credit and promote a better understanding of how credit works.
Duration	2 hours
Materials needed	- Handouts with common credit myths and facts - Access to research tools (internet, articles) - Whiteboard or flipchart for notetaking and summarizing.
Step by step instruction	**1. Introduction (10 minutes)** - Explain the significance of understanding credit and how misconceptions can impact financial decisions. - Introduce the concept of myths vs. facts in credit reporting and scoring. **2. Myth Identification (20 minutes)** - Provide participants with a list of common credit myths (e.g., "Closing old credit accounts improves your score," "Checking your credit hurts your score," "Credit cards are bad for your credit score"). - Discuss each myth briefly to ensure everyone understands them. **3. Team Quiz Development (30 minutes)** - Divide participants into small teams (3-4 members each). - Each team will create a set of quiz statements, mixing myths and facts about credit. - Encourage teams to research and verify the accuracy of each statement using reliable sources.

	4. Quiz Presentation (30 minutes) - Each team will present their quiz to the class, reading out each statement. - The other teams will vote on whether they believe the statement is true or false, followed by the presenting team revealing the correct answer and providing an explanation. **5. Group Discussion (20 minutes)** - Facilitate a discussion about the quiz results, encouraging participants to share their thoughts and insights. - Address any lingering misconceptions and clarify important points about credit. **6. Conclusion and Reflection (10 minutes)** - Summarize the key takeaways regarding credit myths and facts. - Encourage participants to think about how this knowledge can influence their credit decisions moving forward.

2. Expenses/Revenue

Title of the Activity	UNDERSTANDING EXPENSES: A GATEWAY TO SMART FINANCIAL MANAGEMENT
Target group	Young adults (ages 18-25)
Issues addressed	1. Lack of understanding of basic financial concepts. 2. Difficulty distinguishing between necessary and unnecessary expenses. 3. Challenges in managing personal budgets effectively.
Aim/learning outcome:	Participants will be able to: - Define 'expense' and categorize different types of expenses. - Recognize the impact of expenses on personal budgeting. - Identify strategies for managing expenses effectively.
Objectives	1. Introduce the concept of expenses and their role in personal finance. 2. Teach participants how to differentiate between fixed, variable, discretionary, and non-discretionary expenses. 3. Provide practical tools to track and analyse spending habits.
Duration	1.5 hours
Materials needed	- Projector or screen for presentation. - Flipchart or whiteboard with markers. - Handouts: Budget tracking templates. - Activity cards with different types of expenses (e.g., rent, Netflix subscription, groceries). - Sticky notes or small notepads.
Step by step instruction	**1. Introduction (10 minutes):** - Brief overview of the importance of financial literacy. - Ask participants: 'What comes to mind when you hear the word "expense"?' - Write responses on the board. **2. Presentation (15 minutes):** - Define 'expense' and discuss different types (fixed, variable, discretionary, non-discretionary). - Use examples from everyday life. **3. Activity: Categorizing Expenses (30 minutes):** - Divide participants into small groups. - Distribute expense cards to each group.

	- Task: Categorize the expenses under the correct headings (fixed, variable, etc.) on a flipchart. - Debrief: Groups present their categorizations, and facilitators provide feedback. **4. Practical Exercise: Personal Expense Tracker (20 minutes):** - Hand out budget tracking templates. - Ask participants to think of their past week's expenses and fill out the template. - Discuss patterns: 'What surprised you? What could you change?' **5. Discussion and Wrap-up (15 minutes):** - Group discussion: 'How can understanding expenses help you make better financial decisions?' - Encourage participants to share one action they plan to take to manage their expenses better.
Additional Suggestions	- Include relatable examples, such as costs associated with student life or first jobs. - Use interactive tools like apps or software to demonstrate tracking expenses. - Provide follow-up resources, such as links to free budgeting tools or financial literacy blogs.
Other comments	This activity can be adapted for online delivery using breakout rooms and shared documents for group exercises.

Title of the Activity	UNDERSTANDING REVENUE: UNLOCKING INCOME SOURCES
Target group	Young adults (ages 18-25)
Issues addressed	1. Limited awareness of different sources of revenue. 2. Difficulty identifying active and passive income streams. 3. Lack of understanding of the role of revenue in financial stability.
Aim/learning outcome	Participants will be able to: - Define 'revenue' and distinguish it from other financial terms. - Identify common sources of revenue in personal and professional contexts. - Explore ways to diversify revenue streams.
Objectives	1. Introduce the concept of revenue and its importance in personal finance. 2. Discuss active and passive income. 3. Encourage participants to brainstorm potential revenue sources.
Duration	1.5 hours
Materials needed	- Projector or screen for presentation. - Flipchart or whiteboard with markers. - Handouts: Revenue categorization charts. - Activity cards with examples of revenue sources (e.g., salary, investment income, side hustle). - Sticky notes or small notepads.
Step by step instruction	**1. Introduction (10 minutes):** - Brief overview of the importance of understanding revenue. - Ask participants: 'What do you think revenue means?' - Write responses on the board. **2. Presentation (15 minutes):** - Define 'revenue' and differentiate between active and passive income. - Provide examples of revenue sources.

	3. Activity: Mapping Revenue Sources (30 minutes): - Divide participants into small groups. - Distribute revenue source cards to each group. - Task: Categorize the revenue sources under 'active' or 'passive' on a flipchart. - Debrief: Groups present their findings, and facilitators provide feedback. **4. Practical Exercise: Personal Revenue Map (20 minutes):** - Hand out revenue categorization charts. - Ask participants to think of their own revenue sources and fill out the chart. - Discuss: 'What are potential ways to diversify your revenue streams?' **5. Discussion and Wrap-up (15 minutes):** - Group discussion: 'How does understanding revenue impact your financial goals?' - Encourage participants to share one revenue source they would like to explore.
Additional Suggestions	- Include examples of revenue relevant to young adults, such as freelance work or online gigs. - Use digital tools or apps to showcase potential revenue tracking. - Provide resources for exploring additional revenue opportunities.
Other comments	This activity can also be adapted for online sessions using collaborative tools like Miro or Google Jamboard.

3. Financial System

Title of the Activity	THE MORTGAGE
Target group	Youth Workers and Youth Leaders
Issues addressed	The game focuses on mortgage planning, financial literacy, and understanding how long-term loans and interest impact the total cost of a house. It also touches on the decision-making process when choosing the length of a mortgage term and the implications of paying off loans early.
Aim/learning outcome	Participants will develop a deeper understanding of how mortgage payments work, including how interest accrues over time, the trade-offs between different loan durations, and the benefits of early repayment. They'll also learn how age can affect mortgage eligibility and financial planning.
Objectives	- Understand the relationship between mortgage duration and total cost. - Explore the financial implications of paying off a mortgage early. - Analyse how different life circumstances (such as age) affect mortgage choices. - Develop skills in budgeting and financial decision-making related to long-term loans.
Duration	Near 1 hour
Materials needed	- Game description and mortgage tables (printed or digital) - Calculators for participants - Flipchart/whiteboard for discussing group findings - Pens/paper for calculations.
Step by step instruction	Dear customer, we would like to offer you our wonderful mortgage. We can give you up to 100% of the costs of your house. We can only loan you money until you are 60 – so if you come when you are 35, you don't have an option to have a 30-year mortgage anymore.

Here are the payments our bank requires for each 10.000 EUR:

Mortgage	Amount (EUR)	Yearly payment (EUR)	Total pai (EUR)
0 years	10 000	450	13 500
5 years	10 000	500	12 500
0 years	10 000	600	12 000

For example, if you want a 100.000 EUR mortgage for 25 years, you will pay us 5.000 EUR each year (10.000 would cost 500, 100.000 is 10 times more, therefore 500*10 = 5.000).
You can also choose to pay up your mortgage at any time. Here is the amount of money you will owe us every 5 years, depending on what type of mortgage you chose:

Mortgage pay up plan			
years	**20 years**	**25 years**	**30 years**
0	10 000	10 000	10 000
5	8 104	8 623	8 961
10	5 852	6 988	7 727
15	3 177	5 046	6 262
20	0	2 739	4 522
25		0	2 455
30			0

Additional Suggestions

Encourage participants to role-play as borrowers of different ages (e.g., a 15-year-old versus a 30-year-old) to see how age limits their mortgage options.
After the game, facilitate a discussion on real-life financial planning and the importance of considering long-term financial commitments, such as mortgages.
For more advanced groups, introduce concepts of inflation or fluctuating interest rates to simulate real-world complications.

Title of the Activity	CREATING A FINANCIAL INSTITUTION
Target group	Youth Workers, and Youth Leaders
Issues addressed	Understanding the various types of financial institutions, their roles in the economy, and the impact of regulations and policies on their operations.
Aim/learning outcome	Participants will develop an understanding of how financial institutions are structured, the services they provide, and the regulatory environment they operate in. They will learn to balance financial innovation with regulatory compliance and the needs of different customer segments.
Objectives	Explore different types of financial institutions and their roles. Design a business plan for a financial institution based on customer needs and regulatory requirements. Analyse the impact of monetary and fiscal policies on financial institutions.
Duration	1.5 hours
Materials needed	Printed materials: Business plan templates, role cards describing different types of financial institutions (e.g., bank, insurance company, investment fund), and regulatory scenario cards. Stationery: Flipcharts, markers, pens, sticky notes, and index cards. Digital tools: If available, use presentation software for groups to design and present their financial institution.
Step by step instruction	1. Divide participants into groups, assigning each group a type of financial institution (e.g., commercial bank, insurance company, or investment fund). 2. Each group receives a role card and a business plan template. They will outline their institution's services, target customer base, and compliance strategies. 3. Distribute regulatory scenario cards that depict different economic and regulatory environments (e.g., high inflation, regulatory tightening). Groups adapt their business plans accordingly.

	4. Groups present their financial institution, highlighting how they would navigate the situations and meet the needs of their customers. 5. Facilitate a discussion on the role of financial institutions in economic stability and how regulations shape their operations.
Additional Suggestions	Encourage groups to incorporate digital and innovative financial solutions like mobile banking apps or blockchain-based services in their business plans.

4. Tax System

Title of the Activity	DESIGNING AND EVALUATING A NATIONAL TAX SYSTEM
Target group	Youth workers and young leaders
Issues addressed	Understanding the role of taxation in economic policy, the balance between tax equity and efficiency, and the impact of different tax structures on government revenue and public services.
Aim/learning outcome	Participants will gain a deeper understanding of how different types of tax systems (progressive, regressive, and flat) affect income distribution, economic behaviour, and government revenue. They will also learn to critically evaluate the effectiveness and fairness of various tax policies and make recommendations for tax reform based on specific country contexts.
Objectives	- Compare and contrast different tax systems (e.g., progressive, regressive, flat). - Assess how tax policies influence economic behaviour, government revenue, and social equity. - Design a tax system for a hypothetical country, considering its economic and social needs.
Duration	2 hours
Materials needed	- Country profiles with varying economic conditions and demographic data. - Tax system templates for participants to fill in. - Information sheets on different types of taxes (e.g., income tax, corporate tax, VAT) and their impact. - Evaluation criteria for tax systems (e.g., equity, efficiency, simplicity). - Flipcharts or whiteboards for group presentations. - Markers, pens, pencils, erasers, and sticky notes.
Step by step instruction	- Split participants into small groups of 4-5 people. - Assign each group a country profile that includes information about the country's economic condition, average income levels, income inequality, public service needs, and demographic data. - Groups read through their assigned country profile and discuss the unique economic and social needs of their country.

	- Groups identify key priorities for their tax policy (e.g., reducing income inequality, increasing government revenue for public services, stimulating economic growth). - Groups use a tax system template to design a comprehensive tax policy for their country - Each group must justify their choices, explaining how their tax system will achieve the country's priorities and discussing potential trade-offs (e.g., higher income taxes may reduce investment). - Distribute "event" cards to each group, introducing unexpected changes to their country's economic environment (e.g., economic recession, new trade deal, demographic shift). - Groups must adjust their tax policies based on these new scenarios and discuss the potential impacts on government revenue and social equity. - Each group presents their tax policy and how they adapted it to the changing economic conditions. **Debriefing questions:** o Equity and fairness: Does your tax system achieve fairness for all citizens? Why or why not? o Efficiency: How does your tax system affect economic behaviour (e.g., work incentives, investment)? Are there any potential inefficiencies? o Revenue generation: Is your tax system able to generate sufficient revenue for public services? If not, what changes would you make? o Economic growth: Does your tax system promote economic growth and investment? What elements might hinder or support growth? o Adaptability: How well did your tax system handle the unexpected events? What changes would you make to improve its resilience? o Real-World Comparisons: How does your tax system compare to existing systems in countries you know? What lessons can be drawn from these comparisons?
Additional Suggestions	Provide participants with a glossary of tax-related terms (e.g., marginal tax rate, effective tax rate, tax avoidance) to ensure everyone is on the same page.

Title of the Activity	ROLE-PLAYING GAME
Target group	Youth workers and young leaders
Issues addressed	Understanding the complexity of designing and implementing tax policies in a democratic setting, balancing the interests of various stakeholders, and evaluating the impact of tax changes on different social groups and economic sectors.
Aim/learning outcome	Participants will take on the roles of different stakeholders in society (e.g., government officials, business leaders, social activists, and citizens) to experience firsthand the challenges of tax policy decision-making. They will learn how to negotiate, build coalitions, and compromise to create a tax policy that balances equity, efficiency, and revenue generation.
Objectives	- Understand how different stakeholders are affected by tax policies and how they advocate for their interests. - Explore the dynamics of political negotiation and coalition-building in the context of tax policy. - Develop a nuanced understanding of the trade-offs involved in tax policy decisions. - Analyse the outcomes of their policy decisions and reflect on their effectiveness in achieving equity and efficiency.
Duration	2 hours
Materials needed	- Role cards for each participant, describing their assigned stakeholder (e.g., government official, small business owner, corporate executive, social activist, public sector worker, citizen representative). - Scenario cards depicting different economic and social challenges that the government faces (e.g., high unemployment, income inequality, budget deficit, rising healthcare costs). - Flipcharts, markers, pens, sticky notes.
Step by step instruction	- Assign each participant a role card representing a different stakeholder group (e.g., government official, small business owner, social activist, citizen representative). Provide a brief description of each role, including their priorities, preferred tax policies, and constraints. - Explain the rules of the simulation and how decisions will be made, emphasizing that each participant must advocate for their group's interests while seeking to build coalitions and reach compromises.

	- Present the group with the current economic scenario (e.g., charts showing income distribution, GDP growth, government budget, and key economic indicators). - Distribute scenario cards detailing specific challenges the country faces (e.g., increasing healthcare costs, rising unemployment, high wealth inequality). - Each stakeholder group discusses the scenario and develops their initial position on what tax changes they want to see. Groups fill out a template outlining their preferred policies and justifications. - Groups meet in an open forum to present their initial positions and engage in discussions. - Introduce a special event (e.g., a sudden economic downturn, public protest wealth inequality, or international sanctions) that forces groups to rethink their positions and adjust their proposals. - Groups briefly discuss how this event impacts their position and whether they need to alter their proposals. - Groups continue negotiations based on the new scenario, focusing on reaching a consensus that balances the interests of various stakeholders. - Once all negotiations are complete, participants vote on the final tax policy proposals. Debriefing questions: o Stakeholder impact: How did your role influence your perspective on the proposed tax policies? Did you find it difficult to advocate for your group's interests? o Compromising: How did you negotiate with other groups? What were the key challenges in reaching a consensus? o Policy effectiveness: Do you think the final tax policy decisions will effectively address the economic and social issues presented in the scenario? Why or why not? o Unintended consequences: What are some potential unintended consequences of the agreed-upon tax policies? Could any group be disproportionately affected? o Personal Learning: What did you learn about balancing equity, efficiency, and revenue generation in tax policy? Did the activity change your view on taxation?
Additional Suggestions	Consider having one participant act as a "neutral moderator" or "media representative" who can ask challenging questions, provide updates on public opinion, or report on the impact of proposed policies.

5. Credit

Title of the Activity	CREDIT CARD COMPARISON PROJECT
Target group	Young people aged 18 - 30 years old.
Issues addressed	Participants will research various credit card options and compare key factors such as interest rates, fees, rewards, and terms. They will create a presentation or infographic to effectively showcase their findings.
Aim/learning outcome	Participants will gain practical knowledge and skills to evaluate and compare credit card options, enabling them to make informed financial decisions regarding credit card use and management. They will understand the impact of various credit card terms on their financial health, ultimately building financial literacy and responsibility.
Objectives	To educate participants on the importance of understanding credit card terms and guide them in choosing the right card based on their financial needs.
Duration	2 hours
Materials needed	- Internet access for research - Presentation tools (laptops, poster boards, markers) - Handouts with criteria for comparison
Step by step instruction	**1. Introduction (10 minutes)** - Briefly explain the importance of credit cards and what to consider when choosing one. **2. Research Phase (40 minutes)** - Participants will be divided into small groups (3-4 members). - Each group will select 3-5 different credit cards to compare. - Provide resources (websites, articles, and comparison tools) to aid their research. **3. Comparison Criteria (20 minutes)** Groups will focus on the following criteria: - Interest rates (APR) - Annual fees - Rewards programs (cashback, travel points, etc.)

	- Introductory offers - Late fees and other penalties - Additional perks (insurance, discounts, etc.) **4. Creation Phase (30 minutes)** - Groups will create a presentation or infographic to showcase their findings. They can use tools like PowerPoint, Canva, or poster boards. **5. Presentations (30 minutes)** - Each group will present their findings to the class (5 minutes per group). - Encourage questions and discussion after each presentation. **6. Conclusion and Discussion (20 minutes)** - Summarize key takeaways about credit card comparisons. - Discuss how participants can apply this knowledge to make informed decisions in the future.

7. Insurance

<table>
<tr><th>Title of the Activity</th><th>INSURANCE</th></tr>
<tr><td>Target group</td><td>Youth Workers, and Youth Leaders</td></tr>
<tr><td>Issues addressed</td><td>The game highlights the importance of risk management through insurance, focusing on covering potential life events such as death, disability, and damage to property. It also explores decision-making in selecting appropriate coverage levels based on personal and financial circumstances.</td></tr>
<tr><td>Aim/learning outcome</td><td>Participants will learn how insurance can protect them from unforeseen financial risks, how to balance the cost of insurance with the level of coverage, and how real-life probabilities can influence financial planning.</td></tr>
<tr><td>Objectives</td><td>- Understand the types of insurance available for mortgages.
- Analyse how different coverage levels impact long-term financial stability.
- Make informed decisions about insurance for life, disability, and property.
- Evaluate the trade-offs between insurance costs and the financial protection offered.</td></tr>
<tr><td>Duration</td><td>Near 1 hour</td></tr>
<tr><td>Materials needed</td><td>- Game materials (insurance tables, mortgage details)
- Dice for simulating life events
- Calculators for participants to assess yearly payments
- Paper for participants to track decisions</td></tr>
<tr><td>Step by step instruction</td><td>Our awesome insurance company offers you coverage of your mortgage.
<table>
<tr><th>Insurance</th><th>Amount of Coverage</th><th>Yearly payment (EUR)</th></tr>
<tr><td>life insurance (1 person)</td><td>25% of mortgage*</td><td>100</td></tr>
<tr><td>disability insurance (1 person)</td><td>25% of mortgage*</td><td>100</td></tr>
<tr><td>house insurance</td><td>100% of house value</td><td>200</td></tr>
</table>
*in case you start your insurance before you actually have a mortgage, it is assumed that the mortgage value is 100.000 EUR.</td></tr>
</table>

It is completely up to you to decide which risks and how much you would like to be insured.
Please note that the chance of such an event happening in the game is based on real-life probability (you will be throwing a dice).
Please state your final decision on insurance:

	Partner 1		**Partner 2**	
Insurance	**Life**	**Disability**	**Life**	**Disability**
Amount				
Age of purchase				
Yearly payment				

In case you'd like to change your insurance during the game:

	Partner 1		**Partner 2**	
Insurance	**Life**	**Disability**	**Life**	**Disability**
Amount				
Age of purchase				
Yearly payment				

Title of the Activity	THE RISK GAME
Target group	Youth Workers, and Youth Leaders
Issues addressed	This workshop focuses on the relationship between risk, probability, and insurance premiums. It explores how insurance companies assess risk and use probability to set premium prices. Participants will learn to evaluate risk and calculate premiums based on real-world scenarios.
Aim/learning outcome	Participants will gain a practical understanding of how insurance companies use risk assessment and probability to determine premium prices. They will be able to evaluate various risks, estimate expected losses, and set appropriate premiums to ensure profitability and sustainability of an insurance company.
Objectives	- Understand how risk and probability influence the cost of insurance premiums. - Learn to calculate insurance premiums based on risk assessment and expected loss. - Develop an understanding of how insurance companies balance risk and profit.
Duration	1.5 hours
Materials needed	- Risk cards (different types of customers and their risk profiles) - Event cards (simulated events that affect claims) - Premium calculation templates for each group - Calculators - Stationery: flipcharts for tracking results, pens, markers
Step by step instruction	- Discuss how insurance companies manage risk using the law of large numbers and diversification. - Divide participants into small groups, each representing an insurance company. - Each group receives risk cards with different customer profiles (e.g., a young driver, or a house in a flood zone). - Explain the probabilities and potential losses associated with each risk profile. Groups decide whether to accept or reject each customer based on their risk level. - Facilitator draws Event Cards that simulate random claim events (e.g., “Car accident occurs,” “House fire”). - Groups pay out claims based on the agreed coverage and compare their total claim payouts to collected premiums. - Discuss which groups were able to make a profit and which ones suffered losses.

	- Encourage participants to reflect on the importance of accurate risk assessment and consider what strategies they would use in a real-world scenario.
Additional Suggestions	Consider running a second round with new customers and scenarios, allowing participants to refine their strategies and apply lessons learned from the first round.

Title of the Activity	CREATE YOUR OWN INSURANCE
Target group	Youth workers, young leaders, students
Issues addressed	The workshop addresses the need for innovation in the insurance industry by encouraging participants to think creatively about insurance products that cater to emerging risks and customer needs. It helps participants understand the product development process in insurance, from identifying customer pain points to designing coverage options and pricing models.
Aim/learning outcome	Participants will gain an understanding of how insurance products are designed to address specific customer needs and emerging risks.
Objectives	- Develop an insurance product from scratch based on customer needs and risk assessment. - Analyse the competitive landscape and determine pricing strategies. - Practice pitching and presenting complex ideas.
Duration	2 hours
Materials needed	- Printed - customer profile sheets - Flipcharts and markers
Step by step instruction	- Introduce the concept of product development in the insurance industry and highlight areas where new products can be created - Break participants into small groups and distribute customer profile sheets. Each group chooses a profile or creates their own target customer segment. - Each group designs their product, including coverage options, premium structure, deductibles, and exclusions. - Each group presents their insurance product as if they're pitching it to a potential customer or an executive team. They highlight the unique selling points, market demand, and expected impact. - Other groups and the facilitator provide feedback on each presentation, focusing on the strengths and potential challenges of the product. - Discuss what makes a good insurance product and what considerations were missed in the design process.

Title of the Activity	CLAIMS INVESTIGATION
Target group	Youth workers, young leaders, students
Issues addressed	Understanding the insurance claims processing, including the evaluation of evidence, assessment of damage, and identification of fraudulent claims.
Aim/learning outcome	Participants will gain insight into the claims investigation process and learn how to analyse evidence, assess damages, and identify potential fraud.
Objectives	- Analyse evidence and assess the validity of insurance claims. - Develop critical thinking and decision-making skills in the context of a claim. - Learn to identify potential signs of insurance fraud.
Duration	1.5 hours
Materials needed	- Case study documents (claim forms, photographs, witness statements), investigation templates, and claim decision sheets. - Damage assessment guides. - Pens, calculators, and flipcharts for presenting findings.
Step by step instruction	- Give a brief overview of the role of a claims investigator and the typical steps involved in processing a claim. - Distribute case study documents to small groups, each detailing a specific claim scenario (e.g., car accident, home burglary, health expense claim). - Groups analyse their assigned case, using investigation templates to record findings. - They should look for inconsistencies or missing information, evaluate the supporting evidence, and decide whether the claim is valid. - Groups calculate the amount payable, considering the policy's coverage, deductibles, and exclusions. - Each group presents their findings, explaining whether they approved, denied, or adjusted the claim and why. - Groups share their analysis of potential fraud indicators and the challenges they faced in making their decision.

	- Discuss real-world cases of insurance fraud and how such scenarios could be avoided. - Cases (add as many details as you want): https://docs.google.com/document/d/12o66ewW0zItReG2892v3IrjeniHeTs693KbgenQLoj8/edit?usp=sharing
Additional Suggestions	Introduce a mock trial scenario for contested claims, where groups must present their findings to a panel acting as a judge or arbitration board.

Title of the Activity	INSURANCE DEBATE
Target group	Youth workers, young leaders, students
Issues addressed	This workshop allows participants to understand the concept of insurance by stepping into the shoes of different stakeholders: claimants, insurance representatives, and neutral adjudicators.
Aim/learning outcome	Participants will get hands-on experience defending claims, challenging arguments, and understanding the complexities of insurance decisions.
Objectives	- Practice constructing arguments and speaking persuasively. - Learn how to evaluate insurance claims critically, considering policy terms and evidence. - Explore different viewpoints on insurance disputes and see firsthand the challenges of reaching a fair resolution.
Duration	1.5 hours - 2 hours
Materials needed	- Detailed descriptions of several insurance scenarios, with background information, policy terms, and evidence like photos, receipts, or witness statements. - Role cards: "Claimant Advocate," "Insurance Company Representative," or "Adjudicator." - Score sheets: for adjudicators to evaluate arguments and score teams based on clarity, evidence used, and persuasiveness. - Flipcharts, markers, and pens: For teams to draft their arguments, outline key points, or create visuals for their presentation.
Step by step instruction	- Split the participants into small teams and assign roles. Each team should include claimant advocates, insurance representatives, and one adjudicator (depending on group size). - Distribute case study packs and relevant policy documents. Go over the main points briefly so everyone understands the scenario they'll be debating. - Teams spend 20 minutes reviewing their assigned case and preparing arguments. - Claimant advocates focus on why the claim should be paid out, emphasizing the strengths of their evidence and policy coverage.

	- Insurance representatives analyse the same case but from a more critical perspective, finding reasons to question the claim and flag potential policy exclusions. - Adjudicators read through the case and prepare questions they'll ask both sides during the debate. **First Round of Debates (20 minutes):** - Each group conducts a debate in front of their Adjudicator. - The claimant advocates go first, presenting their arguments. insurance representatives then counter with their points. - After initial presentations, teams can respond to each other's arguments in a more open debate format. - Adjudicators step in to ask clarifying questions or challenge teams to provide stronger evidence. **Decision and feedback:** - After the debate, adjudicators have 5-10 minutes to deliberate and decide the outcome. They'll announce their decision and explain their reasoning to the group. - Adjudicators provide feedback on how well each team presented their case, pointing out what was convincing and what could be improved. **Role switch and second debate (optional if time allows):** - Teams switch roles: claimant advocates become insurance representatives and vice-versa. **Group reflection:** - Gather everyone together for a debrief. Discuss how it felt to defend different viewpoints. - Encourage participants to reflect on what they learned about building strong arguments and how difficult it can be to maintain neutrality. - Wrap up by linking the activity to real-world insurance cases. How did it feel advocating for a claim you didn't believe in? Or denying one that seemed legitimate?
Additional Suggestions	Handouts example: https://docs.google.com/document/d/1f-uc1q3PiZt_lIF_3aTdFM8Fw9KkTdq94pWw9UqmV4k/edit?usp=sharing

8. Investments

Title of the Activity	THE ENVELOPE EXERCISE OR THE $5 CHALLENGE
Target group	Youth Workers, Youth Leaders as well as young entrepreneurs
Issues addressed	Sense of entrepreneurship, activeness, money raising.
Aim/learning outcome	- Encourage them to be entrepreneurial have limited resources; being creative; - To eliminate the lack of confidence in the ability to make money.
Objectives	To increase the investment money
Duration	2-3 hours
Materials needed	- Envelopes - 5$ bills
Step by step instruction	Students are asked to plan for a two-hour activity to increase an initial, unknown investment provided to them in an envelope, around $5. The students are usually surprised at how little money is in the envelope. Yet, every time the exercise has been implemented, the students have increased the investment money provided to them. The exercise helps students realise how easy it is for them to make money. Ask the students what they can do with this amount of money. Someone will shout out, "Go to Las Vegas," or "Buy a lottery ticket." These folks would take a significant risk in return for a small chance at earning a big reward. The next most common suggestion is to set up a car wash or lemonade stand, using the five dollars to purchase the starting materials. The teams that made the most money realised that focusing on the money actually framed the problem way too tightly. They understood that five dollars is essentially nothing and decided to reinterpret the problem more broadly: What can we do to make money if we start with absolutely nothing?

Additional Suggestions	Read the whole description of this exercise here: https://www.psychology-today.com/intl/blog/creativityrulz/200908/the-5-challenge
Other comments	This exercise was developed by Tina Seelig Ph.D.at Stanford University. https://buildyourstax.com/ - investment game https://playspent.org/html/ - 1 month in a life of a person (first looking for job, then taking decisions)

Title of the Activity	GROUP DEBATE
Target group	Youth workers, young leaders, students
Issues addressed	Understanding the strengths and weaknesses of various investment types such as stocks, bonds, real estate, and alternative investments.
Aim/learning outcome	Participants will gain insight into the pros and cons of various investment types and learn how to advocate for or against specific investment options.
Objectives	- Develop a deep understanding of the risk-return profiles of various investment types. - Learn to make compelling arguments for and against specific investment options. - Explore how different investment types fit into a balanced portfolio.
Duration	2 hours
Materials needed	- Flipcharts - Markers - Optionally: digital links with explanations of each type of investment
Step by step instruction	- Divide participants into small groups, assigning each group a specific investment type to defend (e.g., Group A: Stocks, Group B: Bonds) - Each group prepares arguments to defend their assigned investment type. Groups also anticipate counterarguments that other groups might raise and prepare responses. - Each group presents their arguments in favour of their investment type, followed by counterarguments from opposing groups. Groups then have an opportunity to rebut the counterarguments and further defend their position. - Audience members (other participants) rate each group on clarity, evidence used, and overall persuasiveness. - Facilitator provides final feedback, discussing the strengths of each investment type and highlighting the trade-offs involved.

Title of the Activity	INVESTMENT PITCH
Target group	Youth workers, young leaders, students
Issues addressed	Understanding how to pitch an investment idea and evaluate potential investment opportunities.
Aim/learning outcome	Participants will learn how to pitch their investment ideas convincingly and how to critically evaluate investment opportunities from an investor's perspective.
Objectives	- Develop skills in creating and presenting investment pitches. - Learn to evaluate business ideas from the perspective of an investor. - Practice giving constructive feedback and making informed investment decisions.
Duration	1.5 - 2 hours
Materials needed	- Flipcharts - Markers
Step by step instruction	- Provide an overview of what makes a successful investment pitch, focusing on key elements like clarity, passion, and evidence. - Divide participants into groups and assign each group a business idea profile. Half of the groups will act as entrepreneurs preparing a pitch, while the other half will be investors evaluating the pitches. - Groups acting as entrepreneurs prepare their pitches of their ideas. They should focus on the business idea's uniqueness, financial potential, and why it's a good investment opportunity. - Investor groups review the business idea profiles and prepare questions to ask during the pitch presentations. - Entrepreneur groups present their business ideas. - Investors ask challenging questions, request clarifications, and evaluate each pitch based on the scorecards. - After all pitches, investor groups decide whether they would "invest" in each business and provide their reasoning. - Facilitator leads a discussion on what made certain pitches more convincing than others and what factors influenced investment decisions.

Title of the Activity	PORTFOLIO BUILDING 101
Target group	Youth workers, young leaders, students
Issues addressed	Participants often lack the knowledge on how to build a well-balanced investment portfolio. This workshop addresses the basic principles of diversification, asset allocation, and risk management.
Aim/learning outcome	Participants will learn how to allocate investments across different asset classes (e.g., stocks, bonds, real estate) based on their financial goals and risk tolerance.
Objectives	- Learn the principles of diversification and asset allocation. - Develop a personalized investment portfolio that balances risk and return. - Understand how to periodically review and adjust a portfolio based on changing market conditions.
Duration	2 hours
Materials needed	https://docs.google.com/document/d/1CTT6NvrszWdM8BZTyz9V1V_FxSJYsp5ahG-8LP2njTs/edit?usp=sharing - Markers - Pens
Step by step instruction	- Begin with an overview of portfolio construction principles, focusing on the importance of diversification and risk management. Split participants into small groups and provide them with printed portfolio templates and asset cards. - Each group builds a mock portfolio using the cards, deciding how much of their hypothetical budget to allocate to each asset class. Introduce several market scenario cards that describe changes in the market (e.g., a recession, a tech boom, rising interest rates). - Groups assess how each scenario affects their portfolio and adjust as needed to maintain their desired risk-return profile. - Each group presents their portfolio and explains their investment strategy. They share how they reacted to different market scenarios and justify any adjustments made. - Discuss what participants learned about balancing risk and return.

Title of the Activity	INVESTING ACROSS BORDERS
Target group	Youth workers, young leaders, students
Issues addressed	Investing in different countries can present unique challenges and opportunities. Factors such as economic stability, regulatory frameworks, and currency exchange rates significantly impact investment decisions.
Aim/learning outcome	Participants will gain an understanding of how investment strategies differ across countries. They will explore the unique investment opportunities available in specific regions and identify options that can be accessed globally.
Objectives	- Conduct research on country-specific investment opportunities and regulatory conditions. - Learn how economic and political factors influence investment decisions in different countries. - Develop a well-rounded investment plan for a specific country, considering both local and global investment options. - Present findings in a structured manner, demonstrating how to create an investment strategy based on thorough research.
Duration	1,5 - 2 hours
Step by step instructions	- Begin by providing an overview of how investment can be different vary across countries. Discuss factors such as economic stability, political conditions, tax policies, and currency exchange rates that can influence investment decisions. - Divide participants into small groups and assign each group a country to research. Explain that they will be researching investment opportunities in their assigned country, focusing on three main areas: 1. Domestic investment options (e.g., local stocks, bonds, real estate). 2. Foreign investment options available to residents (e.g., international mutual funds, ETFs). 3. Two global investment opportunities that are accessible to investors worldwide (e.g., globally-traded ETFs, multinational company stocks). - Groups conduct research on the investment landscape of their assigned country. Each group analyses the information gathered and develops an investment strategy tailored to their assigned country. They should consider:

	Groups prepare a presentation that includes: - A brief overview of their country's economic and investment climate. - Three or more domestic investment options. - Two globally accessible investment options. - Facilitate a group discussion on what participants learned during the workshop. Use the following debriefing questions to guide the conversation: 1. What were some unique investment opportunities you found in your assigned country? 2. What challenges did you encounter while researching country-specific investment options? 3. How did the global investment options you found complement the domestic opportunities in your country? 4. What are some key differences between investing in a developed country (e.g., the USA) versus an emerging market (e.g., India)? 5. If you had to choose one of the countries presented today to invest in, which one would it be and why? 6. How do global events (e.g., trade wars, pandemics, geopolitical tensions) impact investment decisions in different countries? 7. What did you learn about the importance of conducting thorough research before making investment decisions?
Materials needed	- Flipcharts and markers - Laptops/phones

9. Financial Prevention / Fraud Security

Title of the Activity	WHERE DO YOU STAND
Target group	18- 30
Issues addressed	- Understanding the importance of financial literacy and its role in personal finance management. - Exploring diverse perspectives on financial concepts and practices. - Encouraging critical thinking and open discussion about financial beliefs and behaviours.
Aim/learning outcome	Participants will engage in thoughtful discussions about financial literacy concepts, develop their critical thinking skills, and gain insights into different viewpoints on financial practices. They will also learn how to apply new competencies and tools related to financial literacy in their own lives.
Objectives	- To explore the concepts of financial literacy - To learn how to transfer new competencies and tools
Duration	30 - 40min
Materials needed	In case you would like to visibly separate the agree and disagree sides, you can use tape on the floor or any other material.
Step by step instruction	- Introduce the exercise to the participants. They will be asked to decide whether they agree or disagree with the statement and go to the appropriate side of the room (Agree, Disagree) - Everybody must take a stand; you can also remain in the middle. - Everybody is free to change sides during the discussion if you have been convinced by an argument you heard. - Start the exercise by showing the first statement. Give people time to read and understand the statement. Ask people to take their side, and, once everybody has decided, invite them to explain their decision. - It is not the purpose of the exercise at this stage to reach a consensus. Decide for yourself when you feel it is a good time to finish the discussion and move on to the next statement.

	- Move through all the statements following this routine. When you have finished, you might want to ask participants about how they felt and give them room to resolve any outstanding issues. - Keep the balance by how much time speaking you are giving to participants – there will always be people who are much more eager to speak than others, so you must be careful to give a word to give a word from someone, who strongly agrees, strongly disagrees, and if there are anyone – from the middle. The statements: - People should learn financial literacy in primary and/or secondary school - I would invest in a high-risk business with high rewards, rather than investing in low low-risk with lower reward - Buying a flat is more beneficial than renting one - I use a monitoring system for my finances - I believe that part of my taxes that I am paying now, I will receive as a pension when I reach old age. - Everyone should regularly update their knowledge of the latest financial fraud prevention strategies. - I believe that the security of my money should be entirely the responsibility of the financial entity. - Saving aggressively for retirement can detract from enjoying life and experiences in the present. - The threat of financial fraud is often used by companies to sell unnecessary security products and services. - The current tax system is inherently unfair, and minimizing tax payments through loopholes is justifiable.

Title of the Activity	ONLINE SAFETY WORKSHOP - PROTECTING YOUR FINANCIAL INFORMATION
Target group	Young adults (ages 18-25)
Issues addressed	- Making secure online payments - Safeguarding personal information against fraud and scams
Aim/learning outcome	Participants will learn how to recognize unsafe create safe passwords, make secure online payments, and protect their personal information from potential threats.
Objectives	- To educate young people on the importance of password security and how to create strong passwords - To provide practical tips for making secure online payments - To raise awareness about common scams and how to safeguard personal information
Duration	60 minutes
Materials needed	- Handouts - Pens or pencils for participants - Whiteboard and markers (optional, for summarizing key points) - Access to the internet or relevant resources (for research)
Step by step instruction	- Explain safe online payment methods, such as using digital wallets, virtual cards, and secure payment gateways. Discuss the importance of looking for "https://" in URLs and recognizing secure websites. - Provide scenarios where participants must identify safe vs. unsafe payment methods or websites. Discuss the reasons behind their choices. - Split people in groups and give them the handouts- give them some time to discuss and mark, which case in their opinion is fraud and which is not. What are the red flags or signs that make them think that way. - Facilitate a discussion where participants can share their thoughts on what they learned. Encourage them to ask questions and share personal experiences related to online safety.

Additional Suggestions	- As a facilitator, be prepared to provide additional resources, such as links to password managers or websites that offer information on safe online practices. - Consider inviting a cybersecurity expert to share insights and answer questions during the workshop. - Encourage participants to create a personal action plan for improving their online safety practices based on what they learned.
Other comments	

SITUATIONS

You receive a call from your bank at 8pm about suspicious actions in your account. You answer the call, and the person on the other end introduces themselves as a bank representative. They sound professional and knowledgeable. To help secure your account, the caller asks you to confirm your identity by providing your full name, date of birth, and account number. They assure you that this information is necessary to prevent any unauthorized transactions.	Imagine you receive a phone call from someone claiming to be a technical support representative from a well-known technology company. The caller sounds professional and knowledgeable, and they mention that they have detected unusual activity on your computer that could compromise your personal information. They insist that you need to install remote access software so they can help you fix the issue.
You are browsing Facebook Marketplace and come across a listing for a high-demand item, such as a gaming console, at an incredibly low price. The seller seems friendly and eager to make a sale, but they request that you pay for shipping through a carrier service, claiming it is necessary to secure the transaction. The seller provides a link to a fake DHL website, which looks convincing. They instruct you to enter your bank details to pay for the shipping costs, assuring	You open your inbox to find an email from a well-known travel company. The subject line reads, "Congratulations! You've Won a Free Vacation!" The email states that you have been randomly selected from thousands of entries and that you will receive a fully paid trip for two to a tropical resort. The email instructs you to claim your prize by clicking on a link. It emphasizes that you must respond within 24 hours to secure your vacation, creating a sense of urgency.

you that the shipping fee will be refunded once you confirm the payment.	When you click the link, it takes you to a website that looks like the travel company's official site. You are prompted to fill out a form with your personal information, including your name, address, and bank details, to cover "taxes and fees" associated with the prize.
One day, you receive a direct message on social media from your friend, Sarah, who you've known for years. The message reads, "Hey! I hope you're doing well! I'm in a bit of a bind and could really use your help. Can we chat?" Curious and concerned, you reply, "Of course! What's going on?" Sarah responds with a story about how she's been in a car accident while traveling and that her wallet was stolen. She claims she needs money to pay for repairs and get home. After a brief conversation, Sarah states that she needs $500 urgently to cover the costs. She explains that she can't access her bank account because her phone was stolen in the accident, and she's unable to call anyone for help. She insists that she'll pay you back as soon as she gets home.	Imagine you are working on an important project and encounter a technical issue with your computer. You decide to contact the IT support team at your company for assistance. The IT specialist you speak with requests remote access to your device to help diagnose and resolve the problem.

10. Ethics, Law and Duties

Title of the Activity	NAVIGATING ETHICS, LAW, AND DUTY IN PROJECT MANAGEMENT
Target group	Youth Workers, Young Leaders, and Early-Career Project Managers
Issues addressed	This activity addresses ethical decision-making, legal compliance, and fulfilling professional duties in project management. It highlights the challenges of balancing these principles in real-world scenarios, where decisions can have far-reaching impacts on teams, stakeholders, and project success.
Aim/learning outcome	Participants will gain insights into ethical dilemmas and legal requirements in project management, learning to balance these with their duty to stakeholders and team members. They'll develop skills in decision-making, conflict resolution, and identifying ethical and legal obligations in complex situations.
Objectives	- Understand the importance of ethics, law, and duty in project management. - Analyse the impact of ethical and legal choices on project outcomes and stakeholder trust. - Develop strategies for resolving ethical dilemmas and ensuring compliance with laws. - Recognize and articulate their professional duties in managing projects effectively and ethically.
Duration	50 - 60 min
Materials needed	- Printed scenario cards with ethical, legal, and duty-related dilemmas. - Flipchart/whiteboard for group findings and reflections. - Markers, pens, and sticky notes for brainstorming. - Printed handouts on basic project management ethics and legal guidelines.
Step by step instruction	- Begin with a short overview of the key concepts: ethics, law, and duty. Explain their importance in project management and the potential conflicts that may arise between them (10 min) - Divide participants into small groups, providing each group with a scenario card that presents a realistic ethical, legal, or duty-based dilemma in project management - Each group reviews its scenario and discusses:

Title of the Activity	NAVIGATING ETHICS, LAW, AND DUTY IN PROJECT MANAGEMENT
	The ethical, legal, and duty-related implications of the dilemma. Possible actions they could take, considering the impact on the team, stakeholders, and project outcomes. The trade-offs involved in each potential solution (20min) Solution Presentation (10 minutes) Each group presents their scenario and chosen solution to the larger group, explaining their reasoning, how they balanced ethics, law, and duty, and the anticipated consequences of their decision. - Group Reflection (10 minutes) As a group, discuss the challenges of maintaining integrity while meeting legal and professional obligations. Ask participants to consider how they can prepare for these situations in their own work.
Additional Suggestions	Ask one person in each group to act as a project sponsor or other roles, adding realistic pressure and urgency to the scenarios.

HANDOUT

Scenario A

Context

A project manager, Sarah, is overseeing a critical project with a tight deadline. One of her team members, Mike, has been assigned a standard workload like everyone else on the team. However, Mike is well-connected within the company; he is friends with a senior executive who regularly supports his career advancement.

The Request

Mike approaches Sarah privately, asking for a reduction in his responsibilities for the duration of this project, citing personal reasons. However, he mentions that the senior executive he knows would “appreciate” it if Sarah could accommodate him, hinting that it could positively impact her own future projects and advancement opportunities. No company rules are broken by Sarah if she agrees to Mike’s request, and Mike’s request for less responsibility could, in principle, be justified by redistributing his workload among other team members.

Ethical Dilemma

Sarah now faces a dilemma: approving Mike's request could give her future advantages with senior executives. However, this would mean overloading other team members who are already stretched thin. Additionally, giving Mike a lighter load would undermine the fairness of the project, potentially leading to resentment among other team members who would perceive her decision as favouritism. Even though legally allowed, the decision could set a precedent, lowering morale and diminishing trust in her leadership.

Scenario B

Context
Lisa, a project manager in a mid-sized tech company, is leading a high-stakes project with a tight budget. Recently, the company onboarded a group of unpaid interns for a three-month program, intended primarily for learning and skill development. Officially, these interns are there to "shadow" the team, assisting with minor tasks while observing project workflows.

The Decision
Due to budget constraints and pressure to meet project deadlines, Lisa considers assigning some of the interns core project tasks typically handled by full-time employees. These tasks would involve coding, data analysis, and testing—activities integral to the project's success and not part of the initial internship scope.

Technically, Lisa isn't breaking the law by assigning these tasks to interns, as there are no specific regulations preventing unpaid interns from participating in project work. The company's internship policy is vague on defining "shadowing" vs. "project responsibilities," giving her room to interpret the roles flexibly.

Ethical Dilemma
By involving interns in key project work, Lisa could meet the deadline without overspending on staffing. However, her decision would mean using interns for substantial work without fair compensation or proper acknowledgment, especially as they were brought in primarily for educational purposes. This blurs the ethical boundary, as the interns are performing work equivalent to that of paid employees without receiving either salary or recognition for their contributions.

Scenario C

Context
Michael is a project manager at a software company that has recently developed an innovative product expected to significantly impact the market. The product is

slated for release in three months, but Michael has learned through internal discussions that the company plans to announce a major partnership that will boost the product's market visibility and sales projections.

The Decision
While reviewing the project timeline, Michael receives a call from a close friend who is an investor looking for promising opportunities. During the conversation, he mentions the upcoming product release and casually alludes to the imminent partnership announcement. Although he does not disclose specific details, he implies that the company's stock is likely to rise once the news is public.

Ethical Dilemma
Michael's comments lead his friend to invest heavily in the company's stock before the partnership is officially announced. While this action may be legal from Michael's perspective, it raises serious ethical questions
Even if Michael didn't disclose specific details, his knowledge about the partnership could be considered insider information, creating a potential risk for ethical scrutiny.
By sharing this information, even indirectly, Michael risks undermining the trust and integrity expected within the organization and the market. Investors rely on a level playing field; giving an advantage to a friend based on inside knowledge skews that balance.
This scenario could affect shareholders who might not have access to the same information, thus creating an uneven playing field. It could also harm the company's reputation if stakeholders learn of such actions.

Scenario D

Lara is the project manager for a construction firm that has recently been awarded a contract to build a new shopping mall. During the initial planning phase, the project encounters significant environmental challenges, including the discovery of a protected species habitat on the proposed site.

The Decision
Lara is aware that the company can legally proceed with the project by complying with the minimum environmental regulations. They could apply for permits that would allow them to destroy the habitat, as long as they conduct an environmental impact assessment and implement some mitigation measures. The firm has a solid track record of meeting these legal requirements.

However, she also knows that the destruction of the habitat could have lasting negative effects on local wildlife and contribute to broader environmental degradation.

Ethical Dilemma
Lara is faced with a choice:
If the company follows the legal route and obtains the necessary permits, they will be acting within the law. They might argue that they are fulfilling their contractual obligations and creating jobs in the community.

However, Lara feels a deep concern for the environmental impact of the project. She believes that the responsible action would be to seek an alternative location or make significant modifications to the design to avoid the habitat altogether. This would prioritize environmental sustainability over profit.

Title of the Activity	DEBATES ON ETHICAL TOPICS
Target group	Young people aged 18-30
Issues addressed	The debates will expose participants to real-world ethical dilemmas and controversies, helping them understand the complexity of ethical decision-making. Engaging in debates enhances participants' abilities to articulate their thoughts clearly and confidently, improving their public speaking and persuasion skills.
Aim/learning outcome	Participants will gain a heightened awareness of ethical issues in society, helping them become more informed citizens capable of thoughtful engagement in public discourse. Through debating, participants will improve their analytical skills by dissecting arguments, identifying logical fallacies, and constructing coherent positions.
Objectives	To develop critical thinking skills and understand the complexity of ethical arguments.
Duration	30 - 60min
Materials needed	
Step by step instruction	- Select a set of ethical topics (e.g., animal rights, data privacy, corporate responsibility). - Assign participants to argue for or against a position. - Remind them that they have to be for or against according to their role assigned and not based on their personal beliefs. - Allow time for research and preparation, followed by structured debates. - Conclude with a reflection on how the discussions might change their perspectives. Topics: - Is it ethical for companies to use surveillance technology to monitor employee productivity? - Should social media platforms be responsible for regulating hate speech?

	- Is it ethical to use artificial intelligence in decision-making processes? - Should genetic engineering be allowed to enhance human abilities? - Is euthanasia a moral choice for terminally ill patients? - Should corporations have a legal obligation to address climate change?
Additional Suggestions	Instead of debating one to one, you can have debating one team against the other, it would facilitate teamwork.