Wednesday, March 08, 2023

Orapa SACCOS

NEWSLETTER

Issue #01

Financial Literacy and Cooperative Principles

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

Financial literacy is the ability to understand and effectively use various financial skills. These includes personal financial management, budgeting, and investing. It is basically the foundation of your relationship with money, and it is a lifelong journey of learning.

Financial literacy is not just about a high school diploma or a college degree. It's also about getting your head around concepts like saving for retirement and building an emergency fund. It's about understanding how interests, investments, and credit card balances work-how and when they all don't. Financial literacy is knowing what you need to do to pay off your mortgage in five years instead of 10 or 20—or if you can afford the monthly payments at all!

This isn't something that happens overnight; it takes dedication and commitment over time to get where you want to go financially. Financial literacy takes time—but it doesn't have to be hard!

What is the financial goal of financial literacy?

In the realm of financial literacy, it's not just what you do with your money that matters. It's also how you do it.

Financial literacy is about feeling in control of your finances while also using them as a tool to freely make choices that build greater life satisfaction. Now the goal is knowing how to create a budget, track personal spending, manage debt, save, invest, and plan for retirement.

What is budgeting?

Budgeting is an important part of managing your finances. There are different types of budgeting rule. For this issue we shall consider the 50 30 20 budgeting rule.

What is a 50 30 20 budgeting rule?

The 50-30-20 budgeting rule is a popular budgeting strategy that can help you manage your money more effectively.

How to calculate the 50-30-20?

The 50-30-20 budgeting rule is simple to set up and follow. It divides your after-tax income into three categories: 50% for needs, 30% for wants, and 20% for savings. Start by calculating your total after-tax income. Then, divide that income into the three categories based on the percentages: 50% for needs, 30% for wants, and 20% for savings. Once you have allocated your income to each category, create a budget for each one. This will help you stay on track and make sure you're not overspending in any one area. It's important to keep in mind that there are other methods to divide your after-tax revenue using various variables.

What are the 5 principles of financial literacy?

1. **Earn.** Understand your pay and benefits to make the most out of what you earn.

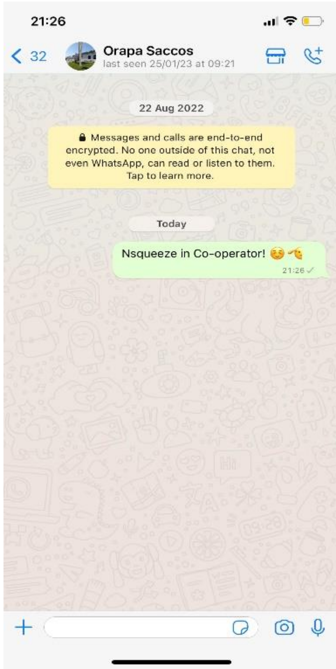
2. **Save and invest**. Save for future goals, like buying a house, investment, or retirement. Creating a budget can help you start working towards your aspirations, even if you need to start small.

3. **Protect/Discipline.** Take steps to safeguard yourself in case of unexpected emergencies, which can be very costly. This includes accumulating an emergency savings fund and making sure you have the insurance you need.

4. **Spend**. Be sure you are getting good value for your purchases by shopping around and comparing your options. When considering large purchases, determine whether it is a need or a want and make sure you are living within your means.

5. **Borrow.** Borrowing money enables essential purchases, like going to college or buying a home. When considering taking on debt, make sure you are prepared to manage it. Not all debt is bad -- it can also help you grow your wealth by providing liquidity needs, while your investments grow.

Have you been missing out on updates? Send us a "Nsqueeza in Co-operator" text on WhatsApp to be added on the group.



Nsqueeza in Co-operator

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What is a Savings and Credit Cooperative Society?

A Savings and Credit Co-operative Society (SACCOS) is a non- profitable financial institution that's voluntarily made up of who agree to freely associate on the basis of equality for the promotion of their economic interests.

Why SACCOS?

The SACCO's primary concern is to build the financial strength, including adequate reserves and internal controls, that will ensure continued membership services, encourage a savings culture that will improve the members' lives and economy with the help of the society's cooperative principles.

What are the Cooperative Principles?

- Voluntary and Open membership
- Democratic Control
- Member economic participation
- Autonomy and Independence
- Promotion of Education, training, and information
- Cooperation among cooperatives
- Concern for economic development

Understanding Cooperative Principles in Financial literacy

1. Open and Voluntary Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership. They are founded on the principle that co-operation can replace competition and lead to the improvement of all members' lives without gender, social, financial, and racial discrimination.

2. Member Economic Participation

Membership in a cooperative is not just about getting goods and services at a discount. Members contribute equitably to, and democratically control the capital of their cooperative.

3. Autonomy and Independence

Financial autonomy, meaning the ability to make choices and decisions about your own funds, is key to financial literacy. Not only does it give you confidence in your own financial situation, but it also helps you understand how your money is being spent and what it means for your overall life.

4. Education, Training, and Information

Cooperatives do more than just share profits and losses. They provide education and training for their members, elected representatives and managers so they can contribute effectively to the development of their co-operatives. With proper training members can know which product to use, service they need and when.

HAPPY INTERNATIONAL WOMEN'S DAY

"DigitALL: Innovation and technology for gender equity"

"Mosadi ke thari ya Sechaba"

Name: ____ Date: _______

Financial Literacy

annual percentage rate
cash flow statement
financial literacy
introductory rate
compound interest
zerobased budget
impulse purchase
enevelope system
five foundations
personal finance
emergency fund
tax deduction
debt snowball
credit report
interest rate
depreciation
credit score
carbon check
sinking fund
credit card
annual fee
loan term
reconcile
overdraft
interest
consumer
economy
budget
credit
loan
debt

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