

WORKSHOP #4:

**LIQUIDITY**



## AN IMPORTANT NOTE ABOUT THE ENGLISH WORKSHOPS

The English workshops have been conceived as translation blueprints for the individual languages. Since the creation of the workshops has been organized in Germany, most of the country specific information in the English workshops refers to Germany. While teachers and learners should beware of topics that can be very country specific like “Retirement planning” or “Insurance”, most of the advice on relatively universal topics like “Financial assets” and “Liquidity” should apply internationally.

Our decision to upload the English versions is based on the hope, that this fundamental financial knowledge can reach a wider audience, if we publish our project in multiple languages as well as the current *lingua franca*, which is English. In addition, even the parts that are specific to Germany might be used to educate non-German speakers, like immigrants, on the financial specifics of German life.

## ROLLOUT

The Finanzfit-Workshop #4 on the topic of "Liquidity" is intended to support teachers and is not suitable for independent learning. The workshop is designed to be about 3 ½ hours long and to be worked on in a group. Individual exercises or materials can and may of course be used independently of the rest of the workshop. In order to help structure the workshop or the use of the exercises, all exercises are provided with their planned duration. It should be noted that this workshop is still a work-in-progress at the moment.

In five teaching phases, basic knowledge about dealing with money is developed. The focus in this workshop is, of course, on *Liquidity*.

The five phases build on each other as follows:

1. First, learners approach the topic with their own knowledge and intuition.
2. In the next phase, students get a feeling for their own liquidity. For this purpose, they reflect on what they spend money on regularly.
3. The students' knowledge about liquidity is to be deepened by making a monthly expenditure table and by learning how to self-check their finances.
4. To control the learning success, learners can perform mini-games in the finance webapp.
5. Finally, media content is available in the web app to secure the learning success and to deepen the topics digitally.

## PHASE 1: INTRODUCTION

1.1 WELCOME AND THEMATIC INTRODUCTION IN THE PLENARY: WHAT HAPPENS IN THE FOLLOWING LESSON UNIT AND WHAT ARE THE AIMS OF IT?

1.2 INTRODUCTORY SENTENCE: IF I LIKE SOMETHING, I WANT TO HAVE IT, NO MATTER WHAT IT COSTS

**Learning objective:** The learners are encouraged to participate and think about their level of knowledge, the teacher gets a picture of the level of knowledge and can adapt the course if necessary.

**Method:** Plenum

**Working material:** M1 Blackboard and introductory sentence

**Duration:** 15 minutes

**Teacher's role:** Observer, moderator

**Reflection:** Individual learners who consider their knowledge to be low can be asked what they would like to learn during the course. If many learners assess their knowledge as high, the knowledge can be "collected" more from the class.

## PHASE 2: TRANSITION

### 2.1 CONSUMPTION - WHAT I REGULARLY SPEND MONEY ON

**Learning objective:** Learners reflect on what they regularly spend money on and classify their consumer goods into the following categories: "household and family", "education and work", "leisure and hobby" and "personal extras"

**Method:** Plenum

**Working material:** M2 Blackboard and categories "household and family", "education and work", "leisure and hobby" and "personal extras" and M3 Info graphic

**Duration:** 30 minutes

**Teacher's role:** Observer, Moderator

**Reflection:** Learners then consider the extent to which their results might be consistent with national consumption. An additional infographic about the costs of an average household is shown as a slide (M3 slide info graphics).

## PHASE 3: DEVELOPMENT

### 3.1 TABLE OF EXPENDITURES

**Learning objective:** Using two examples, the learners work out the expenses of young people, differentiating between fixed and variable costs and converting costs that occur annually or quarterly to one month.

**Method:** Partner work, Discussion in plenary

**Working material:** M4 Expenditures of Anne and Alex

**Duration:** 75 minutes

**Teacher's role:** Observer, moderator

**Reflection:** The learners discuss which positions offer savings potential. Here it is useful to point out terms, termination, etc., and that a look at the figures and long-term planning are always useful.

### 3.2 TIM'S BANK STATEMENT

**Learning objective:** The learners use Tim's bank statement to work out the amount of his monthly income and compare it with his monthly expenses.

**Method:** Partner work

**Working material:** M5 Tim's bank statement

**Duration:** 75 minutes

**Teacher's role:** Observer, knowledge mediator

**Reflection:** The learners consider in which areas Tim could cut costs in order to be able to build up money reserves for emergencies or to cover planned higher costs.

### 3.3 SELF-CHECK FINANCES

**Learning objective:** Finally, the learners do a self-check on their own financial situation.

**Method:** Individual work, discussion in plenum

**Working material:** M6 Self-check

**Duration:** 20 minutes

**Teacher's role:** Observer, knowledge mediator

**Reflection:** The learners consider where they could get the help they need.

#### PHASE 4: CONTROL

To check the learning success, the learners complete the mini-game "Drag and Drop" in the "Liquidity" section of the Finanzfit WebApp (<https://finanzfit.whkt.de/e-learning-webapp/>). The learning goal is checked digitally. The learners receive an immediate check of their solutions, as there is only one correct answer/assignment in each case.

#### PHASE 5: SECURING OF THE LEARNING OUTCOMES

To secure the learning success, additional media are available in the Finanzfit WebApp (<https://finanzfit.whkt.de/e-learning-webapp/>).

The info pool provides extra and further tasks for the workshops "Financing", "Insurance", "Liquidity" and "Current account", which can be used either for the purpose of internal level differentiation or for groups with a high level of learning.

In the "Media" section, videos are available for digital intensification of the learning content, providing learners with information on the relevant topics in language appropriate to the target group.

The first edition of the Finanzfit magazine, which is also available for download (pdf file) in the Media section, takes up the topics covered in the workshops "Financial assets," "Financing" and "Liquidity" in an entertaining way. The second edition of the Finanzfit magazine deals with the topics "Insurance," "Current Account" and "Retirement Planning".

## OVERVIEW MATERIAL

M1 Blackboard Introductory sentence: If I like something, I want to have it, no matter what it costs

M2 Blackboard categories "household and family", "education and work", "leisure and hobby" and "personal extras"

M3 Slide info graphic

M4 Expenditures of Anne and Alex

M5 Tim's bank statement

M6 Self-check



**SOLUTIONS FOR THE TEACHER**

**M4: ANNE'S TABLE OF EXPENDITURES**

	Description	Fixed costs	Variable Costs
Household and family	Rent	452,00	
	Electricity	30,00	
	Broadcasting fees	17,98	
	Private liability	5,00	
	Groceries	300,00	
	Cosmetic	40,00	
	Clothing		140,00
Education & work	Telephone / Internet	20,00	
	Smartphone	80,00	
	Monthly ticket	60,00	
	Books/ Music		40,00
Leisure & hobby	Handball club	8,00	
Personal	Restaurant/ Cinema		130,00
	Taxi		60,00
	Vacation		50,00
Total fixed costs		1012,98	
Total variable costs			420,00
total		1432,98 €	

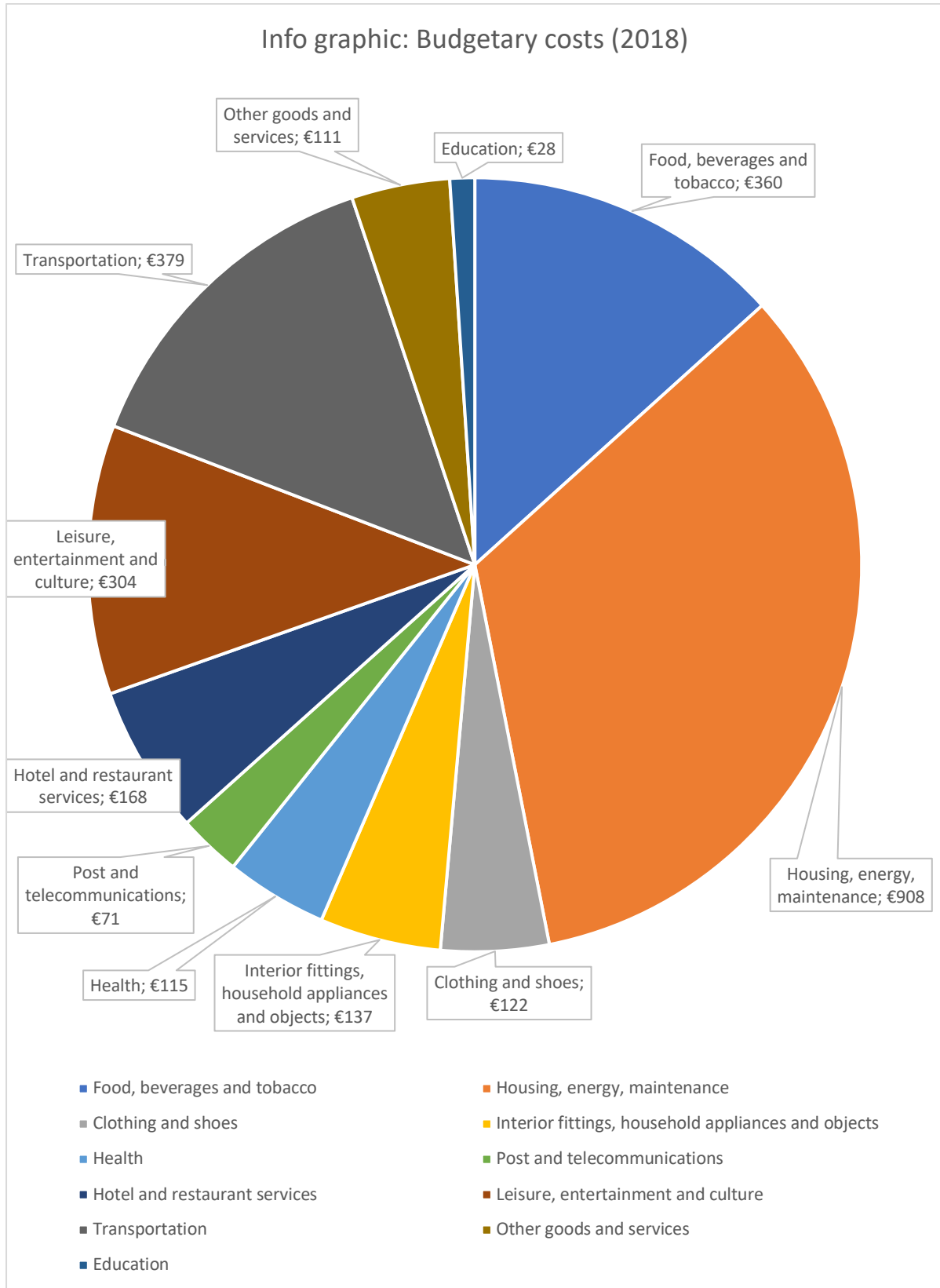
M4: ALEX'S TABLE OF EXPENDITURES

	Description	Fixed costs	Variable costs
Household and family	Budget money	150,00	
	Private liability	5,00	
	Snacks		50,00
	Drugstore		10,00
	Clothing		100,00
Education & work	Smartphone	67,00	
	Magazine	7,00	
	Inspection		6,00
	Repairs		20,00
	Gasoline		20,00
Leisure & hobby	Cinema and concerts		55,00
	Online game	30,00	
	Subscription to magazines	7,00	
Personal	Pub		25,00
Total fixed costs		266,00	
Total variable costs			286,00
Total		552,00 €	

**M6**

Income		Amount	Expenditures		Amount
Salary/wage		1200,00	<u>Household and family</u>		
Side job		200,00	Energy = additional costs (electricity, gas, water)		50,00
Child benefit			Housing (rent)		350,00
Others			Broadcasting fees		
			Food, beverages and tobacco		158,84
			Health care (drugstore etc.)		25,00
			Interior equipment, household appliances		
			Clothing and shoes		35,00
			Insurances		54,43
			<u>Education and work</u>		
			Traffic (filling up the car, train ticket)		68,67
			Maintenance		200,00
			Phone, mobile, internet		14,99
			Education (books etc.)		
			<u>Leisure and hobby</u>		
			Hobby		24,90
			<u>Personal extras</u>		
			Digital Media (Pay TV, Streaming, Online games)		52,97
			Restaurant visit		95,20
			Cash for cinema etc.		200,00
<b>Total:</b>		1400	<b>Total:</b>		1330
		€			€
<b>Surplus/deficit (income/expenditures):</b>					
		€ 70			

**M3 SLIDE INFO GRAPHIC**



## M4 EXPENDITURES OF ANNE AND ALEX

**Task:** Work in pairs. Read one text each and then transfer the output to the table. Distinguish between fixed and variable costs and calculate costs, which occur annually or quarterly, to one month.

### ANNE

Anne is 19 years old and after her apprenticeship she will work for the first year in a permanent position as an IT system administrator. She earns 2,095 euros gross, of which 1,400 euros net remain monthly after all deductions (wage tax, solidarity surcharge, church tax, unemployment, health, pension and nursing care insurance contributions).

After her training, Anne moved into her first own apartment. The monthly rent for her 1.5-room apartment (including heating and hot water) is 452 euros. Anne pays a monthly discount of 30 euros for electricity. The radio licence fee of 53.94 euros is debited quarterly from her account by standing order. The private liability insurance, which she took out when she started her own household, costs 60 euros per year.

In addition to the housing costs, there are also the costs for telephone calls and the Internet. Anne has a landline and internet connection in her apartment, for which 20 euros per month are payable. She also has a mobile phone contract with a 24-month term, which also includes the installments for a new smartphone. All in all, it costs her around 80 euros a month. The down payment for the smartphone was of course quite high at 350 euros.

Because of her good income, Anne can and does afford a lot: She likes to go out and celebrate with her friends, go to the cinema and restaurants and spends a total of around 130 euros a month on this. She often takes a taxi on the way home, which adds another 60 euros per month. She also has a monthly ticket with an annual subscription that costs 60 euros a month. However, a car of her own is too expensive for her.

Anne does not have to economize on food either. She spends almost 300 euros a month on it. For cosmetics and drugstore items she needs about 40 euros a month and for clothes and shoes she needs another 140 euros a month. For books and music, she also spends something every month, about 40 euros. The membership fee for the handball club costs her 96 euros a year.

Anne is especially looking forward to this year's holiday with her best friend. The two are going to the sea together for two weeks. Because they booked in time, the whole thing costs only 600 euros per person.

## ALEX

Alexander is 18 years old and works as a media technologist. He receives a salary of 905 euros gross per month. After deducting the contributions for health, nursing care, pension and unemployment insurance, 722 euros net remain for him. He will cover the majority of his expenses himself.

Alex still lives with his parents and does not have to pay rent. However, he adds 150 euros per month to his parents' household allowance. In return he is allowed to help himself to the fridge and his share of the rent and energy costs is also covered. So, Alexander doesn't really need to spend anything on food, but every now and then he buys a snack or some sweets on the way. For these little extras he plans to spend around 50 euros a month. Sometimes he also needs less. He doesn't spend much on drugstore items either, usually 10 euros a month is enough for him.

Alexander usually rides his moped to work. This is quite cheap and costs him very little for insurance, fuel and maintenance. Per year Alexander pays about 60 Euro for the liability insurance. But he had to promise his parents to bring the moped for inspection once a year, usually in March or April. That costs another 72 euros. For unplanned repairs Alexander puts back 20 Euros every month and for petrol he also needs about 20 Euros per month. In the winter months it is less, because in very bad weather Alexander does not ride his moped but can take the car with a colleague.

Alexander is not quite as economical with his smartphone. He has indeed chosen a rather cheap contract, where the three flat rates for phone calls, SMS and mobile internet together only cost around 30 euros per month. However, for the purchase of a more expensive smartphone he has concluded an installment contract with a term of 18 months. Six months of that have already passed, but in the next 12 months he still has to pay the installment of around 37 euros per month.

Alexander also likes to go to the cinema and live concerts, which costs about 55 euros almost every month. And for music downloads and a paid online game he spends a total of another 30 euros per month. On top of that he subscribes to a monthly trade magazine. For this, 42 euros are debited from his account every six months. Another extra, that Alexander treats himself to, is the monthly visit to the pub with his trainee colleagues. He spends around 25 euros per evening.

Alexander also buys clothes and shoes from his own money. However, shopping is not much fun for him. That's why he prefers to buy everything he needs once and then does the same in a few months again. He goes shopping about every three months and then spends about 300 euros all in all.

In a few months Alexander wants to move out of his parents' house and get his own apartment. Sometimes he already thinks about how much he would have to earn in his job to be able to afford it.

**ANNE'S TABLE OF EXPENDITURES**

	Description	Fixed costs	Variable costs
Household & family			
Education & work			
Leisure & hobby			
Personal			
Total fixed costs			
Total variable costs			
Total			

**ALEX'S TABLE OF EXPENDITURES**

	Description	Fixed costs	Variable costs
Household & family			
Education & work			
Leisure & hobby			
Personal			
Total fixed costs			
Total variable costs			



Total	
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**M5 TIM'S BANK STATEMENT**

**Task:** Work in pairs. Read the bank statement and answer the following questions.

- What is the monthly income?
- What are the monthly expenditures?
- Summarize the streaming services! What are the monthly expenses for the streaming services?
- How high is the account balance on 30.04.2020?

*Attention: Here you have to convert annual costs to one month, too.*

XY Bank

Account number 1234567012

Account statement    Nr. 5 / 2020

Mr.  
 Tim Muster  
 Musterstr. 50  
 12345 Musterstadt

Date	Procedure	
01.04.	Old account balance, 31.03.2020 SEPA Direct Debit XY insurance	5,60 € H 85,68 € S
01.04.	House contents insurance Nr.: 1234567 85,68 € annually Permanent euro transfer	350,00 € S
01.04.	Thomas Meyer Rent SEPA Direct Debit XY Insurance	42,44 € S
01.04.	Car insurance Nr.123456M01 42,44 € monthly SEPA Direct Debit XY Insurance	58,20 € S
02.04.	Private liability Nr.: 11111M07 58,20 € annually SEPA Direct Debit Electricity	30,00 € S



03.04.	Card generated direct debit Refuel	35,06 € S
10.04.	Girocard payment XY Bank	200,00 € S
15.04.	Bank transfer Salary	1200,00 € H
15.04.	Card payment girocard Supermarket	50,00 € S
15.04.	Card payment girocard Drugstore	25,00 € S
16.04.	SEPA basic direct debit Amazon-Prime 84 € annually	84,00 € S
16.04.	SEPA basic direct debit Netflix	7,99 € S
16.04.	Card payment girocard Restaurant visit	50,00 € S
20.04.	SEPA basic direct debit Water	20,00 € S
20.04.	Card generated direct debit Car repair new light	200,00 € S
20.04.	SEPA basic direct debit Smartphone	14,99 € S
20.04.	SEPA basic direct debit Spotify	7,99 € S
20.04.	SEPA basic direct debit Pay TV / Bundesliga	29,99 € S
22.04.	Card payment girocard Beverage market	25,50 € S
25.04.	Credit transfer. Salary side job	200,00 € H
26.04.	Card payment girocard Supermarket	52,50 € S
27.04.	Card generated direct debit Refuel	33,61 € S
28.04.	Card payment girocard Restaurant visit	45,20 € S
29.04.	SEPA basic direct debit Fitness studio	24,90 € S
30.04.	Card payment girocard Beverage market	30,84 € S
30.04.	Card generated direct debit new jeans	35,00 € S
<hr/>		
New balance on 30.04.2020 in EUR.		???????

**COMPARISON: MONTHLY INCOME – EXPENDITURES**

Income	Amount	Expenditures	Amount
Salary/wage		Household and family	
Side job		Energy = Additional cost (electricity, gas, water)	
Child benefit		Living (rent)	
Others		Broadcasting fees	
		Food, beverages and tobacco	
		Health care (drugstore etc.)	
		Interior equipment, household appliances	
		Clothing and shoes	
		Insurances	
		Education and work	
		Traffic (filling up the car, train ticket)	
		Maintenance	
		Telephone, mobile phone, internet	
		Education (books etc.)	
		Leisure and hobby	
		Hobby	
		Personal extras	
		Digital Media (Pay TV, Streaming, Online games)	
		Restaurant visit	
		Cash for cinema etc.	
<b>Total:</b>	€ _____	<b>Total:</b>	€ _____
<b>Surplus/deficit (income/expenditure):</b>	€ _____		

**M6 SELF-CHECK**

**Task:** Work alone. Answer the questions with yes or no.

1. I regularly check my bank statements or keep a budget book so that I always have an overview of my income and expenses.
  
2. I have set aside some money to cover unforeseen expenses like repairs to settle.
  
3. My income is regularly as high or higher than my expenses.
  
4. I very rarely borrow small amounts of money from friends or relatives, to pay my living expenses.
  
5. Invoices and reminders that I receive, I pay immediately.

**EVALUATION:**

No statements answered with "No": Congratulations, everything seems to be in order with your finances.

1 – 3 statements answered with "No": The financial situation seems to be uncertain. It is best to check all monthly income and expenses again.

4 – 5 statements answered with "No": Professional help is necessary.



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