



## In the money

**We all know we should save up for a rainy day. But what about becoming masters of cash rather than its slaves? A life skills workshop teaches students to manage incomes**

EVERYONE knows that we should not spend more than we earn. But do we know how to make the most of our money? In The Women's Foundation's Life Skills workshop, students experienced what it would be like to manage their own incomes in a real-life simulation game.

### Planning ahead

IMAGINE you have just graduated and have been lucky enough to land a good job that pays you HK\$12,000 per month. How would you allocate your salary?

Would you choose to live with your parents and

pay them HK\$2,000 per month to cover expenses (this amount is just for simplicity's sake – you should pay more than this!), rent your own flat for HK\$9,000 per month, or share a rented flat for HK\$5,000 a month? Would you eat out all the time costing you HK\$5,000 a month, buy groceries from a local market and cook for yourself for HK\$2,000 a month, or buy groceries from a supermarket chain and cook at home for HK\$4,000 a month? Would you take public transport (HK\$1,000 a month), taxis (HK\$2,000 a month), or lease a car (\$5,000 a month)? Would you buy health insurance (HK\$500 a month)? Will you try to save up some money?

### Life is about balance

MAY and her classmates had to choose how to spend their income on these basic necessities in the Life Skills workshop for each 'month' of the real life simulation game. As soon as they made their choices, they were not allowed to change their decisions over the course of the game as they faced a series of unexpected life events with their remaining monthly **disposable income**.

In the first month, May had to decide whether she could afford to go to a friend's birthday party, take advantage of an investment opportunity (which may or may not end up yielding a gain), or learn a new skill that might help her get a raise at work. She opted for all of these options, which used up all of her first month's disposable income. In return, she was rewarded points on a life **satisfaction** scale for the activities she enjoyed. Unfortunately, she was injured in an accident the next month. With no savings, she did not have enough cash on hand to pay medical fees. She had to use her **fictional** credit card.

### The cost of life choices

AFTER four hypothetical months, May enjoyed every opportunity she could and ended up with high life satisfaction points but racked up a huge credit card debt. On the other hand, one of her classmates who ended up with the most money had low life satisfaction points. After listening to the instructor's explanation, May realised that life presents us with lots of choices and temptations, and that there are no model answers for how to make the best choices each of us may face in life. The art of living is learning how to strike a balance.

The instructor further explained that **opportunity cost** is not just an economic term. There is a cost behind every choice made. If we choose to buy the latest smartphone which may allow us to have a closer connection with our friends, the cost is giving up our savings for something else that we like or developing our personal capital (ie knowledge and skills). Furthermore, the smartphone may buy us great pleasure for a while but its face value will depreciate with time. Similar to many consumer items, the pleasure of having an ice cream can only last a short while. These experiences may temporarily **distract** us from our anxieties or fulfil our wants, but they are not the same as necessities and can be unlimited.

### Cash rules everything

WHILE May and many of her classmates felt it was hard to live on a monthly salary of HK\$12,000, this is in fact the medium monthly income in Hong Kong. That means some single income households feed and care for an entire family with that sum. When asked to think about how to allocate HK\$12,000 a month for an entire family – father, mother, children, grandparents – most of the students gained a newfound appreciation for how all of the mother's spending goes to fulfilling the needs of other members of the family such as buying groceries or paying for children's tuition, whereas the children themselves mainly focus on what they want.

In the workshop, May and other students learned that thinking about money does not need to be a chore or something mysterious that only grown-ups do. ●

