



Economy and society

Saving (8)

Two-track audio
15:00 minutes

00:50 Patrizia, a student at a Swiss Gymnasium, is planning a six-month language stay in England. Currently, she is saving up her pocket money for that time. Her goal is to save 1'500 francs. She earns that money by babysitting in her free time and with a holiday job.

There are two types of saving: on the one hand, there is saving for a specific purpose – a holiday, the driver's licence, or education. This is known as special-purpose saving. On the other hand, there's saving for old age, for example by making obligatory contributions to the state pension plan, or saving to pay compulsory taxes. Both come into the category of forced saving.

04:08 Saving means doing without certain consumer goods now in order to have money in reserve for tomorrow. Other examples for such reserves are tanks of oil or food stores.

05:38 In the past, people used to hoard gold and coins; today we save by way of savings accounts, shares, bonds or investment funds. Sometimes we also accumulate art objects, jewellery or precious metals. In financial terms, these come under material assets. In contrast, coins, notes, shares and bonds come under paper securities.

07:50 When you invest money, there are three different priorities to consider: profitability, liquidity and security. These priorities form the so-called magic triangle of financial investment.

Swiss savings accounts continue to be secure despite the financial crisis. If a bank goes bankrupt, your capital of up to 100'000 francs is secure, thanks to an investor protection scheme.

Share prices, on the other hand, may fluctuate a great deal. This offers both chances and risks, especially in times of economic and financial crises.

11:22 Patrizia has now been in England for two months, attending a language school and learning important lessons for life.

While shopping in Birmingham her hard-earned savings are easily spent. But Patrizia makes sure that her pocket money will last for the coming four months.