

EFFECTIVE PERSONAL FINANCE

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Abstract : This article highlights the importance of personal finance and financial literacy in daily life. From a managerial perspective, the author analyzes employees' concerns regarding retirement and the future, providing strategic recommendations on income management, establishing a "financial safety net," and the proper utilization of banking services. Furthermore, the article examines five common mistakes in the process of saving money—ranging from unjustified frugality to the lack of clear goals—and proposes specific solutions. The article is intended for readers aiming to achieve financial freedom and create sources of passive income.

Keywords: Personal finance, financial literacy, safety net, passive income, bank deposits, credit history.

Introduction

I decided to write this article for our company's employees because I realized that while they are highly educated and intelligent individuals, they never stop worrying about pension reforms. No one taught them how to handle finances effectively. As a leader who cares not only about my own well-being but also that of my colleagues, I have attempted to take on the role of a financial advisor.

Approach your income not as a consumer, but from a management perspective. Funds can be transformed into flexible tools for generating additional income. A "financial safety net" equal to six months of expenses provides confidence in the future and allows one to start a new business more boldly. Therefore, to master personal finance, one must first increase financial literacy, specifically viewing relationships with banks as a vital aspect of personal prosperity. Banks offer a range of services for accumulating and preserving funds, as well as providing loans. The better your credit history, the more favorable the terms of cooperation. If you require a large sum of money at a high interest rate to purchase a luxury item, your financial literacy is not at the required level.

For most people, their workplace is the primary source of income, which is often the most inefficient. In today's evolving era, many alternative options are available. Besides a salary, you can earn passive income or build your own business. Having multiple income streams reduces money-related problems.

Why is Personal Finance Important?

In school, we learn to draw in Art class... we study cell and tissue regeneration in Biology... we memorize formulas in Geometry... All these subjects have their place, of course. They



influence our worldview and our future career choices. But do we use all of them in daily life? For example, how many times a day do you calculate the area of a triangle? However, regardless of the profession we choose, there is one thing we encounter every day that is not taught in schools, let alone universities: **Personal Finance and Money Management**. Whether you like it or not, we participate directly in monetary relations every day. We make decisions daily on how to earn, save, and spend money. These decisions determine our current and future financial status. No matter how much money you earn, if you do not manage your income and expenses correctly and do not save enough to invest, your money will simply flow from one pocket to another. In short, one must gradually learn the basics of personal finance independently. The earlier you do this, the better the impact on your future financial situation. You can increase your financial literacy through information provided on the UPLIFT website and its social media pages.

Common Mistakes in Saving Money

Setting goals is a human trait; it can be described as a project for the future. Children aim to get a bicycle, youth aim to enter university, and middle-aged people aim to have a steady income source to live as financially free individuals in their old age. These goals force people to start saving money in various ways. While saving may seem easy at first glance, most people make serious mistakes that harm their financial situation instead of helping.

Mistake №5: Stopping All Expenses The biggest mistake is stopping all spending entirely. Unthinkingly cutting costs can lead to even greater expenses in the future. You should stop spending on insignificant things, but do not stop spending on preventive health check-ups and essential services. **Solution:** Ensure you continue regular check-ups. Spending a little now to prevent complications is better than risking massive costs later.

Mistake №4: Buying Cheap, Low-Quality Items People often think the best way to save is to buy the cheapest item. Buying tools that last only a season instead of paying twice as much for something that lasts a lifetime ends up costing you more because cheap items must be replaced repeatedly. **Solution:** Focus on quality and value during purchase. This is a key factor in sustainable saving.

Mistake №3: Lack of a Clear Goal Without a clear goal, the process of saving becomes boring and unsustainable. **Solution:** Set specific financial goals and visualize the result frequently to maintain motivation.

Mistake №2: Keeping Savings Within Reach When saved money is easily accessible, people tend to spend it on minor daily needs. Consequently, the effort to reach a major material goal is wasted. **Solution:** Keep your savings out of sight and reach. Using bank deposits (savings accounts) is one of the best recommendations.

Mistake №1: Believing Large Changes are Unnecessary Many think they can learn to save without making drastic changes to their behavior. As a result, saving never becomes a long-term priority. **Solution:** You must implement sharp changes in your lifestyle. Always save a certain portion of your income, give up habitual but insignificant desires, and be disciplined in maintaining these changes.



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