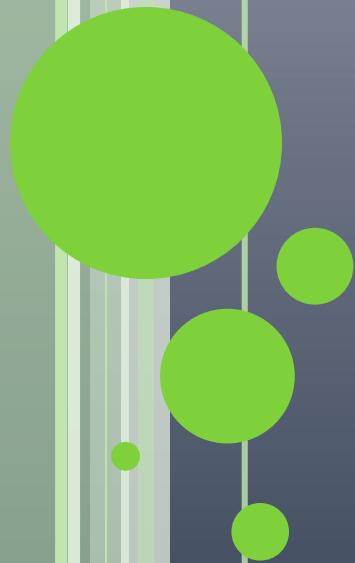


FINANCIAL LITERACY MODULE #1

**Money Matters:
Budgeting**



Budgeting & Financial Planning:

Two Important Aspects of a Personal Money Management System

- **Budget** - An itemized summary of estimated or intended expenditures for a given period along with proposals for financing them.
- **Financial Planning** - Management of all aspects of an individual's financial affairs with the objective of pursuit of the achievement of the individual's financial goals.




Budgeting topics we will discuss today:

- Needing a Budget
- Identifying Needs and Wants
- Creating a Budget
- Creating a Spending Plan
- Earning Spending Money
- Adjusting a Budget
- Plugging Spending Leaks



Needing a Budget

Define your budget according to your spending habits. Organize your use of money by thinking about the following:

- Spending Categories – consider *needs* vs. *wants*.
 - Setting Priorities – *needs* come first.
 - Establish Boundaries – don't let guilt take priority over the well-being of yourself and your family.
 - Pace Your Spending:
 - How often do you get paid?
 - What bills are due during each pay cycle?
 - Recognize Spending Limits:
 - Set a limit on the amount you spend on *wants*.
 - Avoid temptations and pressure!
 - Be Prepared for Emergencies – “rainy day” savings.
- 

Identifying Needs and Wants

- Write down a list of your needs and wants and their costs, and then look carefully at what you've written down.
- Now, review your list and think about what's really important to you and what has lasting value.
- Do you really need or want everything on your list? Put stars next to the items that are particularly important to you.
- Are some needs actually wants? Cross off the least important wants.
- If you find that some of your wants are unreasonable, write down a more reasonable alternative to that particular want.



SAMPLE NEEDS AND WANTS CHART

Need	Cost	Want	Cost	Alternative	Cost
Housing	\$800				
Vehicle	\$250				
Food	\$300				
Insurance	\$250				
Medical Needs	\$50				
Electricity	\$100				
Water	\$120				
		Starbucks	\$100	Make coffee	\$20
		Smartphone	\$300	Flip phone	\$100
		AC	\$100		
		Cable TV	\$250	Don't need	\$0
		Movies	\$150	Don't need	\$0
...



CREATE A BUDGET

KEYS – know actual income

Identify income –
Use Income Worksheet

List the financial assistance each month – family gifts, income, child support, other payments

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INCOME WORKSHEET

Income, Assistance, Financial Aid	Monthly Amount
Pay from jobs (after taxes, plus tips)	\$
Pay from Work-Study (that you receive for spending)	\$
Other jobs	\$
Gifts	\$
Interest on checking, savings, or other investments	\$
Tax refund (once a year if applicable)	\$
Financial aid (that you receive for spending)	\$
Support from your family	\$
Other	\$
Other	\$
Total Income	\$

Next steps:

- 1) Compare your income with your expenses.
- 2) If your expenses are greater than your income, find ways to cut your spending. If that is not possible, consider ways to increase your income.
- 3) If your income is greater than your expenses, consider paying yourself first and saving the extra money.

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CREATING A SPENDING PLAN

- Track all spending
 - Big \$ – tithe, rent, utilities, vehicle, tuition, groceries
 - Small \$ - tickets, sodas, haircuts, entertainment
- Use a “spending notebook”
 - Spiral, spreadsheet, notepad or software like quicken
 - Track during one month – evaluate your spending
 - What types of “smart” purchases were made
 - What purchases are unnecessary
 - Debit card users – easily review-categorize your spending
- Pay major bills first
 - Then budget all other small ticket items above
 - Don’t forget to save a little each month for emergencies



List your expenses – Use Expenses Worksheet

Using receipts or spending notebook – determine actual expenses as much as possible

EXPENSES WORKSHEET (1 of 2)

Expense	Budgeted Amount	Actual Amount Spent	Savings Loss
Cell phone (included text messaging, internet access, downloads)	\$	\$	\$
Internet connection	\$	\$	\$
Paper, toner	\$	\$	\$
Books	\$	\$	\$
Software downloads	\$	\$	\$
Electronics	\$	\$	\$
Other school supplies	\$	\$	\$
Music downloads	\$	\$	\$
Video games	\$	\$	\$
Concert tickets	\$	\$	\$
Movies	\$	\$	\$
Gym memberships Club fees	\$	\$	\$
Athletic equipment and rentals	\$	\$	\$
Magazines	\$	\$	\$
Going out	\$	\$	\$
Other entertainment	\$	\$	\$
Eating Out	\$	\$	\$
Coffee	\$	\$	\$
Vending machine purchases	\$	\$	\$
Subtotals page 1	\$	\$	\$

EXPENSES WORKSHEET (2 of 2)

Expense	Budgeted Amount	Actual Amount Spent	Savings Loss
Subtotals forwarded from page 1	\$	\$	\$
Clothing, shoes	\$	\$	\$
Laundry	\$	\$	\$
Toiletries and cosmetics	\$	\$	\$
Personal Care (tanning, manicures, haircuts)	\$	\$	\$
Credit card bills	\$	\$	\$
Bank ATM fees	\$	\$	\$
Rent	\$	\$	\$
Utilities (gas, electric, water, trash)	\$	\$	\$
Groceries	\$	\$	\$
Child care, pet care	\$	\$	\$
Transportation	\$	\$	\$
Other	\$	\$	\$
Total Expenses	\$	\$	\$

Next steps:

- 1) Update the "Actual Amount Spent" column to see if you are spending or saving more than you estimated.
- 2) Compare your expenses with your income.



Compare income with expenses – Use Income vs Expenses Worksheet

Make adjustments

Is income higher than expenses?

Save some money

Are your expenses greater ?

Time to adjust

Cut expenses by

Identifying needs vs wants

- See “plugging spending leaks”

or

Increase Income

- See “earning spending money”

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INCOME VS. EXPENSES WORKSHEET

Write down your total monthly income from your Income sources worksheet:	\$
Write down your total monthly expenses from your Expenses worksheet:	\$
Subtract your expenses from your income and put the amount here:	\$

Next steps:

- 1) Compare your income with your expenses.
- 2) If your expenses are greater than your income, find ways to cut your spending. If that is not possible, consider ways to increase your income.
- 3) If your income is greater than your expenses, consider paying yourself first and saving the extra money.



EARNING SPENDING MONEY

- While attending school requires many hours of your time – if you need some extra cash try to find some part time work
 - Manage your time accordingly for work and play
 - Talk to your college's financial aid department – earning additional money may interfere with eligibility –
- Tips on finding on-campus jobs
 - Apply with HR office
 - Bookstore – staff discounts
 - Library – quiet study time
 - Computer center – access to resources
 - Working for a professor – research studies:
 - Keep checking for openings



EARNING SPENDING MONEY CONT...

- Tips on finding off-campus jobs
 - Limit hours
 - Look for flexible schedules and short shifts
 - Factor in transportation time and costs
 - Jobs with perks
 - Work for tips and/or free meals at restaurants
 - Employee benefits – health insurance/vacation
- Creating your own job
 - House, Baby or Pet sitting
 - Tutoring – computer assistance
 - Selling handmade jewelry, crafts, paintings etc...
 - Detailing cars or Lawn care




ADJUSTING A BUDGET

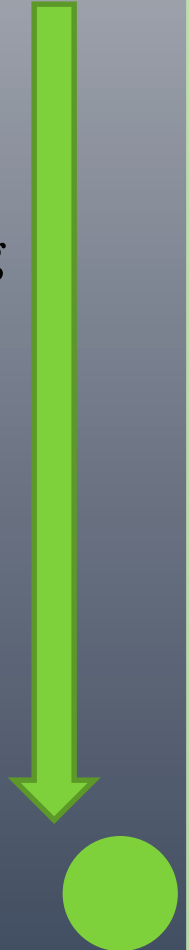
○ What are some reasons your money situation could change?

- Income increases – work, grants, gifts
 - Start a savings account or put money away while you can
 - Deposit grants, scholarships, work-study job, gifts into checking account – easier to track, safer – less expensive than money orders. Also can get an ATM/Debit card



ADJUSTING A BUDGET CONT....

- Income decreases – lose a job, rent  , major car trouble, lose financial support, illness
 - Look at expenses – limit your unnecessary spending
 - Snacks, entertainment, clothing, gifts
 - Reduce your budget – taking a little from each category
 - Take your amount deducted \div by the # of categories – reduce each category by that amount
 - Get a roommate – eat at home – borrow books – eliminate services
 - Carpool – buy only essentials – shop consignment



PLUGGING SPENDING LEAKS

- Does money leak from your pockets?
 - Where did the money go – watch yourself spending
 - Record your spending activities - ie... impulse buying
 - Spending control techniques
 - Leave credit cards at home
 - Instead of attending movies – go to free concerts or plays
 - Use your bike instead of a car for those short trips
 - Carry a refillable water bottle instead of buying beverages
 - Limit wants – like ringtones – other services



40 MONEY MANAGEMENT TIPS

- #40 Net worth is not the same as self-worth
- #39 Learn about your options for saving and investing money
- #38 Pay yourself first – SAVE -SAVE –SAVE
- #37 Learn the power of compounding
- #36 Get into the savings habit
- #35 Get help if you get into debt trouble
- #34 Take control of your credit card
- #33 Avoid credit –card pushers
- #32 Build good credit
- #31 Create a budget and stick to it
- #30 Plug everyday spending leaks
- #29 Keep track of your student account
- #28 Don't let car expenses drive you crazy
- #27 Take advantage of student discounts
- #26 Separate needs from wants
- #25 Resist peer pressure
- #24 Set ground rules regarding money
- #23 Pay the rent on time
- #22 Compare the cost of an apartment to a dorm
- #21 Talk to your roommates about money issues
- #20 Use campus computers instead of buying one
- #19 Save on snacks
- #18 Choose the meal plan that works for you
- #17 Take time now to prepare for your career
- #16 Turn hobby into a money maker
- #15 Look for a job on campus
- #14 Make school your first job
- #13 Talk to a financial aid officer (if changes)
- #12 Submit a new FAFSA
- #11 Understand your student loan obligation
- #10 Use loans as a last resort
- #9 Watch out for scholarship scams
- #8 Keep looking for financial aid
- #7 Understand your financial aid
- #6 Don't bounce checks
- #5 Find the best deal for your checking account
- #4 Protect your personal information
- #3 Get organized
- #2 Know the ground rules
- **# 1 TAKE CHARGE OF YOUR LIFE
– AND YOUR MONEY**



SOURCES AND ADDITIONAL RESOURCES

- <http://www.thefreedictionary.com/budget>
- <http://www.retirementincomevisions.com/retirement-income-visions/glossary.html>



TAKE A QUIZ ON MONEY MATTERS

- Logon to the following website
- <https://www.quia.com/quiz/3239799.html>
- Type your first and last name – click **START NOW**
- The Quiz is 10 Questions, you must score a 70% or above and submit your quiz. Your results will be sent to the KEY Center

