

Instructor Guide

SETTING FINANCIAL GOALS

FDIC

Money Smart



FDIC Money Smart for Young Adults

BUDGET			
EXPENSES	Month	Due	Paid
Housing			
Utilities			
Food	12/25		
Clothing			
Transportation			
Child Care			
Other			

Building: Knowledge, Security, Confidence

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Money Smart for Young Adults Modules

Bank On It

An introduction to bank services

Check It Out

How to choose and keep a checking account

Setting Financial Goals

How to keep track of your money

Pay Yourself First

Why you should save, save, save

Borrowing Basics

An introduction to credit

Charge It Right

How to make a credit card work for you

Paying for College and Cars

Know what you are borrowing before you buy

A Roof Over Your Head

What home ownership and renting are all about

Module 3: Setting Financial Goals Layering Table

Please read the Layering Table Instructions in the [Guide to Presenting Money Smart for Young Adults](#).

Pages	Time (Min.)	Topic	Subtopic & Activities	Target Audiences
11-13	5	Checking In		<ul style="list-style-type: none"> Everyone
14	5	Why Budget?		<ul style="list-style-type: none"> Everyone
15-16	5	Preparing a Budget	Steps to Preparing a Budget <ul style="list-style-type: none"> List items from the story to recall how money was spent 	<ul style="list-style-type: none"> Those unfamiliar with what a budget is Anyone who wants to learn how to track their spending Anyone interested in money management through budgeting
17-19	10	Budgeting and Goals	Steps to Preparing a Budget (continued) <ul style="list-style-type: none"> Activity 1: Daily Spending Diary Activity 2: Monthly Income and Expense Worksheet 	<ul style="list-style-type: none"> Anyone interested in money management through budgeting Those planning a budget who need an organized method
20-21	5	What You REALLY Earn: Income	Gross Income vs. Net Income	<ul style="list-style-type: none"> Anyone who wants to learn how to track their spending Anyone interested in money management through budgeting
21-22	5	Paying Up: Expenses	Fixed Expenses Flexible Expenses	<ul style="list-style-type: none"> Anyone who wants to learn how to track their spending Anyone interested in money management through budgeting
22	5	Decreasing Spending	Steps to Preparing a Budget (continued)	<ul style="list-style-type: none"> Anyone who wants to learn how to track their spending Anyone interested in money management through budgeting
23	5	Increasing Income	Steps to Preparing a Budget (continued)	<ul style="list-style-type: none"> Anyone who wants to learn how to track their spending Anyone interested in money management through budgeting
24-27	10	Budgeting Tools	Monthly Payment Schedule <ul style="list-style-type: none"> Activity 3: Monthly Payment Schedule 	<ul style="list-style-type: none"> Anyone interested in money management through budgeting

Module 3: Setting Financial Goals Layering Table

Please read the Layering Table Instructions in the *Guide to Presenting Money Smart for Young Adults*.

Pages	Time (Min.)	Topic	Subtopic & Activities	Target Audiences
			<ul style="list-style-type: none"> Activity 4: Monthly Payment Calendar Another Way to Track Your Budget: The Computer	<ul style="list-style-type: none"> Those planning a budget who need an organized method
27-28	5	Help! I Can't Pay My Bills!	<ul style="list-style-type: none"> Activity 5: A Hole in Todd's Pocket 	<ul style="list-style-type: none"> Anyone whose budget or income is not meeting their expenses Anyone interested in money management through budgeting Those needing an organized or alternate approach to budgeting
29	5	Conclusion		<ul style="list-style-type: none"> Everyone
30	5	Knowledge Check		<ul style="list-style-type: none"> Everyone

Getting Started

Purpose

The *Setting Financial Goals* module shows students how to manage their money by preparing a personal spending plan and identifying ways to decrease spending and increase income.

Objectives

After completing this module, you will be able to:

- Track daily spending habits.
- Prepare a personal spending plan or budget to estimate monthly income and expenses.
- Identify ways to decrease spending and increase income.
- Identify budgeting tools that will help them manage their money.

Presentation Time

The total time is 90 minutes, depending on how long it takes students to complete the exercises. You will see a time listed for each topic in the “Increasing Your Wealth” section. Use these times to personalize the lessons with your students in order to fit your given time period.

Materials and Equipment

The materials and equipment needed to present all of the *FDIC Money Smart for Young Adults* modules are listed in the *Guide to Presenting the Money Smart Program*. Review the guide thoroughly before presenting this module.

Module Activities

- Daily Spending Diary
- Monthly Income and Expense worksheet
- Monthly Payment Schedule
- Monthly Payment Calendar

Icons

The following icons are used throughout the Instructor Guide and Participant Guide to indicate what type of activity will be conducted.



Learning Objectives

This is a short list of what you will be teaching during the lesson.



Flip Chart

Brainstorm about a topic, draw a diagram, or write important points for students to remember.



Presentation

Present information or demonstrate an idea.



Review

Summarize the material learned in the module with your students.



Activity

Complete a small project or activity to learn more about the topic.



Assessment

Show what you know!
Take a short quiz about what you've learned.



Discussion

Talk in a small or large group about the topic.



Ask a Question

This is a problem or question that you should ask students during the discussion.

Character Usage

The following characters will be used in the situational comic strips in the module to show the students a real-world application of the content.



Jasmine

Jasmine is an 11th grade student at Lakeview High School. Her activities include hanging out with friends, going shopping, and collecting teddy bears. In school, her favorite subject is English and she also swims on the swim team. She works part time on the weekends around the holidays in her aunt's gift shop nearby and has a younger brother named Dominique. Jasmine wants to go to college in-state and plans to be an exercise physiologist.



Todd

Todd, a sophomore at Lakeview High School, is shy with a very sarcastic sense of humor. He is always avoiding social situations because he comes from a lower-income family and cannot afford to do the things the other teens are doing. He is very intelligent and is planning to attend college, but he is not sure how he will pay for it or where he will go. Todd works two part-time jobs at a fast food restaurant and the local grocery store and is saving all he can for college.



Ramón

Ramón was born in the U.S. but his parents are from Peru; they came here when they were teenagers themselves. Ramón is 18 and preparing to graduate from Lakeview High School. He will be attending college on a soccer scholarship to study mechanical engineering since his dream job is to work for NASA. Ramón has a little sister and an older brother who is a pilot in the Air Force. He likes to take his girlfriend to the movies or to play mini golf with money he earns working repairing computers.



Grace

Grace is an artistic student who wants to go to Fashion Design School after she graduates high school, but her parents want her to go to college. She doesn't really fit in to the "high school scene," but the teachers really see potential in her to do great things. She works at a clothing store at the mall and spends the rest of her time on her fashion sketches. Since her parents are totally against Grace going to Fashion Design School, she is very careful with her money so she can continue to buy design supplies.



Pre-Assessment

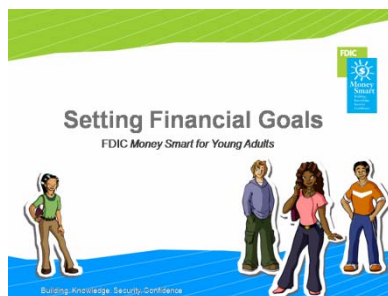
1. The main reason that it is helpful to track daily spending habits is to:
 - a. Enter them on a computer spreadsheet
 - b. Know exactly how your money is spent.**
 - c. Increase your income.
 - d. Decrease your spending.
2. Before you prepare a budget, the two most important things you must know are:
 - a. Total income and expenses.**
 - b. Your car payment and mortgage.
 - c. How to budget for savings and food.
 - d. What you spend on your phone bill and movies.
3. According to the lesson, “increasing cash flow” means:
 - a. You must get a part time job to fill up free time.
 - b. Getting more money from the ATM.
 - c. Borrowing money from a family member.
 - d. Lowering your expenses so you have more money at the end of the month.**
4. If you’re having trouble paying your bills, you should first:
 - a. Make a larger payment on the credit card with the highest interest rate.
 - b. Talk to a payday lender to get some extra cash.
 - c. Pay your rent or mortgage.**
 - d. Stop all payments.

Checking In

Welcome



Welcome to *Setting Financial Goals*! One of the first steps to financial security is planning and following through on a personal spending plan or budget. Budgeting is about choices – choosing how to spend money and save money.



Slide 1: Setting Financial Goals

Introduction



Introduce yourself and share a little of your background and experience.

Student Introductions



Before we get started, I would like to know a little bit about you.

Ask students to introduce themselves and state their expectations, questions, and/or concerns about what will be covered during the training. If there is anything that will not be covered in the course, tell students where the information can be obtained (e.g., another module, a Website). Record their course-related expectations, questions, and concerns on chart paper and tape to the walls in the classroom.

Purpose



Setting Financial Goals will help you get a handle on how you spend your money and show you how to prepare and follow a personal spending plan or budget.

Purpose

- Learn how to manage money by preparing a personal spending plan
- Identify ways to decrease spending and increase income



Slide 2: Purpose

Objectives



After completing this module, you will be able to:

- Track daily spending habits.
- Prepare a personal spending plan or budget to estimate monthly income and expenses.
- Identify ways to decrease spending and increase income.
- Identify budgeting tools that will help you manage your money.

Objectives

By the end of this course, you will be able to:

- Track daily spending habits
- Prepare a personal spending plan or budget to estimate monthly income and expenses
- Identify ways to decrease spending and increase income
- Identify budgeting tools that will help you manage your money

Slide 3: Objectives

Agenda and Ground Rules



This course has a lot of important information and it may take us longer than one class period to get through all of it, depending on how long it takes us to get through the exercises and activities. I will be using a variety of training methods. I will be presenting material to you in the form of lectures. There will also be classroom and small group discussions and exercises that give you a chance to practice what you have learned.

If you have experience or knowledge in some aspect of the training material, please share your ideas with the class. One of the best ways to learn is from each other. You might be aware of some method that has worked well for you or some pitfall to avoid. Your contribution to the class will make the learning experience that much better.

Student Materials

Refer students to the Participant Guide. Review its contents and organization.

Each of you has a copy of the *Setting Financial Goals Participant Guide*. It contains:

- Materials and instructions you will need to complete the exercises.
- Checklists and tip sheets related to the module content.
- Space for you to take notes.
- A glossary of the terms used in this module.
- Resources for you to investigate after the class.

You will also receive a copy of the slides I will be using to present this module. We will be using the Participant Guide throughout the training. You can take it home and use it as a reference.



Do you have any questions about the module overview?



Refer students to comic strip on Slide 4.

Increasing Your Wealth

5 minutes

Why Budget?



A good way to start taking control of your financial situation is to develop a budget or personal spending plan.

- What is a budget?
- What is the purpose of making a budget?

What is a Budget?

Budgeting is:

- An important step to financial security
- About choices – choosing how to make and spend money

Acknowledge students' responses. They should approximate the definition.

A budget is a step-by-step plan for meeting expenses in a given period of time. There's a glossary of terms on page 37 in your Participant Guide. The glossary includes the definition of budget.

Slide 5: What is a Budget?



Slide 6: Why Budget?

5 minutes

Preparing a Budget



Budgeting is about choices – choosing how to use your money. Knowing what your income and expenses are every month will help you take control of your financial situation. Then you'll be able to meet some financial goals you might set for yourself.

There are four steps to preparing a budget. They are:

1. Keep track of your daily spending.
2. Determine what your monthly income and expenses are the month before they are due.
3. Find ways to decrease spending.
4. Find ways to increase income.



Slide 7: Preparing a Budget

Let's talk about those steps now.



Slide 8: Four Steps to Preparing a Budget



Step 1: Keep track of your daily spending.

Lead a discussion about spending money. The objective is to get students to understand that sometimes you spend money then say, "I don't know what I spent my \$20 on." Read the scenario below to students only one time. Do not read it to them again. Have them list everything they can remember that money was spent on during the mall trip described below. Students can write answers on any piece of paper or in their guide.

Step 1: Keep Track of Daily Spending

Many people spend all their money—Do you know where your money goes each month?



- Have you ever had any money and then spent it?
- Do you remember exactly what you bought?

Control Your Money!

- Know where your money goes
- Keep a personal spending diary

Slide 9: Step 1: Keep Track of Daily Spending

Imagine that you go to the mall with \$50 and some friends. You get pizza and a soda in the food court, and then you go to a movie. You stop in the t-shirt shop where you buy two new shirts on sale, and then you head next door to the music store for a 3-for-1 sale on CDs, where you buy 6 CDs. You buy a new sketchbook at the art shop and some new color pencils, then head to the card store to buy a birthday card for your friend in another town. You and your friends feel like getting a snack, so you go to the ice cream store for some cones. There is a great pair of sneakers on sale at the sports outlet, so you buy them and decide to wear them home that day. Soon it's time to go home and since you are tired from walking all day, you and your friends decide to take the bus home. The ride costs \$1.50 but you dig in your pocket and find that you only have \$1.10! How did that happen? Where did all your money go?

Now try to list everything that you spent money on during your trip.

Give students about two minutes to list everything they spent money on during the trip to the mall.

Where did we spend money?
Food court (pizza and soda)
Movie
T-shirt shop (2 t-shirts)
Music/CD store (6 CDs)
Art store (sketchbook/pencils)
Card store (birthday card)
Ice cream shop (cones)
Sports outlet (sneakers)

Do you know where your money goes each month? What do you spend it on? Can you list everything exactly?

It is common for people to spend all the money they make and not have anything left over to save for their goals. Have you ever had any money and then spent it, but you don't remember exactly what you bought?

If you want to be in control of your money, you must understand where your money goes. One way to do this is to keep a personal spending diary to record everything you spend.

5 minutes

Budgeting and Goals



Setting financial goals will help you plan a budget. If you know what you want to do with your money in the future, it will help you spend wisely now and save where you can.

Consider your goals when planning a budget. If you want to save for a car, consider reducing your cell phone bill and using the extra to put in savings. If you want to buy a new outfit for the prom, you might be able to work an extra hour or two at your job.

No matter what goals you have for your money, they should:

- **Be realistic;** A student working part-time is not likely to be able to afford a new car every couple of years.
- **Be specific;** “I plan/want to save \$5,000 for a down payment to buy a new Honda Civic.”
- **Have a time frame:** “I plan/want to pay off my credit card within the next 12 months.”
- **State the action to be taken** “I plan/want to start an automatic deposit savings account with monthly withdrawals from my checking account.”
- **Have milestones:** For example, “My goal is to purchase a bicycle that costs \$800 by paying for it without having to borrow money. To do so, I have set up with my employer an automatic transfer of \$50 into a savings account for that purpose. Every quarter, I plan to check to see how much money I have.”

Set Your Goals

Consider them when planning a budget:

- Be realistic
- Be specific
- Have a time frame
- Say what you want to do
- Have milestones



Slide 10: Set Your Goals

Daily Spending Diary

Watch Spending Closely

- Use a daily spending diary or log
- Know where your money goes
- Cut expenses to save for goals



Slide 11: Daily Spending Diary

A milestone in this example is a gauge to determine how much progress you have made towards a goal.



Activity 1: Daily Spending Diary

Let's look at the Daily Spending Diary. As we will see in a minute, this information is an important part of our budget or personal spending plan. It will help us determine what spending we can cut out or cut back on in order to have money to pay our monthly bills and expenses or to save for our goals.

Refer students to Activity 1: Daily Spending Diary on page 21 in their Participant Guide.

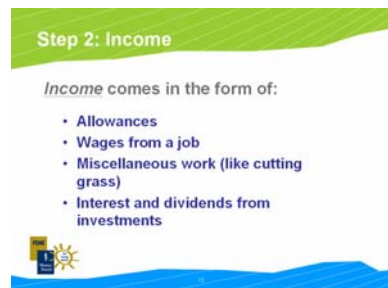
See page 32 of your Instructor Guide.

Adults use budgets to track spending and to be sure they have enough money to pay all of their bills. You can use a budget in the same way, even though your income might not be as much. Just like adults, you probably have goals for your money too: things you want and things you need.



Slide 12: Activity 1

Take a few minutes to write down what you spend in a typical day. If you spend your money differently from day to day, be sure to write down everything you can.



Slide 13: Step 2: Income

Step 2: Determine income and expenses.

The next step to perform in preparing a personal spending plan is to determine your monthly income and expenses. Income is money that comes to you from:

- Various jobs or work, like cutting grass or babysitting wages
- Allowances
- Odd jobs
- Interest and dividends
- Other sources, such as tips

Step 2: Expenses

Expenses: items you pay for each month

- Housing and car payments
- Insurance
- Food and clothing
- Utility bills
- Personal, child or pet care
- Eating out or other entertainment
- Educational costs



Slide 14: Step 2: Expenses

Expenses are the items you spend money on each month. They might be from:

- Cell phone bill
- Car payment
- Movies, CDs or music downloads, or other entertainment
- Clothes
- Eating out
- Personal items (makeup, cologne, etc.)
- Savings for college or other future purchases

As we discuss income and expenses, we are going to complete the Monthly Income and Expense worksheet. This worksheet is prepared on a monthly basis and will help you determine how much money you have coming in, how much is going out, and whether or not you have enough income to pay your bills and expenses each month.



Refer students to Activity 2: Monthly Income and Expense Worksheet on page 22 in their Participant Guides.

See page 33 of your Instructor Guide.

Activity 2: Monthly Income and Expense Worksheet

You can either fill in the information from our example or fill in your own information as we go along.


First, we will list monthly income sources and income amounts in the left column. Let's start with our monthly take-home pay, which is \$425.

We'll add more as we go along.

Activity 2: Monthly Income and Expense Worksheet

Complete Activity 2 in your Participant Guide

- Your instructor will explain how to fill in the worksheet
- You will fill it out as you go through the section



Slide 15: Activity 2

5 minutes

What You REALLY Earn: Income



Gross Income vs. Net Income

When planning a budget, remember that your employer has to subtract certain taxes from your paycheck. The time it takes to meet goals for saving may increase.

$$\text{Gross income} - \text{deductions} = \text{Net income}$$

Gross income is your total income without deductions.

Net income is gross income after deductions, such as Social Security and other taxes.

Deductions usually include federal and state taxes. Social Security taxes are also deducted. But why is so much money taken out for Social Security?

Social Security is like an insurance plan. On some pay stubs, it is called *FICA*, which stands for Federal Insurance Contributions Act. Social Security benefits include:


- **Retirement**—paid every month to eligible retired workers, as early as age 62.
- **Disability**—paid every month to eligible workers of all ages who have a severe disability.

Once you are 25 or older and are not already receiving Social Security benefits, you will receive a Social Security statement just before your birthday every year. This statement is a record of your earnings and the Social Security taxes you have paid during your working years. The statement provides estimates of the monthly Social Security retirement, disability, and survivors' benefits you and your family could be eligible to receive.

In our Monthly Income and Expense worksheet, total income is \$425. It represents the total income you receive in a month from all the income sources you have identified.

What You REALLY Earn: Income

- Your employer must subtract certain taxes from your paycheck
- The time it takes to meet goals for saving may increase




Slide 16: What You REALLY Earn: Income

What You REALLY Earn: Income (continued)

Gross Income – Deductions = Net Income

Gross Income:
Total income without deductions

Net Income:
Gross income after deductions or subtractions, such as Social Security and other taxes



Slide 17: What you REALLY Earn: Income (continued)

What You REALLY Earn: Income (continued)

Social Security:
Insurance for someone who works

- Retirement
- Disability
- Family
- Survivor
- Medicare



Slide 18: What you REALLY Earn: Income (continued)



Do you have any questions about income?

Let's look at expenses now.

5 minutes

Paying Up: Expenses

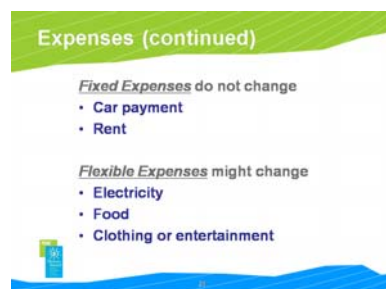


Expenses include everything a person might pay for in a time period. For someone on his or her own, this might include housing and car payments, gas, food and utilities, or other things like daycare or insurance.

- **Fixed** expenses do not change from month to month.
- **Flexible** expenses might change from month to month, like a heating bill that is lower in May than in December.



Slide 19: Expenses



Slide 20: Expenses (continued)

Fixed Expenses

On our worksheet, there is a car payment, car insurance, and a credit card bill. We will consider these fixed expenses.

Savings is listed as an expense. This is because you should get into the habit of paying yourself first. You can do this by setting aside some money each month from your paycheck for savings.

In our example this amount is \$25. This amount may not work for everyone. Set a savings goal that is appropriate for you and save toward it.

Flexible Expenses

We have to estimate the amount of flexible expenses we pay each month because we are not always sure what the exact amount will be.

In our example, we pay about \$60 a month for gas and car maintenance. We spend \$30 on cell phone use, \$40 a month on entertainment and \$25 a month for personal expenses.

Add up your expense column. Compare the income and expenses totals. Is there enough money to pay bills each month?



How would you modify the expense worksheet to meet your personal needs?

Acknowledge students' answers.

5 minutes

Decreasing Spending



Step 3: Find ways to decrease spending.

In our example, we were fortunate enough to have more income than expenses. Remember, decreasing spending increases the amount of money you have left each month. This is also referred to as “increasing your cash flow.”

Step 3: Find Ways to Decrease Spending

Decreasing Spending = More Money Left



Slide 21: Step 3: Find Ways to Decrease Spending

Step 3: Find Ways to Decrease Spending

You can decrease spending by:

- Carrying little cash and controlling your credit card use
- Not shopping “for fun”
- Remembering your savings goals
- Buying only what you need
- Paying your bills on time to avoid extra fees and charges

Slide 22: Step 3: Find Ways to Decrease Spending

What are some ways you can decrease your spending?

Answers may include:

- *Carry only small amounts of cash in your wallet so you will not spend it.*
- *Use direct deposit for your paycheck.*
- *Control your use of credit cards.*
- *Do not go shopping just for fun.*
- *Take your written savings goals with you as a reminder.*
- *Buy only what you need; do not buy things just because they are on sale.*
- *Use coupons to save money.*
- *Pay your bills on time to avoid late fees and extra finance charges*

Write students' responses on chart paper.

5 minutes

Increasing Income



Step 4: Find ways to increase income.

Other than finding a job that pays more, there are other ways to increase your income. You can get a second job, or become a successful entrepreneur! As you enter adulthood and start working, there are also federal tax credits that can bring you additional income.

Step 4: Find Ways to Increase Income



- Get a second job or a job that pays more to increase income
- Use certain tax credits that can help you increase your income (or pay fewer taxes so that you get more in your paycheck)

Slide 23: Step 4: Find Ways to Increase Income



Do you have any questions about how to prepare a budget?

Now that you know how to prepare a budget, let's talk about some of the tools that can help you keep track of your income and expenses.

5 minutes

Budgeting Tools



Now let's look at some budgeting tools to help you keep spending and savings records so that you can more easily carry out your budget. These budgeting tools include:

- The monthly payment schedule
- The monthly payment calendar
- The computer system

Budgeting Tools

These help you manage your budget:

- Monthly payment schedule
- Monthly payment calendar
- Computer system



Slide 24: Budgeting Tools

We are going to focus on the first two: payment schedule and payment calendar.

Budgeting Tools (continued)

We will focus on two:

- Monthly payment schedule
- Monthly payment calendar

These help you:

- Record income in advance
- Plan ahead to pay your bills



Slide 25: Budgeting Tools (continued)

Monthly Payment Schedule

The monthly payment schedule:

- Helps you plan in advance when you will pay your bills.
- Lets you record in advance when you will receive income to pay those bills.

We are going to complete the monthly payment schedule together. You can follow along, using the worksheet in your guide.



Refer students to Activity 3: Monthly Payment Schedule on page 23 in their Participant Guides.
See page 34 of your Instructor Guide.



Slide 26: Activity 3

Activity 3: Monthly Payment Schedule

You will need the Income and Expense worksheet that you completed earlier. You will copy the information there to the Monthly Payment Schedule.

Look at the Income and Expense worksheet. Copy your income sources and amounts to the income column on the Monthly Payment Calendar.

Record the date the income amount is expected under the “Pay or Due Date” column. List your income in order from earliest paid to latest paid. It will help you organize your income and payments.

Copy your expenses, the date due, and amount due into the correct columns. When the expense has been paid, enter the date in the Paid column.

List your expenses in order from earliest due to latest due. It will help you organize your income and payments.



Why do you think it is a good idea to have early dates for food, transportation, and personal expenses?

*Acknowledge students' answers. Answers may include:
Since you use this money throughout the month, you might want to set it aside early in the month.*

If you do this, you will have to make sure you spend this money wisely so it will last throughout the entire month.



Activity 4: Monthly Payment Calendar

Another budgeting tool that will help you carry out your personal spending plan is the Monthly Payment Calendar. It is easier to see when things are due. We are going to complete the Monthly Payment Calendar together. Follow along, using the Calendar in your Participant Guide.

Refer students to Activity 4: Monthly Payment Calendar in their on page 24 in their Participant Guides.

See page 35 of your Instructor Guide.

We will transfer the same income and expense information to the Monthly Payment Calendar. You can use the sample information or your own personal information. Two entries have already been made so you can see how it is done.

This tool does the same thing as the Monthly Payment Schedule; it just uses a different format. Note that when you have paid the expense, you can write a checkmark through the entry or cross it out with an “x.”

Give students a few minutes to enter information. Be sure they understand how to enter it into the calendar.



Slide 27: Activity 4



Slide 28: Monthly Payment Calendar



Do you have any questions about how to complete the Monthly Payment Calendar?



Another Way to Track Your Budget: The Computer

If you don't want to use paper or you pay bills in cash instead of with a checking account, you can use a computer to keep track of expenses.

On a personal computer, you can create a spreadsheet to track your income and expenses.

You may also want to purchase a personal finance program. They are available for less than \$75. Using one of these programs to manage your finances is relatively simple. Once you set it up, updating information is quick and easy. You should enter transactions frequently so that you always have a good grasp on your financial position.

There are many different ways to track your budget. You can find one that works for you.

5 minutes

Help! I Can't Pay My Bills!



What payments do you think you should make first if you do not have enough money to pay all of your bills?

Acknowledge students' responses. Answers may include: rent or mortgage, food, daycare, car payment, etc.

Help! I Can't Pay My Bills!

Scenario: You add up your bills and the total is \$900, but your income is only \$600....

What do you do?

Think about the bills that would be the most important!

Slide 29: Help! I Can't Pay My Bills!

If your budget shows that you have more expenses than income, there are ways to get out of trouble. But remember, everyone has different priorities. You will have to make the decisions that are right for you.

- **Pay your rent or mortgage first**, to ensure that you do not get evicted or have your property foreclosed on. You should always call your mortgage lender first if you are having trouble paying your mortgage. They can help you work out a plan to keep a roof over your head.
- It is probably most important to **pay your necessary household expenses next**, such as utilities and food. Many utility companies, such as the telephone, electric, and gas companies, have programs to lower your bill if you qualify. If you can pay your monthly



Slide 30: Help! I Can't Pay My Bills! (continued)

household expenses but are having trouble paying all of your loans, consider:

- **Pay off the loan with the highest interest rate** first to save on interest. If you have several credit cards with outstanding balances, focus on paying off the one with the highest interest rate first.
- **Talk to your creditors.** They may be willing to reduce your payments or change the terms to help. Some creditors might offer extensions, accept smaller payments over a longer period of time, accept partial payments, or perhaps even lower your interest rate.



Activity 5: A Hole in Todd's Pocket

Direct students to Activity 5: A Hole in Todd's Pocket at the back of their Guides. Have them work in small groups to come up with a plan for Todd.



Slide 31: Activity 5

Refer students to Activity 5: A Hole in Todd's Pocket in their on page 25 in their Participant Guides.

See page 36 of your Instructor Guide.



Do you have any questions about these budget considerations?



Refer students to comic strip on Slide 32.

Checking Your Balance

Module Summary



Congratulations! You have completed the *Setting Financial Goals* module. We have covered a lot of information today about how to save for the future. You learned:

- How to track what you spend each day so you know exactly where your money goes.
- How to prepare a personal budget to estimate monthly income and expenses so that you don't run out of money at the end of the month.
- Ways to decrease spending and increase income to help you manage your money.
- Which tools you can use to help you manage your money.



Slide 33: Setting Financial Goals

Review what was covered in the module. Review students' expectations, questions, and concerns to make sure they have all been covered.

You should now be able to take this information and begin managing your money effectively.



Do you have any final questions?



Knowledge Check

Assess Your Knowledge

Don't forget to complete the
Knowledge Check in your
Participant Guide

Slide 34: Assess Your
Knowledge

1. The main reason that it is helpful to track daily spending habits is to:
 - a. Enter them on a computer spreadsheet
 - b. Know exactly how your money is spent.**
 - c. Increase your income.
 - d. Decrease your spending.
2. Before you prepare a budget, the two most important things you must know are:
 - a. Total income and expenses.**
 - b. Your car payment and mortgage.
 - c. How to budget for savings and food.
 - d. What you spend on your phone bill and movies.
3. According to the lesson, “increasing cash flow” means:
 - a. You must get a part time job to fill up free time.
 - b. Getting more money from the ATM.
 - c. Borrowing money from a family member.
 - d. Lowering your expenses so you have more money at the end of the month.**
4. If you’re having trouble paying your bills, you should first:
 - a. Make a larger payment on the credit card with the highest interest rate.
 - b. Talk to a payday lender to get some extra cash.
 - c. Pay your rent or mortgage.**
 - d. Stop all payments.

Course Activities

Activity 1: Daily Spending Diary

Instructions

Use this to track your daily spending. Be sure to write down everything you spend money on, no matter how small the amount!

Answers for each day will vary.

Day	What did I spend my money on today?
Sunday	
Monday	
Tuesday	
Wednesday	
Thursday	
Friday	
Saturday	

Activity 2: Monthly Income and Expense Worksheet

Instructions

Follow the presenter's instructions for help completing this sheet.

My Income		My Expenses	
		Fixed Expenses	
Wages	\$400	Car payment	\$150
Interest/dividends	\$ 25	Car insurance	\$ 30
		Loans/credit cards	\$ 10
		Flexible Expenses	
		Savings	\$ 25
		Gas/car maintenance	\$ 60
		Cell phone	\$ 30
		Entertainment	\$ 40
		Personal expenses	\$ 25
Total Income	\$425	Total Expenses	\$370

**Remember to plan for income and expenses that do not occur on a monthly basis.*

Activity 3: Monthly Payment Schedule

Instructions

- Transfer your income sources and amounts from the Income and Expense worksheet to the income column below.
- Record the date the income amount is expected.
- Transfer your expenses, the date due, and amount due into the appropriate columns below.
- When the expense has been paid, enter the date in the Paid column.

Income	Expenses/Bills	Pay/Due Date	Amount Due	Paid?
Wages		4/2	\$400	
Interest/Dividends		4/5	\$25	
	Savings	4/2	\$25	
	Car payment	4/2	\$150	
	Car insurance	4/2	\$30	
	Personal expenses	4/2	\$25	
	Gas/Car maintenance	4/3	\$60	
	Cell phone	4/6	\$30	
	Credit card/Loan	4/20	\$10	
	Entertainment	4/28	\$40	

Activity 4: Monthly Payment Calendar

Instructions

- Transfer your income sources and amounts from the Income and Expense worksheet to the dates income is paid on the calendar below.
- Transfer your expenses to the dates they are due on the calendar below.
- Use one color ink for income and a different color for expenses.
- Check off each bill as it is paid.

Month						
SUN	MON	TUES	WED	THURS	FRI	SAT
1	2 \$400 paycheck \$150 car \$25 personal \$30 insurance \$25 savings	3 \$60 gas/car maintenance	4	5 \$25 interest (income)	6 \$30 cell phone	7
8	9	10	11	12	13	14
15	16	17	18	19	20 \$10 credit card/loan	21
22	23	24	25	26	27	28 \$40 entertainment
29	30					

Activity 5: A Hole in Todd's Pocket

Instructions

Read the scenario below. With your group, work out a plan for Todd!

Todd gets an allowance. He does chores around the house for which he earns \$100 a month. He has a cell phone bill for \$30 a month. He also uses the rest of his money for \$10 in savings, \$25 to go out with his friends to movies or fast food, and the rest for clothes, MP3 downloads, and video games. Right now he has \$70 in savings.

Last month, Todd went much too far over his allowable minutes. His cell phone bill ended up being \$256! He could continue to pay only the \$30 a month, but he'd still owe the extra charges.

Using what you have learned so far in this module, make a plan for Todd to pay his cell phone bill. Also, suggest ways he could improve his budget. You can include ways to lower his expenses or increase his income.

Glossary

Budget

A budget is a step-by-step plan for meeting expenses in a given period of time.

Expenses

Items that you must pay for, like housing, food, transportation, utilities, loans, or other bills are considered *expenses*.

Fixed expenses

Expenses that do not change from month to month are *fixed*.

Flexible expenses

Expenses that may change from month to month are *flexible*.

Gross income

The total amount of money you earn, before anything is taken out, is called *gross income*.

Income

Money that comes to you from wages, interest, Social Security, tips, or other sources is considered *income*.

Net income

The amount of money you have left after taxes, insurance, social security, or other expenses are deducted from your gross pay is *net income*.

Spending

Using money to pay bills, or to pay for entertainment, goods, or services is called *spending*.

For Further Information

Federal Deposit Insurance Corporation (FDIC)

Division of Supervision & Consumer Protection
2345 Grand Boulevard, Suite 1200
Kansas City, Missouri 64108
www.fdic.gov 1-877-ASK-FDIC (1-877-275-3342)
Email: consumer@fdic.gov

U.S. Financial Literacy and Education Commission

www.mymoney.gov 1-888-My-Money (1-888-696-6639)
MyMoney.gov is the U.S. Government's website dedicated to teaching all Americans about financial education. Whether you are planning to buy a home, balancing your checkbook, or investing in your 401k, the resources on MyMoney.gov can help you.
Throughout the site, you will find important information from 20 Federal agencies.

Federal Consumer Information Center (FCIC)

www.pueblo.gsa.gov 800-688-9889
The Federal Consumer Information Center (FCIC) provides free online consumer information to help the public. The FCIC produces the Consumer Action Handbook, which is designed to help citizens find the best sources for assistance with their consumer problems and questions.

USA.gov: the Federal Government's Web Portal

www.usa.gov
FirstGov.gov is the official gateway to all government information.

Consumer.gov: a resource for consumer information from the federal government

www.consumer.gov

Department of Education

<http://www.ed.gov/students/>
The Department of Education provides Information relating to college, financing, and student aid.

For other education-related resources:

Complete the FAFSA online at <http://www.fafsa.ed.gov/>.

Find out more about scholarships at

<http://www.ftc.gov/bcp/menus/consumer/education/scholarships.shtm>.

For more information on Federal Loan Programs, <http://studentaid.ed.gov>.

Federal Trade Commission

www.ftc.gov 877-FTC-HELP (382-4357)

The Federal Trade Commission website offers practical information on a variety of consumer topics, including credit and identity theft.

Department of Housing and Urban Development (HUD)

www.hud.gov 800-669-9777

The HUD website offers educational resources on buying and renting homes.

Internal Revenue Service

www.irs.gov

You can get copies of IRS publications and forms at this website or by calling 800-829-3676. Call 800-829-1040 for questions about your income taxes.

Securities and Exchange Commission (SEC)

www.sec.gov 800-SEC-0330

The SEC provides information about investing.

Social Security Administration

www.ssa.gov 800-772-1213

You can find out about Social Security benefits at this site.

Go Direct

www.GoDirect.org (800) 333-1795

To quickly and easily sign up for direct deposit of your Social Security or other federal benefit payments, contact Go Direct, a campaign sponsored by the U.S. Department of the Treasury and the Federal Reserve Banks.

National Association of Securities Dealers

www.nasd.com 1-800-289-9999

The National Association of Securities Dealers provides information about registered securities brokers to help you decide whether to do business with them.

The Center for Social Development (CSD), George Warren Brown School of Social Work, Washington University, St. Louis, MO.

The CSD Website includes useful information on IDAs.

<http://gwbweb.wustl.edu/csd/asset/idas.htm>