

# Money Matters

## Budgeting



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# Welcome



- 1. Agenda**
- 2. Ground Rules**
- 3. Introductions**



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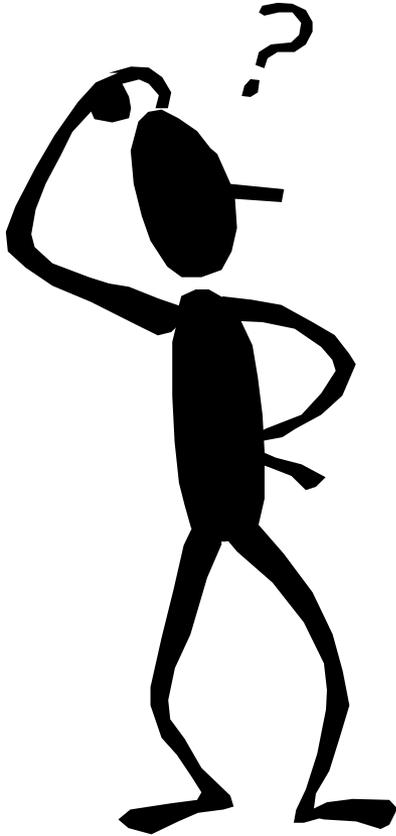
# Objectives

- Steps for **setting financial goals**
- **Track daily spending**
- Prepare a personal **spending plan** to estimate **monthly income and expenses**
- Identify ways to **decrease spending**
- Identify ways to **increase income**
- Identify **spending plan tools** to help you **manage your bills**



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# What Do You Know?



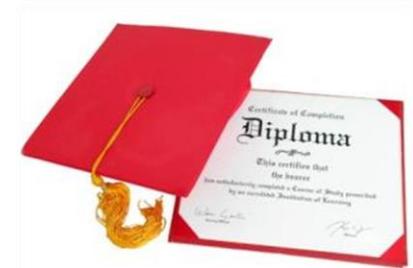
**What do you know or want to learn about managing your money?**



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# Setting Financial Goals

- **Make them specific to what *you* want within a certain time period**
  1. Identify and write down your financial goals
  2. Organize your financial goals
  3. Educate yourself
  4. Evaluate your progress



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# Defining your Goals

- **Short-term goals** (in 1 year) - buying a cellphone, or a used car.
- **Intermediate goals** (up to 3 years) - getting a college degree, or buying furniture.
- **Long-term goals** (5 years or longer) - saving to buy a home, or planning for a wedding.



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# Why Create a Spending Plan?

- A **Spending Plan**:
  - Is a **step-by-step plan** for meeting **expenses** in a **given period of time**
  - Helps you **reduce anxiety**
  - Gives you a sense of **control over your money**
  - Helps you **build assets**



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# Spending Plan Steps

1. Keep track of your daily spending
2. Determine your monthly income and expenses
3. Find ways to decrease spending
4. Find ways to increase income



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# Track Daily Spending

- **Do you know where your money goes each month?**
  - Understand where your money goes by tracking your spending
  - Use a personal spending diary
  - **It is important to recognize what your daily spending habits are**



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# Track Daily Spending

- Get a small **notebook**
- Be sure to get a **receipt** for every purchase
- Use a grocery **shopping list**
- Pay close attention to **smaller purchases**
- Consider **needs** versus **wants**
- After recording your expenses you can see **how much you spent and on what**



# Determine Income and Expenses

**Income** is money that you may get from:

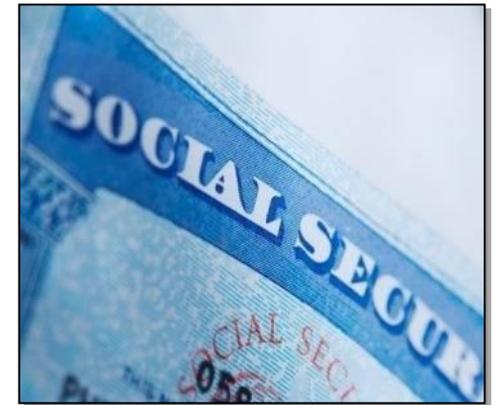
- Wages (Salary)
- Self-employment income
- Public assistance (TANF) or Food Stamps
- Child support or alimony
- Interest and dividends
- Social Security
- Other sources (e.g., tips)



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# Income

- **Gross Income = Total Income**
- **Net Income = Total Income – Deductions**
- **Social Security Income includes:**
  - Retirement benefits
  - Disability benefits
  - Family benefits
  - Medicare benefits



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# Expenses

- **Expenses** are the costs of living and maintaining the home. Examples include groceries, paying the rent or mortgage, utility bills, and transportation.

There are two kinds of expenses:

- **Fixed expenses do not change from month to month**
- **Flexible expenses often change from month to month**
  - You may have some **control** over how much you pay
  - Shop for the best value **before** committing to any payments



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# Activity 1: Monthly Income and Expense Worksheet

1. Complete Monthly Income and Expenses worksheet
2. List monthly income sources and income amounts to the left
3. List monthly expenses and amounts to the right



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# Activity Example

Income	Expenses	
<b>\$3,500</b>	Rent	\$1,000
(\$2,100 + \$1,400)	Loans & bills	140
	Child care	400
	Savings	75
	Telephone	40
	Food	400
	Transportation	200
	Personal Expenses	150
	<b>Total</b>	<b>\$2,405</b>



# Decrease Spending

- Decreasing spending increases the amount of money you have left each month—also known as “increasing your cash flow”
- What are some ways you can cut back on your spending?



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# Tips to Help You Decrease Spending

- Develop and follow a spending plan
- Use a grocery shopping list
- Use coupons to save money
- Shop around for the best deal
- Buy only what you need versus what you want
- Carry small amounts of cash to limit your spending
- Eliminate or control your use of credit cards



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# Increase Income

- **Tax credits that may help to increase your income include:**
  - Earned Income Tax Credit (EITC or EIC)
  - Child tax credit
  - Credit for child and dependent care expenses
  - Education credits
  - Tax credits for retirement savings contributions



# Tips to Help You Increase Income

- Find a part time job
- Work on weekends
- Work from home
- Find seasonal jobs
  - Lawn mowing
  - Backyard cleaning
  - Babysitting



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# Keep Accurate Records



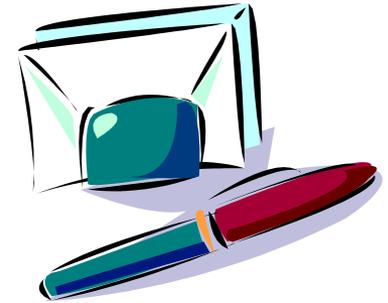
- Keep records in a safe place
- Organize your files so it is easy to update and find important financial information
- Keep your tax records for at least 3 years
- Mail bill payments at least 1 week before they are due to avoid late fees
- Check your bank account statement



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# Other Spending Plan Tools

- Expense Envelope System



- Budget Box System



- Computer Spreadsheet System



- A Calendar

2018 JANUARY						
SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

www.free-printable-calendar.com



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# When There Are More Expenses Than Income

- **What payments should you make first if you cannot pay all of your bills?**
  - Pay your **necessary** household expenses first (rent, mortgage, food)
  - Think about the **health and safety** of your family when prioritizing bills
  - Seek **assistance** to help cover expenses



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# Paying Your Loans

- **If you are having trouble paying your loans, consider:**
  - Paying off the loan with the highest interest rate first
  - Talking to your creditors
  - Getting credit counseling
  - Declaring bankruptcy (last resort only!)



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# Conclusion

- **You have learned:**
  - The benefits of budgeting
  - Setting financial goals
  - How to create a spending plan to track your daily spending and monthly income and expenses
  - Other considerations to keep in mind when planning your budget



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