Welcome

1. Agenda
2. Ground Rules
3. Introductions
Objectives

• List the steps for setting financial goals
• Track daily spending habits
• 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 that will help you manage your bills
What Do You Know?

What do you know or want to learn about managing your money?
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
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
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
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
Activity 1: Daily Spending Diary

Complete Activity 1 in the Participant Guide.

1. Use the Daily Spending Diary.
2. Record the money you have spent today.
Determine Income and Expenses

*Income* is money that comes from:

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

• Gross income = total income
• Net income = total income – deductions

• Social Security income includes:
  • Retirement benefits
  • Disability benefits
  • Family benefits
  • Survivor benefits
  • Medicare benefits
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.
Activity 2: Monthly Income and Expense Worksheet

Complete Activity 2 in the Participant Guide.

2. List monthly income sources and income amounts to the left.
3. List monthly expenses and amounts to the right.
## Activity Example

<table>
<thead>
<tr>
<th>Income</th>
<th>Expenses</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,500</td>
<td>Rent</td>
<td>$1,000</td>
</tr>
<tr>
<td>($2,100 + $1,400)</td>
<td>Loans &amp; bills</td>
<td>140</td>
</tr>
<tr>
<td></td>
<td>Child care</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>Savings</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>Telephone</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Food</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>Transportation</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>Personal Expenses</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$2,405</strong></td>
</tr>
</tbody>
</table>
Decrease Spending

• Decreasing spending increases your cash flow
• What are some ways you can cut back on your spending?
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
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
Activity 3: Monthly Payment Schedule

Complete Activity 3 in the Participant Guide.

2. Enter the income sources and date received.
3. Enter the expenses, due dates, and amounts.
## Example Income and Expenses

<table>
<thead>
<tr>
<th>Income</th>
<th>Amount/Date</th>
<th>Expenses</th>
<th>Amount/Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paycheck</td>
<td>$1050 on 4/5</td>
<td>Savings</td>
<td>$75 due 4/1</td>
</tr>
<tr>
<td>Paycheck</td>
<td>$350 on 4/6</td>
<td>Rent</td>
<td>$1,000 due 4/1</td>
</tr>
<tr>
<td>Paycheck</td>
<td>$350 on 4/13</td>
<td>Food</td>
<td>$400 due 4/5</td>
</tr>
<tr>
<td>Paycheck</td>
<td>$1050 on 4/20</td>
<td>Transportation</td>
<td>$200 due 4/5</td>
</tr>
<tr>
<td>Paycheck</td>
<td>$350 on 4/20</td>
<td>Personal Expenses</td>
<td>$150 due 4/10</td>
</tr>
<tr>
<td>Paycheck</td>
<td>$350 on 4/27</td>
<td>Child Care</td>
<td>$200 due 4/10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Telephone</td>
<td>$40 due 4/25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Child Care</td>
<td>$200 due 4/25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Credit Card Payments</td>
<td>$140 due 4/28</td>
</tr>
</tbody>
</table>
Activity 4: Monthly Payment Calendar

Complete Activity 4 in the Participant Guide.

1. Complete the Monthly Payment Calendar.
2. Enter the income and expense amounts on the appropriate dates.
Other Spending Plan Tools

• Expense Envelope System

• Budget Box System

• Computer Spreadsheet System
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
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!)
Activity 5: Spending Plan Considerations

Complete Activity 5 in the Participant Guide.

1. Read the scenario carefully.
2. Answer the questions.
3. Be prepared to explain your answer.
Summary

• What final questions do you have?

• What have you learned?

• How would you evaluate the training?
Conclusion

• You have learned:

  • The benefits of budgeting
  • How to create a spending plan to track your daily spending and monthly income and expenses
  • How to use the “Monthly Spending Schedule” and the “Monthly Spending Calendar”
  • Other considerations to keep in mind when planning your budget