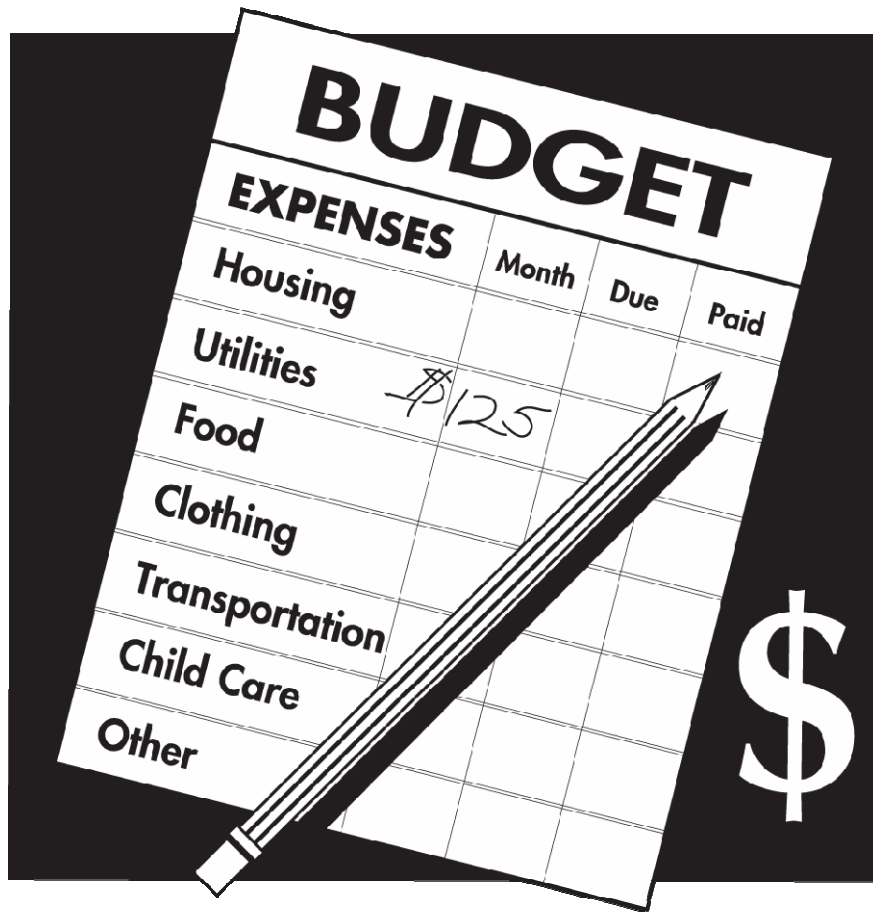
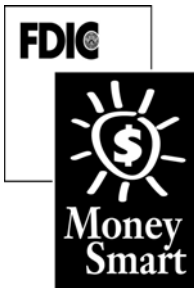


Money Matters



Instructor Guide



Building: Knowledge, Security, Confidence

FDIC Financial Education Curriculum

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MODULE OVERVIEW

Purpose

The Money Matters module shows students how to manage their money by preparing a personal spending plan and identifying ways to decrease spending and increase income.

Objectives

At the end of the module, students 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 presentation time is 60 minutes.

Materials and Equipment Needed to Present This Module

Important Note: The materials and equipment needed to present all of the Money Smart modules are listed in the *Guide to Presenting the Money Smart Program*. Review the Guide thoroughly before presenting this module.

Handouts

Have available for students extra copies of the following budgeting tools:

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

LESSON PLAN

Instructor Notes	Presentation
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MODULE OVERVIEW

Welcome



1: Money Matters

Welcome to Money Matters! 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 make money and choosing how to spend money.

Introduction



2: Introduction

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



3: Student Introductions

Student Introductions

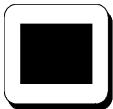
Before we get started, I would like to know a little bit about you.

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 module, tell students where the information can be obtained (e.g., another module or a Website).

Record their course-related expectations, questions, and concerns on chart paper and tape to the walls in the classroom.

Purpose



4: Purpose

Describe the purpose of the module.

Money Matters 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.



5 and 6: Objectives
Describe the module objectives.



7: Agenda and Ground Rules
Describe the module agenda and ground rules.

MODULE OVERVIEW (Continued)

Objectives

By the end of the 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.

Agenda and Ground Rules

This module will take about 60 minutes to present, depending on how long it takes us to get through the exercises and activities.

There will be one 10-minute break about halfway through the training.

I will be using a variety of training methods. I will be presenting material to you via 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.

MODULE OVERVIEW (Continued)**Student Materials**

Each of you has a copy of the Money Matters 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 banking 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 the present this module.

We will be using the Guide throughout the training. You will be able to take it home and use it as a reference.

Do you have any questions about the module overview?



Refer students to the Participant Guide.

Review its contents and organization.



Ask students ...



Refer students to the form on page 15 of their Participant Guide. Explain its purpose

WHAT DO YOU KNOW?

Purpose

The What Do You Know? form lets you measure how much you have learned from this training. It also tells me what you liked about it and what needs to be improved.

You will complete the first section of the form now and the rest of the form at the end of the training.

Read the instructions for the “Before-the-Training” column only and walk students through each statement.

Provide enough time for students to complete this portion of the form.

Tell students they will return to this form aside at the end of the training to complete the remaining sections.



Transition to the next topic.

Now let's get started on managing your money.



8: Budget or Personal Spending Plan

Define budget.



9: Benefits of Budgeting

Describe the benefits of budgeting.



10: How to Prepare a Budget



Ask students ...

Acknowledge students' responses.

WHY BUDGET?

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

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

Following a budget:

- Helps you reduce the anxiety of not knowing whether you have enough money to pay your bills when they are due.
- Gives you a sense of control over your money, rather than letting money have control over you.
- Helps you build assets that will improve the quality of life for you and your family.

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.

HOW TO BUDGET

There are four steps to preparing a budget:

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.

Let's start with the first step.

Step 1: Track daily spending

Do you know where your money goes each month?

HOW TO BUDGET (Continued)

It is common for people to spend all the money they make and not have anything left over to save for their goals.

Many people say they do not have anything to show for their hard work at the end of the month.



Ask students ...

Acknowledge students' responses.

How often have you taken \$20 out of the ATM and, at the end of the day, not known where it all went?

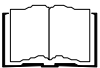


11: Daily Spending Diary

Explain the purpose of a Daily Spending Diary.

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.

You can use this information to track your spending over a period of time, say a month, so that you can see how you are spending your money.



Daily Spending Plan

Let's take a moment to write down how much money we have already spent today.

Refer students to the Daily Spending Plan on page 2 of their Participant Guide.

Give students a few minutes to write down what they have spent so far today.

Use Instructor Aid #1 to write out what you have spent today.

Explain how this information will be used in the budget.

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.



Hand out copies of the Daily Spending Diary.

Here are some extra copies of the Daily Spending Diary that you can use at home.



Transition to the next topic.

Now let's take a look at the next step, determining income and expenses.

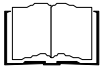
DAILY SPENDING DIARY

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

Introduce the next step in preparing a budget.



12: Income



Monthly Income and Expense worksheet

HOW TO BUDGET (Continued)

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:

- Wages.
- Public assistance – which might include Temporary Assistance to Needy Families (TANF) or Food Stamps.
- Child support or alimony.
- Interest and dividends.
- Social Security.
- Other sources, such as tips.

Refer students to Monthly Income and Expense worksheet on page 3 of their Participant Guide.

Use Instructor Aid #2 on the next page to guide you.

Explain what the worksheet is and how students can complete it.

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.

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

If you fill in your own information, estimate the amounts and complete as much of the worksheet as you can, since you do not have records of your income and expenses with you in class today.

When you get home, you can check your records and fill in the accurate amounts.

MONTHLY INCOME AND EXPENSE WORKSHEET

My Income

Wages \$ **2,000** _____
 Public assistance \$ _____
 Child support/
 Alimony \$ **800** _____
 Interest/Dividends \$ _____
 Social Security \$ _____
 Advanced Earned
 Income Credit _____
 Other \$ _____

My Expenses

Fixed Expenses

Rent/Mortgage \$ **1,000** _____
 Property taxes/
 Insurance \$ _____
 Trash collection \$ _____
 Cable \$ _____
 Car payment \$ _____
 Car insurance \$ _____
 Other loan payments \$ **200** _____
 Health insurance \$ _____
 Day care/Elder care \$ **600** _____

Flexible Expenses

Savings \$ **100** _____
 Gas/Oil \$ _____
 Electricity \$ **50** _____
 Water \$ _____
 Telephone/Cell phone \$ **40** _____
 Food \$ **400** _____
 Transportation/Gas \$ **160** _____
 Car maintenance \$ _____
 Education \$ _____
 Personal expenses \$ **150** _____
 Charity/Donations \$ _____

Total Income \$ 2,800 _____

Total Expenses \$ 2,700 _____

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

Explain how to fill in income on the worksheet.

Refer students to Wages on their worksheet.



Ask students ...

Acknowledge students' responses.



13: Gross Income vs. Net Income



Ask students ...

Acknowledge students' responses.



14: Social Security Benefits

Explain what Social Security is.

HOW TO BUDGET (Continued)

First, we will list monthly income sources and income amounts in the left column.

For this example, our monthly net wages or take-home pay is \$2,000. We pay for health care insurance through work. It is deducted from our gross wages.

What do you think is the difference between gross and net income?

Gross income is your total income without deductions. Net income is gross income minus deductions such as Social Security and other taxes.

Who knows why so much money is taken out of your paycheck for Social Security?

Social Security is a potentially valuable insurance plan. On some pay stubs, it is called FICA, which stands for Federal Insurance Contribution Act.

Social Security benefits include:

- Retirement benefits – paid every month to eligible retired workers, as early as age 62.
- Disability benefits – paid every month to eligible workers of all ages who have a severe disability.
- Family benefits – paid every month to spouses and children of eligible retired and disabled workers.
- Survivor benefits – paid every month to the eligible widow or widower and children of a deceased worker.

HOW TO BUDGET (Continued)

- Medicare benefits – help with hospital bills, as well as limited coverage of stays in skilled nursing facilities, hospice care, and other medical services at age 65, or younger if you become disabled.

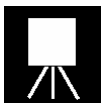


15: Social Security Statement

Explain what the Social Security Statement is.

Refer students to Child support/Alimony on their worksheets.

Explain how to complete the other sources of income.



Record the amounts on chart paper and add them up.

If 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.

You can also call the phone number listed on page 22 of your Participant Guide to request a copy of your statement.

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.

Let's go back to our example. We are receiving \$800 in child support payments each month.

As you can see, there are spaces on the worksheet for other income sources that might fit your personal situation.

Be sure to consider whether income sources are continuous or might stop in the near future. For example, if you receive unemployment benefits, keep in mind when you will stop receiving them.

You also might make adjustments to income you receive on a yearly or quarterly basis, such as tax refunds and bonus checks.

Let's total the income column. In our example, the total is \$2,800. It represents the total income you receive in a month from all the income sources you have identified.

HOW TO BUDGET (Continued)

Ask students ...

Do you have any questions about income?



Transition to the next topic.

Next we will list monthly expenses in the right column.



16: Fixed vs. Flexible Expenses

Explain the difference between fixed and flexible expenses.

We are going to talk about two kinds of expenses: fixed and flexible.

- Fixed expenses are expenses with amounts that do not change from month to month. You do not have any control over how much you pay.
- Flexible expenses are expenses with amounts that often change from month to month. You sometimes have control over how much you pay. For example, if you decide to lower your thermostat during the winter to save on heating costs, you will pay less than you did the month before.



Record the expenses in a column on chart paper (for later addition) as you discuss them.

Review this set of fixed expenses on the worksheet.

For this example, we pay \$1,000 each month for rent. We are assuming that the rent includes utilities, except for electricity.

The next group of expenses on the worksheet is expenses that you have some control over before the initial agreement.

They become fixed expenses after you have signed a contract. Shop for the best value before committing to the payments.

They include:

- Car payment and car insurance.
- Loan payments.
- Health insurance.
- Day care or elder care.

Refer students to Other Loan Payments on their worksheets.

Explain why savings is listed as an expense.

Read the list of flexible expenses.



HOW TO BUDGET (Continued)

In our example, we have a monthly payment of two credit card bills and two installment loans totaling \$200. The minimum payment on each is \$35. However, we are paying more than the minimum to pay them off more quickly.

We also pay \$600 a month in child care expenses.

The next group of expenses on the worksheet is our flexible expenses.

Before I read the list, you might have noticed that savings is listed as an expense. This is because we want you to get into the habit of paying yourself first. You can do this by setting aside some money each month from your paycheck.

In our example this amount is \$100. This amount may not work for everyone. Set a savings goal that is appropriate for you and save toward it.

As I read through the list, think about your needs versus your wants and how you might control the cost of these expenses.

Ask students to give examples of how they can control these expenses.

If you do not get any responses, offer the suggestions in parentheses.

- Savings (this is important – pay yourself first).
- Gas or Oil (ways to control costs are to conserve energy by keeping your tires properly inflated and observing the speed limit).
- Electricity (conserve energy by using ceiling fans).
- Water (conserve energy by installing low-flow showerheads).
- Telephone (reduce long distance charges, eliminate extra services such as caller ID, eliminate cell phones or land lines).

HOW TO BUDGET (Continued)

- Food (shop for items on sale).
- Transportation or Gas (carpool, get a monthly transit pass instead of a daily one).
- Car maintenance (regular maintenance prevents more severe problems).
- Education (your employer might have a tuition assistance program).
- Personal expenses (includes clothing, hairdresser or barber, gifts, entertainment, restaurant meals).
- Charity/Donations (includes donations you make to charities).
- Fill in any other expenses you might have.

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.

Continue to write expenses in a column on the chart paper.

In our example, we pay about \$40 a month for our telephone bill.

After keeping a spending diary for several months, we found that we spend about \$400 a month on food.

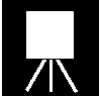
We spend about \$160 a month on transportation costs and gasoline.

And our personal spending diary also shows that we spend about \$150 a month for personal expenses.

Encourage students to account for all of their expenses when using the worksheet at home.

As you can see, we did not fill in each space on the worksheet. When you use this worksheet at home, you should include all of your expenses.

And remember, you might need to plan for expenses you have to pay once, twice, or four times a year, such as car insurance or property taxes.



Add up the amounts and record the total on chart paper.



Ask students ...

Guide a brief discussion about the worksheet.



Hand out copies of the Monthly Income and Expense worksheet.



Transition to the next topic



Introduce the topic by asking students ...

HOW TO BUDGET (Continued)

Now, let's add up the expense column.

Our total of fixed and flexible expenses comes to \$2,700.

Comparing the total income to total expenses, we see that we have just enough money to pay our bills and expenses each month.

Let's talk a bit about your experiences using the worksheet.

- What difficulties did you have using the worksheet?
- How would you modify the worksheet to make it more useful for your personal situation?

Here are some extra copies of the Monthly Income and Expense worksheet that you can use at home.

Now let's take a look at what to do when your expenses are more than your income.

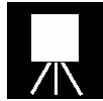
Step 3: Find Ways to Decrease Spending

In our example, we were fortunate enough to have more income than expenses.

But what can you do if your expenses are more than your income or if you want to save more money?

Answer: Cut back on your spending.

What are some ways you can cut back on your spending?



Write responses on chart paper.

HOW TO BUDGET (Continued)

Refer students to Tips to Help You Decrease Spending or Save More Money, on page 4 of their Participant Guide.

Then refer students to Tips to Help You Decrease Spending or Save More Money, on page 4 of their Participant Guide.

Read the tips in Instructor Aid #3 on the next page that students have not mentioned.

Review the myths and facts about Direct Deposit in Instructor Aid #4 on page 19 when you discuss Tip #2.

Those are all very good ideas. Let's look at some additional tips that can help you decrease spending.

Remember, decreasing spending increases the amount of money you have left each month. This is also referred to as "increasing you cash flow."

Besides decreasing your spending and obvious ways to increase your income, like getting a second job, there are some options for increasing your income that you might not have considered.



Transition to the next topic.

TIPS TO HELP YOU DECREASE SPENDING OR SAVE MORE MONEY

- Carry only small amounts of cash in your wallet so you will not spend it.
- Use direct deposit for your paycheck or federal benefits, such as Social Security (see “Myths and Facts about Direct Deposit” on page 5 of the Participant Guide).
- 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.
- Use a grocery-shopping list to prevent impulse buying.
- Take your lunch to work instead of eating out.
- Shop around to get the best deal on big-ticket items like cars and appliances.
- Pay your bills on time to avoid late fees, extra finance charges, utilities being turned off, eviction, repossessions, and the costs of a bad credit rating.

DIRECT DEPOSIT: MYTH VS. FACTS

Using direct deposit for your paycheck and state or federal benefits is safer and easier than using paper checks. Below, common misconceptions about direct deposit are corrected.

MYTH: Receiving paychecks or benefit payments in the form of a paper check gives you more control over your money because you can deposit it at your bank or credit union when it is convenient for you.

FACT: With direct deposit your money goes into your account at the same time each month, eliminating the risk of stolen checks and forgeries and helping protect you from identity theft.

MYTH: Switching to direct deposit is time-consuming and a hassle.

FACT: Enrolling in direct deposit is usually fast and easy, whether you receive a paycheck or a government benefit. If you receive Social Security or Supplemental Security Income (SSI), you can sign up for direct deposit in less than 5 minutes by calling the **Go Direct** toll-free helpline at 800-333-1795, enrolling online at www.GoDirect.org, or signing up at your local bank or credit union.

MYTH: People who do not have a bank account should not consider direct deposit.

FACT: There are options available if you have not yet signed up for an account. Call the U.S. Treasury's **Go Direct** toll-free helpline at 800-333-1795 for help finding a financial institution that offers low- or no-cost accounts.

MYTH: If you use direct deposit, you will not know when your money is in your account.

FACT: You can be sure your money is in your account by the time your bank opens on payment day. Paper checks can get lost or stolen, but with direct deposit your money is in your account on time, every time.

MYTH: Direct deposit does not really save time because the check still must be mailed to the bank.

FACT: With direct deposit, your federal benefit payment is electronically transferred to your bank account. The payment process is completely paperless.

MYTH: Direct deposit is not a trustworthy way to receive federal benefit payments.

FACT: Direct deposit is completely reliable. You are 30 times more likely to have a problem with your federal benefit check than with your direct deposit payment.

MYTH: Direct deposit is not as safe as receiving a check because it is sent over the Internet.

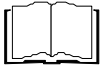
FACT: Direct deposit works by transferring funds directly into your account through a highly secure electronic banking system – not the Internet. It is the same system used by the world's leading financial institutions.

MYTH: Direct deposit is expensive.

FACT: Most banks and credit unions do not charge you to sign up for direct deposit. In fact, they may waive your monthly checking account fee if you have direct deposit.



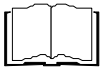
17: Tax Credits



Refer students to *Tax Credits that May Increase Your Income*, beginning on page 6 of their *Participant Guide*.

Describe the EITC.

Warn students about refund anticipation loans.



Refer students to *For Further Information*, on page 22 of their *Participant Guide*.

HOW TO BUDGET (Continued)

Step 4: Find Ways to Increase Income

There are a number of tax credits that may help to increase your income. These include:

- Earned Income Tax Credit (EITC).
- Child tax credit.
- Credit for Child and Dependent Care Expenses.
- Education credits.
- Tax credits for retirement savings contributions.

These credits are described in *Tax Credits That May Increase Your Income* in your *Participant Guide*.

Let's take at one of them, the EITC, which is a federal income tax credit for people who work but do not earn high incomes. If you qualify, EITC reduces the amount of tax you owe, and it may give you a refund.

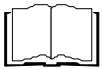
- You may even be eligible for the Advanced EITC, which allows you to receive part of the credit in each paycheck during the year. If you qualified for the EITC in the past, you may contact your employer to sign up.
- The Internal Revenue Service (IRS) adjusts income eligibility each year.
- Receiving an EITC does not affect eligibility for TANF, Medicaid, Supplemental Security Income (SSI), Food Stamps, or housing assistance.
- If you do qualify for a tax refund, be wary of refund anticipation loans. These types of loans are very expensive. Plus, if you do not get the refund you expected, you will still be responsible for paying off the entire amount of the loan.

To get additional information about the EITC and the other tax credits or to get answers to other tax questions, you can visit the IRS Website at www.irs.gov, or you may contact the IRS at 800-829-1040.



Refer students to Free Income Tax Preparation Assistance on page 8 of their Participant Guide.

Describe IRS-sponsored programs that assist taxpayers.



Refer students to For Further Information, on page 22 of their Participant Guide.



Ask students ...



Transition to the next topic.

HOW TO BUDGET (Continued)

For assistance in preparing and filing your income tax returns, you can use the services available through the IRS-coordinated Volunteer Income Tax Assistance (VITA) program or Tax Counseling for the Elderly (TCE) program.

- The VITA and TCE programs offer free income tax assistance for low-income, disabled, elderly, and non-English-speaking taxpayers.
- Most sites also offer free electronic filing or e-filing.

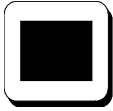
To find the location of the VITA or TCE site in your area, call your local IRS office and ask to speak to the Taxpayer Education Coordinator, or call IRS at the number listed.

When you talk to someone from the government or another organization, remember to write down his or her name or identification number.

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.

Introduce the topic by discussing the importance of accurate records.



18: Recordkeeping Tips

Describe recordkeeping tips.



Transition to the next topic.



19: Budgeting Tools

Describe the budgeting tools students can use.



Refer students to the Monthly Payment Schedule on page 9 of their Participant Guide.

Review it with them.

Tell students how the worksheet will be used in class.

Use Instructor Aid #5 on the next page to guide you through this topic.

BUDGETING TOOLS

To successfully implement a budget, you must keep accurate records.

Here are some recordkeeping tips to help you maintain accurate records.

- Keep records in a safe place in your home or in a safe deposit box.
- Organize your files so it is easy for you to find information about your earnings and spending and to update important financial information.
- Keep your tax records for at least 3 years.
- Send your bill payments a few days before they are due to avoid late fees.

Now let's take a look at some budgeting tools to help you keep spending and savings records that will make it easier for you to carry out your budget.

These budgeting tools include:

- The monthly payment schedule.
- The monthly payment calendar.
- The expense envelope system.
- The budget box system.
- The computer system.

We are going to focus on the first two.

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.

You can use the sample data I will provide or your own personal information.

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.
- Use one color ink for income and a different color for expenses.
- See your instructor for additional worksheets.

Month _____

Income	Expenses/Bills	Pay or Due Date	Amount Due	Paid
Wages		April 2	\$2,000	
Child Support		April 5	\$ 800	
	Savings	April 2	\$ 100	
	Personal expenses	April 2	\$ 150	
	Food	April 2	\$ 400	
	Transportation	April 3	\$ 160	
	Rent	April 6	\$1,000	
	Telephone bill	April 16	\$ 40	
	Credit card payments	April 20	\$ 200	
	Child care	April 28	\$ 500	

BUDGETING TOOLS (Continued)

Have students retrieve the copy of the Income and Expense worksheet they completed earlier.

We are going to need the Income and Expense worksheet that we completed earlier. It contains the income and expense information that we need to transfer to the Monthly Payment Schedule.

In order to complete the Monthly Payment Schedule, you need to:

Explain how to enter income on the Monthly Payment Schedule. Give students a few minutes to enter the information.

- Transfer your income sources and amounts from the Income and Expense worksheet into the income column of the Monthly Payment Schedule. You should also record the date you expect to receive the income.

Walk around the room to make sure students understand how to enter the information.

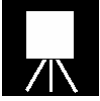
In our example, we have \$2,000 in wages and \$800 in child support. Let's say that we will receive our wages on April 2 and our child support on April 5.

Wages has already been entered for you. Follow the same format to enter the Child Support information.

Explain how to enter expenses on the Monthly Payment Schedule

- Next we need to transfer expenses from the Income and Expense worksheet, the date each expense is due, and the amount of the expense in the correct columns.

The Paid column is for you to write the date you make the payment.



Write the expense, amounts, and due dates on chart paper.

Give students a few minutes to enter the information.

Walk around the room to make sure students understand how to enter the information.



Ask students ...



Ask students ...



Hand out copies of the Monthly Payment Schedule.

BUDGETING TOOLS (Continued)

In our example, we are going to list our expenses by date, from the earliest to the latest due.

Savings has already been entered for you. The amounts and due dates for the other expenses are:

- | | |
|-----------------------------------|---------------------------------------|
| Food – \$400 due 4/2 | Telephone – \$40 due 4/16 |
| Personal expenses – \$150 due 4/2 | Credit card payments – \$200 due 4/20 |
| Transportation – \$160 due 4/3 | Child care – \$500 due 4/28 |
| Rent – \$1,000 due 4/6 | |

Why do you think I have early dates for food, transportation, and personal expenses?

Answer: 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.

When you use this worksheet at home, you can use one color ink for income and another color for expenses.

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

I have more blank worksheets if you want to take them home after class.



Refer students the Monthly Payment Calendar on page 10 of their Participant Guide. Review it with them.

BUDGETING TOOLS (Continued)

Monthly Payment Calendar

Another budgeting tool that will help you carry out your personal spending plan is the Monthly Payment Calendar.

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.”

Tell students how the worksheet will be used in class. Use Instructor Aid #6 on the next page to guide you through this topic.

We are going to complete the Monthly Payment Calendar together. Follow along, using the Calendar in your Participant Guide.

Give students a few minutes to enter the information. Walk around the room to make sure students understand how to enter the information.

We will transfer the same income and expense information to the Monthly Payment Calendar.

You can use the sample information I provided or your own personal information.

Two entries have already been made so you can see how it is done.



20: Monthly Payment Calendar

Here is what the Monthly Payment Calendar looks like with the information I added.



After students have completed the Calendar, ask ...

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



Hand out copies of the Monthly Payment Schedule.

I have more blank worksheets if you want to take them home after class.

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.
- See your instructor for additional worksheets.

Month _____						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 \$2,000 – paycheck \$100 – savings \$40 – food \$150 – personal	3 \$160 – transportation	4	5 \$800 – child support	6 \$1,000 – rent	7
8	9	10	11	12	13	14
15	16 \$40 – phone bill	17	18	19	20 \$200 – credit cards	21
22	23	24	25	26	27	28 \$500 – child care
29	30					



Ask students ...

Guide a brief discussion about the worksheets.



Refer students to Other Budgeting Tools on page 11 of their Participant Guide.



Transition to the next topic.

BUDGETING TOOLS (Continued)

Which worksheet did you like the best? Why?

What difficulties, if any, did you have with them?

How would you modify either worksheet to make it more useful for your personal situation?

Briefly review each tool.

Use Instructor Aid #7 to guide you.

There are a few other budgeting tools that you can use to help you carry out your budget.

Select the one that you are most comfortable with.

You have now practiced how to use various budgeting tools. There are just a few more things I want to discuss about budgeting.

But do not turn to the next page in your Participant Guide yet. Please wait until I tell you to.

OTHER BUDGETING TOOLS

Here are a few other budgeting tools you can use at home. Use the one with which you are most comfortable.

Expense Envelope System

- This tool is useful if you pay your bills in cash each month.
- Make an envelope for each expense category, such as rent, gas, electricity, and food.
- Label the envelope with the name of the category, the amount, and the due date.
- When you receive income, divide it into the amounts to cover the expenses listed on the envelope.
- Pay bills right away so you will not be tempted to spend the money on something else.

Budget Box System

- The budget box is a small box with dividers for each day of the month, with one divider for each day of the month.
- When you receive a bill, check the due date and place it behind the divider that represents the bill's due date.
- As you receive income, pay all bills that are due.

Computer System

- If you have access to a personal computer, you can create your own spreadsheet.
- You may also want to purchase a personal finance program. They are available for less than \$75.
- Using a computer to manage your finances is relatively simple. Once you set up the system, updating information is quick and easy. It is important to enter transactions frequently to truly understand your financial position.

BUDGETING CONSIDERATIONS**When there are more expenses than income**

Introduce the topic.

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.



Ask students ...

Acknowledge students' responses.

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

Tell students to turn to the next page in their Participant Guide.



21: What to pay first

Provide guidance on which bills to pay first.

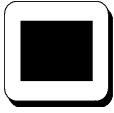
Generally speaking, it is probably most important to pay your necessary household expenses, such as rent or mortgage, utilities, and food, first.

You need to pay your rent or mortgage to ensure that you do not get evicted or have your property foreclosed on.

Think about the health and safety of your family when making these types of decisions.

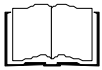
Many utility companies, such as the telephone, electric, and gas companies, have programs to lower your bill if you qualify.

If you think you need assistance, contact your utility company to see what programs it offers.



22: Loan Payment Decisions

Provide guidance on paying off loans and credit cards.



Refer students to *Credit Counseling vs. Debt Management* on page 12 of their Participant Guide.

BUDGETING CONSIDERATIONS(Continued)

If you can pay your monthly household expenses but are having trouble paying all of your loans, consider:

- Paying off the loan with the highest interest rate first to save on interest payments.
- Talking to your creditor. Your creditor may be willing to reduce your payments or change the terms to accommodate your situation. Some creditors might offer extensions, accept smaller payments over a longer period of time, or accept partial payments.
- Getting credit counseling. If you are not disciplined enough to create a workable budget and stick to it, cannot work out a repayment plan with your creditors, or cannot keep track of mounting bills, you might contact a credit counseling organization.

Many credit counseling organizations are nonprofit and work with you to solve your financial problems.

Reputable credit counseling organizations can advise you on managing your money and debts, help you develop a budget, and offer free educational materials and workshops. Their counselors are certified and trained in the areas of consumer credit, money and debt management, and budgeting.

Counselors discuss your entire financial situation with you and help you develop a personalized plan to solve your money problems. An initial counseling session typically lasts an hour, with an offer of follow-up sessions.

- Enrolling in a debt management plan (DMP). If your financial problems stem from too much debt or your inability to repay your debts, a credit counseling agency may recommend that you enroll in a DMP.

BUDGETING CONSIDERATIONS (Continued)

A DMP alone is not credit counseling, and DMPs are not for everyone. You should sign up for a DMP only after a certified credit counselor has thoroughly reviewed your financial situation and has offered customized advice on managing your money.

In a DMP, you deposit money each month with the credit counseling organization, which uses your deposits to pay your unsecured debts (such as your credit card bills, student loans, and medical bills) according to a payment schedule the counselor develops with you and your creditors.

Your creditors may agree to lower your interest rates or waive certain fees, but check with all your creditors to be sure they offer the concessions that a credit counseling organization describes to you.

A successful DMP requires regular, timely payments, and could take 48 months or more to complete.

Ask the credit counselor to estimate how long it will take for you to complete the plan. You may have to agree not to apply for – or use – any additional credit while you are participating in the plan.

Be wary of companies that promise to fix your credit problems right away. Credit repair can be a long process that may take several years.

- Declaring bankruptcy. This is a last resort. Bankruptcy is a legal proceeding that adjusts the debts of individuals who cannot meet their credit obligations.

Although bankruptcy eliminates most debts, certain back taxes, child support, alimony, and student loans must still be paid.

With a bankruptcy proceeding on your credit report, you may pay higher credit rates and receive less favorable terms on loans in the future.



Refer students to Bankruptcy: A Last Resort on page 13 of their Participant Guide.

Tell students where they can find out more about this subject.



Ask students ...



Transition to the next topic.

BUDGETING CONSIDERATIONS (Continued)

Bankruptcy might also make it difficult to get a mortgage, open a bank account, buy life insurance, or get a job, because creditors and employers can run a credit check to determine your history of past financial commitments.

A new law requires you to get credit counseling before you can file for bankruptcy.

Bankruptcy is very serious and stays on your credit record for 10 years. Use it only as a last resort.

Credit reports, bankruptcies, and credit counseling are covered in the To Your Credit module.

Do you have any questions about these budget considerations?

Now let's do an exercise to practice what we have just learned.

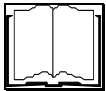
If you decide not to do the optional exercise, go to the Summary and Conclusion on page 38.



Note to Instructor: *This is an optional exercise. Describe the purpose of the exercise.*



23: Practice Exercise: Budget Considerations



Refer students to the practice exercise on page 14 of their Participant Guide.



When you have finished the exercise, ask students ...



Transition to the next topic.

PRACTICE EXERCISE: BUDGET CONSIDERATIONS

Purpose

The purpose of this exercise is to give you an opportunity to practice making budgeting decisions.

Instructions

*Review the instructions with students.
Give them 10 minutes to complete the exercise.
Provide the correct response (see Instructor Aid #8 on next page).
Answer questions.*

Do you have any questions about the practice exercise?

Let's take a look at what we have learned today.



PRACTICE EXERCISE: BUDGET CONSIDERATIONS

Purpose

To give you practice identifying what to do when you have more expenses than income.

Instructions

- Read the scenario carefully.
- Answer the questions.
- Be prepared to explain your answers.

Scenario

Mr. and Mrs. Clark sit down to pay their bills and expenses at the end of the month. They have been holding off paying their bills because they know they do not have enough money to cover everything. But finally, Mrs. Clark insists that they have to start paying some of them, or their situation will get even worse.

The Clarks have five credit cards. Three of them have an interest rate of 24 percent. The other two cards have an interest rate of 13 percent. Two of the high interest rate cards and one of the lower interest rate cards are 15 days past the due date. Looking over the credit card bills, Mr. Clark is amazed to see that his wife spent \$200 last month on shoes. Mrs. Clark is amazed to see that Mr. Clark bought yet another power tool and spent \$385 for it. “No wonder we do not have any money!” each says to the other. Mr. Clark also confesses that he stops off at the coffee shop on his way to work every morning and spends \$5 on a cup of coffee, then eats lunch at a restaurant near his office. Mrs. Clark admits that she gets a pedicure and manicure twice a month.

The Clarks want to make sure that they have enough money for rent, utilities, the car payment, and food. But if they pay these bills first, they will have only enough money to make the minimum payment on three of their five credit cards.

Continued on next page ...



PRACTICE EXERCISE:
BUDGET CONSIDERATIONS (Continued)

What has caused these financial problems for the Clarks?

- **Overuse of credit cards.**
- **Personal expenses that are too high.**

What can they do to resolve their problems?

- **Immediately call the credit card companies for the cards that are past due to see if they can work out an arrangement to bring the accounts up to date.**
- **Set aside money for rent, utilities, the car payment, and food.**
- **Call a halt to “splurge” buying on credit.**
- **Cut back on personal spending. Mr. Clark can make coffee and lunch at home and bring it to work. Mrs. Clark can eliminate at least one manicure and pedicure a month.**
- **Get credit counseling to help them create and implement a budget they can follow.**

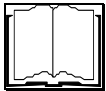


Review what was covered in the module.

Review the chart papers with students' expectations, questions, and concerns to make sure they have all been covered.



Ask students ...



Refer students to page 15 through 17 of their Participant Guide.

Allow time for students to complete the forms.

Make sure you collect all the forms.

SUMMARY AND CONCLUSION

Summary

Congratulations! You have completed the Money Matters module. We have covered a lot of information today about budgeting and creating a budget or personal spending plan. You learned about:

- The benefits of budgeting.
- How to create a budget to help you keep track of 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.

Do you have any final questions?

Evaluation Form

To improve the training, we will need your feedback. The After-the-Training column on the What Do You Know form and the Evaluation Form will identify changes that can make this module better.

Please complete the After-the-Training column and the Evaluation Form now.

Great job on completing the Money Matters module! Thank you for participating.

WHAT DO YOU KNOW? – MONEY MATTERS

Instructor: _____ Date: _____

This form will allow you and the instructors to see what you know about budgeting both before and after the class. Read each statement below. Please circle the number that shows how much you agree with each statement.

I know:	Before-the-Training				After-the-Training			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
1. How to track daily spending habits.	1	2	3	4	1	2	3	4
2. How to prepare a personal spending plan or budget to estimate monthly income and expenses.	1	2	3	4	1	2	3	4
3. How to identify ways to decrease spending and increase income.	1	2	3	4	1	2	3	4
4. How to identify budgeting tools that will help me manage my money.	1	2	3	4	1	2	3	4

EVALUATION FORM

This evaluation will allow you to assess your observations of the module. Please indicate the degree to which you agree with each statement by circling the appropriate number.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
1. Overall, I felt the workshop was: <input type="checkbox"/> Excellent <input type="checkbox"/> Very Good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor						
2. I achieved the following course objectives: a. Track daily spending habits. b. Prepare a personal spending plan or budget to estimate monthly income and expenses. c. Identify ways to decrease spending and increase income. d. Identify budgeting tools that will help me manage my money.	1	2	3	4	5	
3. The instructions were clear and easy to follow.	1	2	3	4	5	
4. The overheads were clear.	1	2	3	4	5	
5. The overheads enhanced my learning.	1	2	3	4	5	
6. The time allocation was correct for this module.	1	2	3	4	5	
7. The module included sufficient examples and exercises so that I will be able to apply these new skills.	1	2	3	4	5	
8. The instructor was knowledgeable and well prepared.	1	2	3	4	5	
9. The worksheets are valuable.	1	2	3	4	5	
10. I will use the worksheets again.	1	2	3	4	5	
11. The students had ample opportunity to exchange experiences and ideas.	1	2	3	4	5	
12. My knowledge/skill level of the subject matter before taking the module.	0	1	2	3	4	5
13. My knowledge/skill level of the subject matter upon completion of the module.	0	1	2	3	4	5

Continued on next page ...

EVALUATION FORM (Continued)

Instructor Rating

Please use the response scale and circle the appropriate number.

Response Scale: 5 Excellent 4 Very Good 3 Good 2 Fair 1 Poor	Name of Instructor				
Objectives were clear & attainable	5	4	3	2	1
Made the subject understandable	5	4	3	2	1
Encouraged questions	5	4	3	2	1
Had technical knowledge	5	4	3	2	1

What was the most useful part of the training?

What was the least useful part of the training?
