

Building Your Financial House

Set the Foundation of Your Future



Module 3 Spend Sensibly Facilitator Guide



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Objectives and Checklist

According to the framework, spend sensibly to fill your house with the things you need and keep it in order; overspending can result in both physical and financial chaos.

As a result of Module 3, participants will know how to:

- Identify money values and spending habits
- Distinguish between needs and wants to prioritize spending
- Identify the steps to create and use a money map
- Recognize the role of transactional accounts and services in managing cash and spending

What we encourage the participants to do with this information is:

- Live within means
- Track and prioritize spending
- Create and use a manageable money map
- Establish a relationship with a government insured financial institution

To prepare for the session, refer to the following checklist.

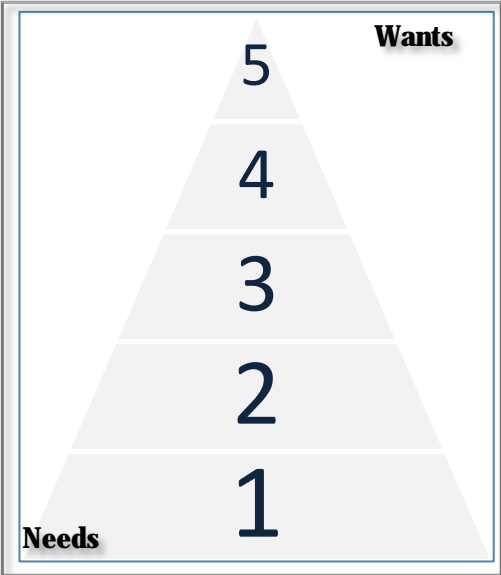
Handouts	<input type="checkbox"/> Module 3 - Participant Guide <input type="checkbox"/> Module 3 - Presentation PowerPoint Slides <input type="checkbox"/> Participant Certificates of Participation
Supplies	<input type="checkbox"/> Computer/laptop, projector, and slide advancer (test prior to start) <input type="checkbox"/> Extension cord <input type="checkbox"/> Non-adhesive flip chart paper and easel or dry-erase board <input type="checkbox"/> Markers <input type="checkbox"/> Basic calculators <input type="checkbox"/> Visuals
Room Set-up	<input type="checkbox"/> Adequate tables and chairs, ideally arranged in a U-shape

Visuals

Below are the visual aids that will be used during the presentation of Module 3: Spend Sensibly

Spending Pyramid

Use non-adhesive flip-chart paper or white board



Anna's Money Map

Use non-adhesive flip-chart paper or white board

Anna's Money Map					
Income	1	2	3	4	5
Total Gross					
Off the Top					
Take Home:					
Expenses	1	2	3	4	5
Set-asides					
Housing					
Transport					
Food					
Health					
Children					
Other Obligats					
Personal Care					
Recreation					
Total Expenses:					
Cash Flow:					

Finding the Right Fit

Use non-adhesive flip-chart paper or white board

Finding the Right Fit			
Accounts	Products	Services	Fees

Session Outline and Activities

Slides	Section	Time Allotted
<i>SS.1-8</i>	Welcome and Recap – Collect and copy page ME-3 for data tracking	15 minutes
<i>SS.9-12</i>	Objectives and Self-Assessment – Pre-Session Assessment, page SS-3	5 minutes
<i>SS.13-15</i>	Opening Activity: Money Values	10 minutes
<i>SS.16-35</i>	Creating Your Money Map - Step One: Identify Income - Step Two: Track Expenses - Step Three: Compare (Cash Flow) - Step Four: Make Choices - Step Five: Plan Your Route - Step Six: Follow Your Route	25 minutes
<i>SS.36-39</i>	Case Study: Anna’s Money Map, pages 14-17 - Anna’s Spending Pyramid - Anna’s Money Map	30 minutes
<i>SS.40-43</i>	Tools - Money Map Tools - Cash Management Tools <ul style="list-style-type: none"> ○ Financial Institutions ○ Finding the Right Fit ○ Alternatives 	20 minutes
<i>SS.44-49</i>	Recap and Take Action	10 minutes
<i>SS.50-51</i>	Session Evaluation and Closing, page SS-31	5 minutes

Certificate of Participation

in recognition of your participation on this day,

in the


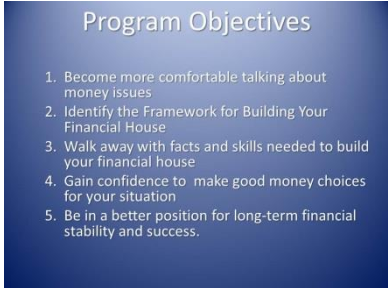


module of the

Building Your Financial House

Financial Education Program



Presentation Instruction Guide and Script *(italics)*

Welcome and Recap	Time: 15 minutes
<p>As participants arrive, hand out the Module 3 - Participant Guide and Participant Slides if they don't already have them in a binder.</p> <p>Discuss any housekeeping issues: silent cell phones, nearest exit, restrooms, parking, judgment free zone, etc.</p> <p>Next</p>	 <p style="text-align: right;"><i>slide SS.1</i></p>
<p>Explain:</p> <p><i>Remember the objectives of Building Your Financial House:</i></p> <p>Read the objectives.</p> <p>Next</p>	 <p style="text-align: right;"><i>slide SS.2</i></p>
<p>Explain:</p> <p><i>Remember the topic schedule for the entire program; this session, we'll be talking about spending sensibly.</i></p> <p>Next</p>	 <p style="text-align: right;"><i>slide SS.3</i></p>
<p>Explain:</p> <p><i>Let's recap what we talked about last session.</i></p> <p>Read the points.</p> <p>Next</p>	 <p style="text-align: right;"><i>slide SS.4</i></p>



Ask participants to turn to page ME-3, Self-Assessment and Track Your Progress, in the Module 2 participant guide and complete the page (goals, worksheets completed, actions taken) if they haven't done so already.

Explain:

Remember, the Self-Assessment and Track Your Progress sheet is an important way to record, and share with us, the progress you are making as a result of this program. Did you set a goal?

Next



slide SS.5

Explain:

Did you practice?

Ask for any feedback on the homework.

Next



slide SS.6

Explain:

Did you learn more?

Ask for any feedback on the additional resources.

Next



slide SS.7

Explain:

Did you make progress?

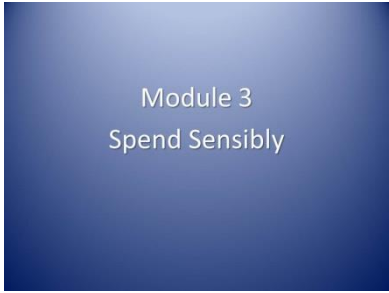

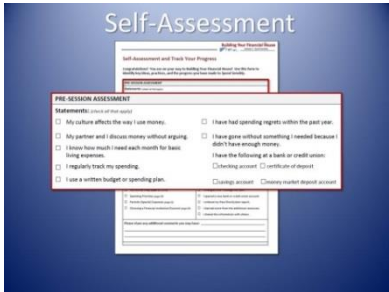
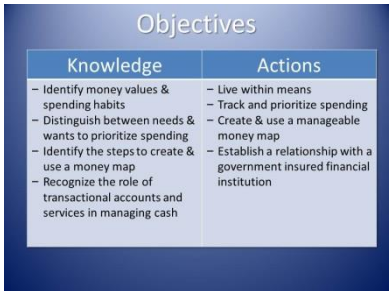
Ask for any feedback on the actions taken. Make sure participants write their name (or participant number if you are using an anonymous identifier) in the lower right hand box.

Collect, copy, and return the worksheets before the session is finished.

Next



slide SS.8

Module 3: Objectives and Self-Assessment	Time: 5 minutes
<p>Refer participants to the Module 3 - Participant Guide and Presentation Slides handouts (or appropriate binder section). Again, participants may prefer to follow the slides, but pages in the guide will be referenced during the presentation so both (and the Case Study) should be handy.</p> <p>Next</p>	 <p style="text-align: right;"><i>slide SS.9</i></p>
<p>Remind audience where the module fits in the framework.</p> <p>Read the slide.</p> <p>Next</p>	 <p style="text-align: right;"><i>slide SS.10</i></p>
<p>Refer to page SS-3, Self-Assessment and Track Your Progress.</p> <p>Read the points of the pre-session self-assessment. Ask participants to complete.</p> <p>Next</p>	 <p style="text-align: right;"><i>slide SS.11</i></p>
<p>Explain:</p> <p><i>Remember that each of the modules in Building Your Financial House will have things that we should know about the topic, but also what we should do with this information, or the actions.</i></p> <p>Read the knowledge objectives.</p> <p>Click and read the action objectives.</p> <p>Next</p>	 <p style="text-align: right;"><i>slide SS.12</i></p>

Opening Activity: Money Values

Time: 10 minutes

Explain:

Spending....nobody really wants to talk about it! Spending gets a bad rap. But, did you know it's something we do it just about every day. Think of how you feed your family, have clothes to wear, and have shelter. You had to SPEND to get what you need.

So yes, we have to spend! As long as we do it sensibly, to take care of our needs and give us comfort within our means...it's okay!

Next



slide SS.13

Explain:

What makes someone a spender or a saver? It's not about how much money they have but their money values; what they get out of it and how it makes them feel. When you identify your money values, you can see the impact on how you spend and help make the necessary adjustments to successfully control your money.

Refer to page SS-5, Money Values. Instruct participants to read each of the statements in the chart. Circle the statements that they agree with or that represent their view on money. Add the number of statements circled in each column to get their predominant money color. Allow 3-4 minutes for participants to complete the worksheet.

Explain:

As we read the interpretation of what each color means, keep in mind that there really are not right, wrong, or better money values; each has benefits and drawbacks. Knowing how to work with (not opposed to) your values can make the difference in successfully controlling your money.

Read the interpretation of money colors on page SS-6.

Next



slide SS.14

Building Your Financial House
Module 3: Spend Sensibly

Money Values

The first step to effective money management is to understand how you feel about money. What you want to get out of your money and how it makes you feel, make the biggest impact on how you spend it. Read each of the statements in the following chart. Circle the statements that you agree with or represent your view on money. Then total the number of statements circled for each color column.

Blue	Yellow	Green	Pink	White
Money is for spend.	If you need money, it will come from somewhere.	Money and privilege go hand in hand.	It feels good to have money in my wallet or pocket.	Money won't make you happy.
Credit helps you get what you want if you don't have the money.	Worrying about money never helps.	Children should be in the right area to grow up knowing the right people.	You can't have too much insurance.	You can't put a dollar value on everything.
If you want something, you should be able to have it.	There is no need to budget, either you have it or you don't.	At a restaurant, I like to be the one who treats the others.	Never take out a loan on something that's going to decrease in value.	I can have a lot of fun without spending money.
Responsibility is buying something new.	You don't need to save ahead for a rainy day.	I like to have nothing but the best.	Money is absolutely not worth buying it.	I like to make gifts even when I can't afford to.
You are entitled to some of the nicer things in life.	The government will take care of all your money needs when you retire.	A new car and a nice house are evidence of success.	You can never have too much money.	I decide what's important to me and spend what I can afford.
The more money you make, the less you have left.	If you have a serious financial problem, someone will always help.	Nothing is too good for one's children.	Having no cash on hand is new.	I'd rather work less hours for less money than more hours for more money.
Total	Total	Total	Total	Total

page SS-5

Building Your Financial House
Module 3: Spend Sensibly

Money Values-Key

If the blue column has the most circles you:

Use money to indulge yourself. Your spending habits are self-indulgent, and you use all of your wants or urges. The key is learning to distinguish between wants and needs; otherwise, it may result in overspending and not having enough money for your actual needs and financial goals.

If the yellow column has the most circles you:

Aren't really concerned with money. You don't think there is any reason to worry about it, because you have faith that it will all work out. While this is a good attitude for many aspects of your life, it is important to manage your spending in order to promote financial stability.

If the green column has the most circles you:

Use money to buy status or prestige. To you, money means success and importance. At the end of the day, a better measure of success may be having the right attitude, not expensive possessions. Use caution in your purchases and keep extraneous spending in check.

If the pink column has the most circles you:

Value money for security. You use money like a security blanket. Saving as much as you can, and having excess insurance coverage makes you feel safe. While being safe is important, resist your emergency needs and how to meet them at a practical and reasonable level.

If the white column has the most circles you:

Do not value money in itself, but see it as a tool for the self-fulfillment of happiness in life. While this is a good mindset, keep in mind the importance of planning and striving to help you reach your goals.

page SS-6



Explain:

It makes complete sense, that our values influence our goals and where we want to be. Recall back in Module 1: Invest in Yourself, you set financial goals. Do your goals make more sense now that you know what you value?

Recall Anna’s goal of saving one-half month’s rent. She values the security that having a savings provides. The big question is how can she get there? How can we get where we want to be?

Next

Values Influence Our Goals

Goal	Amount Needed	Date Needed	Start Date	Months to Goal	Monthly Amount*
Short-term (1 year or less) Anna wants to save (A) 1/2 month's rent (B) as soon as possible.	\$300 (M)	1/1/2018 (T)	1/1/15	12	25 (M)

slide SS.15

Creating Your Money Map

Time: 25 minutes

Explain:

The answer is to create and use a money map. A money map is just like a road map or, these days, a GPS. It helps you to see where you are and how you can move towards where you want to be. The great thing about a money map is that it gives you the power to control where your money is going to take you.

Why is it important to use a money map? Well, it’s just like if you want to take a trip to a place you’ve never been. Without a map, route, or guide, getting there isn’t likely. It’s the same with money. Without a money map, you may not get to be where you financially want to be.

Click

So how does it work? You first need to know where you are, in terms of your income and expenses.

Click

After finding out where you are, make choices to point yourself in the right direction, calculate the most manage route, and travel to your financial destination. Sounds easy, doesn’t?

Next



slide SS.16

Refer to pages SS-10, 12-14, My Money Map and explain:

There are four pages to the money map and are designed to help you know, plan, and follow your map. Notice on each page there is a Current, Choose & Plan, and Actual column.

- *The Current column will measure where you are now*
- *The Choose & Plan column is for the amounts that will get you to your goal*
- *The Actual is a follow-up column to show what you’ve actually done*

Next

Creating a Money Map

slide SS.17

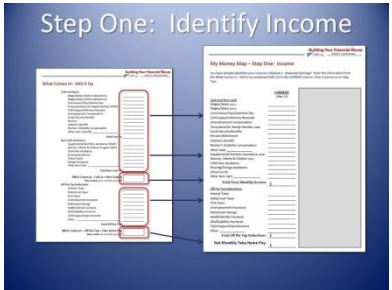
Explain:

Let's look at income first. We're only looking at current column right now, so don't worry about Choose & Plan and Actual.

Click

You've already identified income on page ME-22, "What Comes In: Add It Up," so all you need to do is transfer the information to the current column.

Next



slide SS.18

Explain:

Now onto the expenses. The expense sheets are divided up into spending categories.

Click and read the Set-Aside category and its items. (Note: periodic expenses will be covered in step four.) Click to advance to the next category and read items.

Explain:

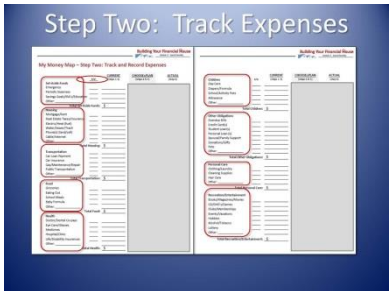
But what if you never tracked your expenses? Well, you are not alone! Studies have shown roughly 70% of Americans do not. Here are some ideas to help:

- Notebook to write down every time you open your wallet
- Envelopes to keep receipts
- Checkbook register
- Online-statements

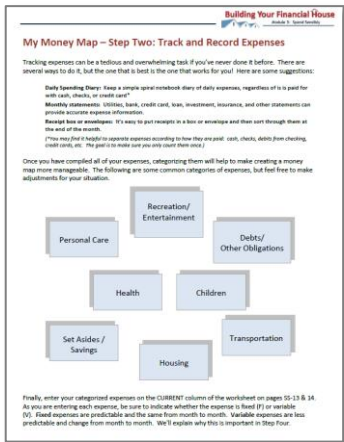
There may not be one method alone that works for you. Some combination may be best.

Refer to page SS-11, My Money Map – Step Two: Track and Record Expenses, and explain that there is additional information that the participants can review on their own.

Next



slide SS.19



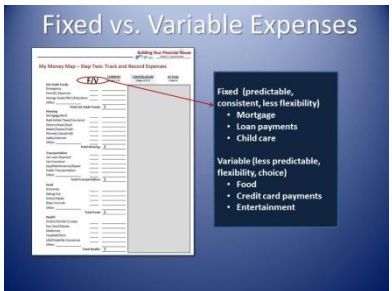
page SS-11

Explain:

Now to the F/V column. This is where you indicate whether an expense is fixed or variable.

- Fixed expenses are predictable and consistent from month-to-month. There isn't much flexibility when it comes to these payments. You can't pay 1/2 your rent or make a partial car payment.
- Variable expenses are less predictable and change from month to month. You have flexibility and choice in the amount to spend.

Next



slide SS.20

Explain:

Now that you know your income and expenses, it's time to summarize and compare. Enter the totals from each category listed.

Click

Then compare net take home pay to total expenses to get your cash flow. What's CASH FLOW?

Next



slide SS.21

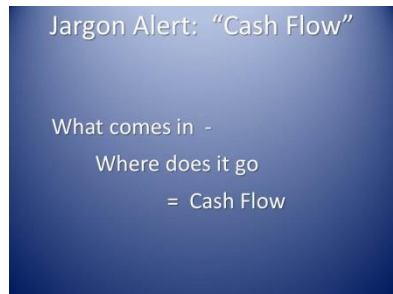
Explain:

One thing that makes managing money a challenge is the jargon or 'money talk.' Money has a language all its own, so if you don't work with it every day, it can be confusing. We'll try to break it down into clear language.

Click

Cash flow is a fancy way of saying 'what comes in less where it goes.' It's calculated simply by subtracting expenses from income. Having money left over after paying all of your bills is one of the ways that we can measure our financial health.

Next



slide SS.22

Explain:

So, if your cash flow isA positive number. Yeah! You have money left over to put towards your financial goals!

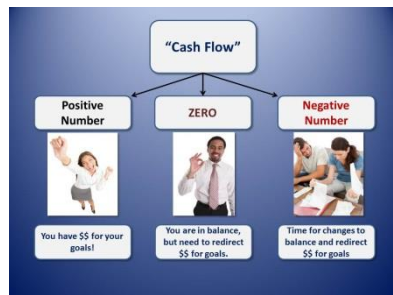
Click

If cash flow is zero, that's ok. You're in balance, but you need to find money to redirect towards your goals.

Click

If your cash flow is a negative number, it's time to make some changes to bring income and expenses into balance and to find money for your financial goals.

Next



slide SS.23

Explain:

So what if your 'numbers' don't mesh with what is actually left over in your wallet? First go back to and check to make sure there aren't any transfer errors from your **What Comes In** worksheet. If you have fluctuating income due to seasonal work or overtime, that may affect this month's numbers too.

Look for missing entries, special expenses you may have incurred this month, and spending leaks. Keep in mind that it may take three months to get a really good idea of your spending. And that's ok! It's important to take the time to get this right!

Next



slide SS.24

Explain:

So what are spending leaks? Spending leaks are those little expenses that you may not think much about, because they are so small. For example, let's say you stop every morning for coffee at the gas station on your way to work. You figure, it's only \$2.00, so it's not worth writing it down. But is it really just a \$2.00 cup of coffee?

Click

- After 1 week, you've spent \$10
- 1 month = \$44
- 1 year = \$520
- 5 years = \$2,600
- 10 years = 5,200
- 20 years = \$10,400

So, that \$2.00 cup of coffee can really add up over the long run. Keep this in mind when we talk about saving money. A little saved can add up over the long run too!

Next

Side Bar: Spending Leaks

It's only (a \$2.00) cup of coffee...

- 1 week = \$10
- 1 month = \$44
- 1 year = \$520
- 5 years = \$2,600
- 10 years = \$5,200
- 20 years = \$10,400



slide SS.25

Explain:

Now that you know where you are it's time to make choices, plan, and set off to where you want to be.

Click

In order to make the choices that will work for you, go back and think about what's import to you and why?

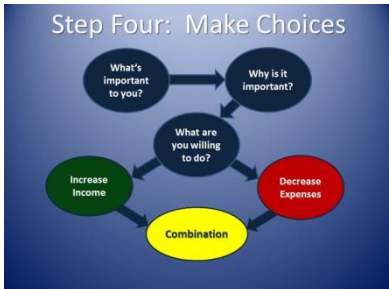
Click

Then ask yourself, what you are willing to do to get it.

Click

Your choices can be to increase income, decrease expenses or a combination of the two.

Next



slide SS.26

Refer to page SS-17, Make Choices: Start with Income, and explain that there is additional information on increasing income that the participants can review on their own.

Click and refer to page SS-18&19, Make Choices: Decrease Expense, and explain that there are two pages of suggestions on decreasing expenses that the participants can review on their own.

Next

Step Four: Make Choices

slide SS.27

Explain:

Even if we know what our options are, it's not always easy to actually make a choice. Eenie, meenie, minie, moe is probably not the best method to make spending choices!

Next



slide SS.28

Explain:

The most basic of money choices is simple: needs vs. wants. A need is something you have to have to live; the basic necessities. A want, well, is everything else; the nice to have's; the things that make life more comfortable. So how do we determine our needs from wants? Here is one way to look at it.

Click

Let's say it's a Friday night. You are tired from the work week and would like to order out for pizza delivery. Is that at a need or want and why?

Allow for response from group. Expect 'want' as the answer.

Click and explain:

But isn't eating a need? So, let's call it a "NEED."

It's going to cost \$40 to have the pizza delivered. If your take home pay, after taxes, is \$15 per hour, you will have to work three (3) hours in order to pay for this. Is it worth three hours of work? If not, what are the alternatives?

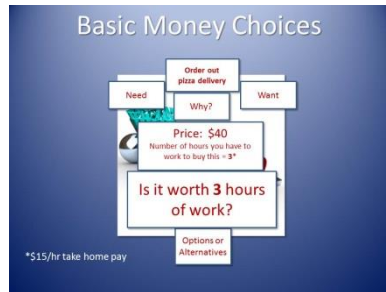
Allow for responses from group.

Refer to page SS-7, Basic Money Choices, and explain that the worksheet gives the participants an opportunity to look at their own needs and wants in terms of work hours necessary.

Explain:

Making a choice about ordering out for pizza is certainly easier than buying a house, car, or investments. Those decisions are much more complicated and may have major and lasting effects on your financial situation. Using a well-thought process will make it easier.

Next



slide SS.29

Building Your Financial House
Module 3: Spend Sensibly

Basic Money Choices

Now that you know how your money values may influence spending, ultimately, it's still your choice to spend or not to spend on any particular thing. So, how can we make sensible spending decisions? Eeny, meeny, minie, moe is probably not the best method to make spending choices! The most basic of money choices is simple: needs vs. wants. A need is something you have to have to live; the basic necessities. A want, well, is everything else; the nice to have's. If you're still not sure if something is a need or a want, look at it in terms of how many hours you have to work to buy it. That should clarify it!

Needs		Wants			
Need or Want?	What is this a?	Price	Number of hours you would need to buy this?	Is it worth 3 hours of work?	Options or Alternatives
Example: Pizza delivery for dinner	Need	Eating is a need!	Two large pizzas, delivery \$40	\$40 divided by \$15 = 3 hours of work to order a pizza and pay for delivery. *assume \$15 per hour take home pay	Eating is a need, but ordering out is a want. Plan ahead to have food at home or make pizza at your next.

page SS-7

Refer to page SS-8, Steps to Effective Money Decisions, and explain:

Here are five steps to help you evaluate more complicated issues and make good money choices.

1. **What is the money issue or decision you need to make?**
2. **Look closely at the situation.**
 - *What lead you to the issue?*
 - *What are your concerns about the issue?*
 - *Who is involved or affected?*
 - *What would happen if you didn't make a decision?*
3. **What are your options? Think of the pros and cons. Rank the options in order of importance to you.**
4. **Make a decision.**
5. **Follow-up and make sure the choice is still right for you.**

In general, people make the best decisions they can with the information at the time. It's okay to go back and change your mind.

For example, let's say you get through this course and a homebuyers workshop and realize that maybe owning a home isn't right for you. THAT's OKAY! It's perfectly okay to say, 'I may need to change my decision and work in a new direction.'

Next

Effective Money Decisions

Steps:

1. What is the issue?
2. Look closely; who, what, where, when and why?
3. What options do you have?
4. And the decision is....
5. Follow-up to make sure it's still right for your situation.

slide SS.30

Steps to Effective Money Decisions

How do you make major decisions about money? Here are five steps you can use to help you make good money decisions for more serious issues or purchases.

Step One: What is the money issue or decision you need to make? _____

Step Two: Look closely at the situation. What led you to this issue or decision? _____

What are your concerns about the issue? _____

Who are the people involved or affected by the decision? _____

What would happen if you didn't make a decision? _____

Step Three: What options or choices do you have? What are the pros and cons for each option? Rank the options and test them, if possible. Use the following chart to record your answers.

Option	Pros	Cons	Rank
1			
2			
3			
4			

Step Four: Your decision is ... _____

Step Five: Follow up and make sure the decision is still right for you.

page SS-8

Explain:

Now it's time to plan your route. We'll be working with the Plan column and must account for every penny coming in and then tell it where it needs to go.

You can use the Current column numbers as a guide and decide if it will stay the same or change in the Plan column. There are two additional items you will want to address: your goals and planning for periodic expenses.

Next

Step Five: Plan Your Route

slide SS.31

Explain:

Remember to include your SMART financial goals that you set in Invest in Yourself.

Next

Include Your Financial Goals

Goal	Amount Needed	Date Needed	Start Date	Months to Goal	Monthly Amount*
<small>(Short-term (1 year or less))</small> Anna wants to save (A) 7% monthly rent (B) as soon as possible.	\$300 (M)	1/1/2016 (Y)	1/1/15	12	525 (M)

slide SS.32

Refer to page SS-22, Planning for Periodic (Special) Expenses, and explain:

Then account for the periodic expenses that don't happen on a monthly basis. For example, you may pay car or life insurance once or twice per year; have seasonal gift giving and events (like birthdays and anniversaries); take vacations; or have back to school expenses. Don't forget about seasonal spikes in utility bills, too!

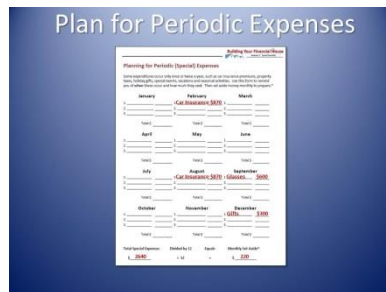
If you are repeatedly upset when these bills arrive, setting aside a small amount per month for these periodic expenses can help you meet these expenses without all of the stress.

Click

Go through your calendar and mark down any periodic expenses you may have. Total up all of the expenses and divide that number by 12. That is the amount you should set aside every month to plan for these expenses. Anna's periodic expenses and monthly set-aside amount are shown here.

Refer back to page SS-12, My Money Map – Step Two: Track and Record Expenses and point out where the set-aside amount should be entered.

Next



slide SS.33

	SET-ASIDE FUNDS	CURRENT (STEP 3)	CHOOSE/PLAN (STEP 4)	ACTUAL (STEP 5)
Set-Aside Funds				
Periodic Expenses				
Other:				
Total Set-Aside Funds:	\$	\$	\$	\$
Housing				
Mortgage/Rent				
Real Estate Taxes/Insurance				
Electric/Heat/EWT				
Water/Sewer/Trash				
Phone(s) (land/cell)				
Cable/Internet				
Other:				
Total Housing:	\$	\$	\$	\$
Transportation				
Car Loan Payment				
Car Insurance				
Gas/Maintenance/Repair				
Public Transportation				
Other:				
Total Transportation:	\$	\$	\$	\$
Food				
Groceries				
Eating Out				
School Meals				
Baby Formula				
Other:				
Total Food:	\$	\$	\$	\$
Health				
Doctor/Dental Co-pays				
Eye Care/Vision				
Medicines				
Hospital/Clinic				
Life/Disability Insurances				
Other:				
Total Health:	\$	\$	\$	\$

page SS-12

Explain:

Now it's time to follow your map. Keep track of what you've actually done over the next month to see if the plan is manageable. If not, make changes. Keep in mind that you may need to do this for a couple of months before you can settle into a manageable plan.

Next



slide SS.34

Explain:

Remember that your route is not set in stone. Money maps change as resources, goals, and events change in our lives. The important thing is to revisit the process when your situation changes.

Next

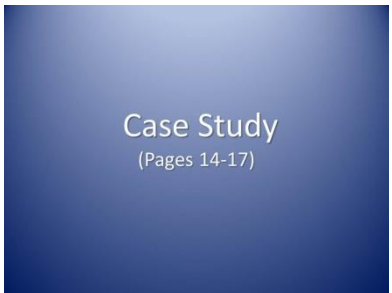


slide SS.35

Case Study

Time: 30 minutes

Refer to the **Case Study, page SS 14-17**. Ask a volunteer to read the first paragraph. **Instruct** participants to take a quick glance at Anna’s income and expense numbers.

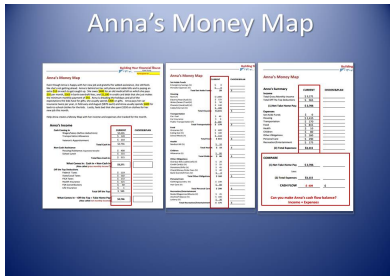


slide SS.36

Next:

Explain:

So Anna has a negative cash flow, to the amount of \$409!. You are going to be charged with telling Anna what she should do to bring her cash flow into balance and include her goals. But before that, let’s discuss the issue of spending priorities.



slide SS.37

Next:

Explain:

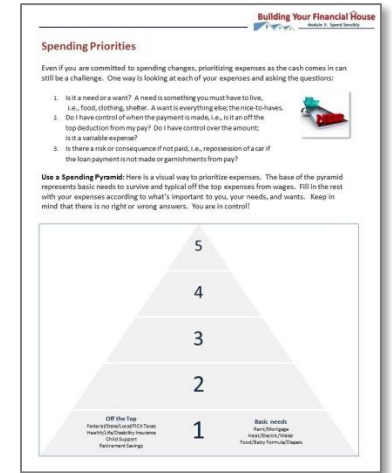
This is a spending pyramid, where needs are at the bottom and wants at the top. Think of what would happen if you didn’t take care of needs first. The pyramid would be unstable and would topple over. Let’s go through Anna’s expenses and recommend where they fit on her pyramid.



slide SS.38

Read down the list of her expenses and **ask** the group on which level the expense should be prioritized. **Write** items on the “**Spending Pyramid**” visual. Do not write amounts, just item names. Expect a lively discussion as this is an opinion activity.

Refer to page SS-20, Spending Priorities, and explain that the worksheet gives the participant the opportunity to prioritize their own expenses.



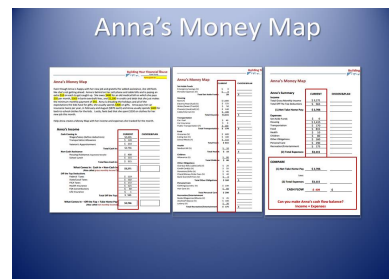
page SS-20

Next

Separate class into small groups of three and provide each with a calculator. Instruct participants to make specific recommendations for each item listed on pages 14 - 16 , Anna's Money Map, in order to bring her map into balance and plan for her goals. Remind groups to complete Anna's Summary on page 17 for reporting back.

Using the 'Anna's Money Map' visual, write each group's summary numbers as they report out. Compare and discuss results. Remind group that on their own money map, they need to clarify their values, priorities, and non-negotiable items, i.e., tithing.

Next



slide SS.39

Tools

Time: 20 minutes

Refer to page SS-24, Money Map Tools, and explain:

There are other useful tools that can be used to help us create and use a manageable money map. Again, use the tools and methods that are right for you!!

Read items.

Next



slide SS.40

Explain:

So, how do we actually manage cash? We look to mainstream financial institutions, banks and credit unions, and here's why:

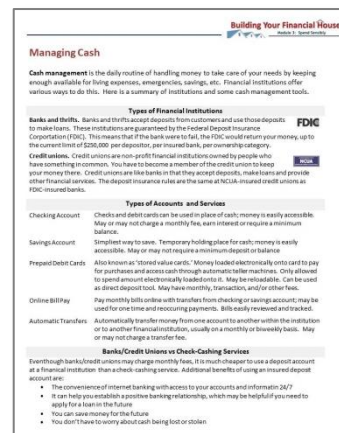
- Cash is safe when kept at a bank or credit union. It can't be stolen from you or lost to a fire in your home.
- Cash is insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) for up to \$250,000 per depositor, ownership category (individual, joint, etc.), and institution. - Lastly, ATMs and app's have made 24/7 access to our cash.

Refer to page SS-25, Managing Cash, and point out the additional information that participants can review on their own.

Next



slide SS.41



page SS-25

If time allows, using the 'Finding the Right Fit' visual, ask participants to identify specific accounts available at mainstream financial institutions and write answers in the accounts column. Repeat for products, services, and fees. Remind group that even though there is an account, product, and service for everyone, they must be used correctly to avoid unnecessary fees. If not, using them could be much more expensive than alternatives out there.

Refer to page SS-26, Choosing a Financial Institution/Account Checklist, and explain that the worksheet provides participants with the opportunity to research various institutions and accounts to find the best fit for their needs.



slide SS.42

The form is titled "Choosing a Financial Institution/Account Checklist". It includes a table with columns for "Name of Financial Institution or Account", "1.", "2.", and "3.". The table rows are categorized into: Financial Institution Information, Checking Accounts, Savings Accounts, and Other Services. Each row contains specific questions related to that category, such as "Does it offer the services I need?", "Minimum opening balance?", and "Annual percentage yield (APY)".

page SS-26

Next

Explain:

You can see that the variety of mainstream banking products can be very helpful with cash management and present opportunities for financial growth. However, there are consequences to mishandling accounts, overdrafts, unpaid fees, etc., including account closure and limited access to new accounts.

If you are unable to access mainstream banking accounts and services because of mishandling accounts, what are your options to managing cash?

Click and read the list of four (4) alternatives.

Refer to page SS-27, Opening and Maintaining a Checking Account and SE-28, Checking Account Tips that the participants can review on their own.

Then refer to page SS-29, Consequences of Mishandling a Checking Account, and discuss instructions on obtaining their ChexSystem report that will indicate if they have any outstanding fees or account closures with a bank or credit union.

Next

The slide is titled "Cash Management Tools" and lists "Alternatives" as follows:

- Money transmitters
- Check cashers
- Money orders
- Mattress

slide SS.43

The text discusses the importance of responsible banking and lists consequences of not maintaining a good debit history, such as:

- Any checking account closures you may have had
- Any returned (bounced) checks that retailers have reported about you
- How many financial institution inquiries have been made about you and in what timeframes
- How many check orders you have placed and how often

 It also lists consequences of not maintaining a good debit history, such as:

- Your financial institution could charge you fees for each overdraft
- The place you wrote the check could also charge you a fee or refuse to take any more checks from you
- You could receive calls and letters asking you to repay the money
- Your name and account information could be reported to a check verification service, which could cause your checks to be declined at point of sale
- Your bank could close your checking account
- Your bank could report your closed account to ChexSystems. As a result, other banks could refuse to open a checking account for you

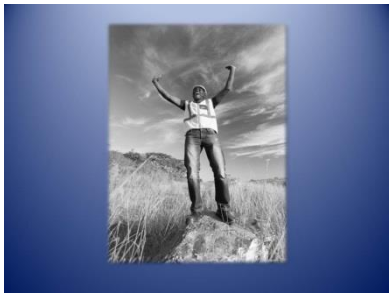
page SS-29

Recap and Take Action

Time: 10 minutes

Explain:

You made it through the third module! Whew!



slide SS.44

Next

Explain:

Let's recap.

Read points.

Spend Sensibly

We've covered:

- Money values & spending habits
- Living within our means by needs vs wants
- Money choices and results
- Developing and using a money map
- Using government insured accounts to manage spending

Next time: Check Taxes

slide SS.45

Next

Refer back to page SS-3; Self-Assessment and Track Your Progress.

Click and read the goal section. Clarify any questions on setting a goal.

Take Action – Set A Goal

Self Assessment and Track Your Progress

My goal to spend sensibly:

I want to (what) _____ My standards are (if any) _____

Because (reason) _____

I want to (how) _____ when I can measure by (how) _____

My concern _____

slide SS.46

Next

Highlight the list of worksheets that are in the module.

Click and read the worksheet titles and page numbers on **page SS-2, Table of Contents**. You may want to show the actual pages to clarify.

Take Action – Worksheets

Self Assessment and Track Your Progress

Table of Contents

Take Action – Worksheets

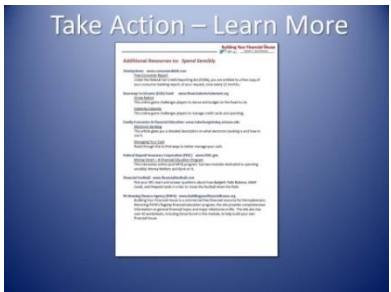
Table of Contents

slide SS.47

Next

Refer to page SS-30, Additional Resources to *Spend Sensibly*, which contain online resources for those participants who would like to learn more on their own.

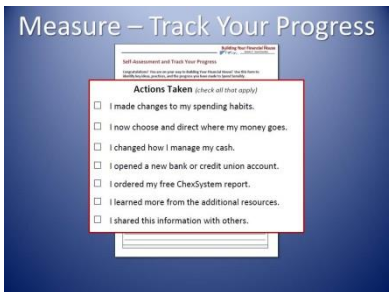
Next



slide SS.48

Refer back to page SS-3. Click and point out the list of target actions to be taken as a result of the module. Stress the importance of keeping a record of the progress the participants are making.

Next



slide SS.49

Session Evaluation and Closing

Time: 5 minutes

Refer to page SS-31 and instruct participants complete the session evaluation.

Return Self-Assessment and Track Your Progress sheets for Maximize Earnings back to participants.

Next



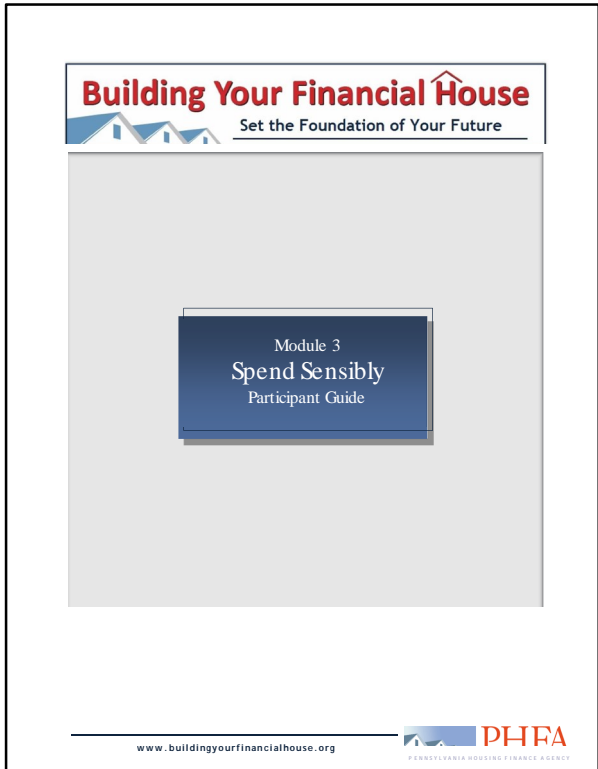
slide SS.50

Collect session evaluation and remind participants of the next session’s date and time, as well as, any additional housekeeping details before dismissing.



slide SS.51

Participant Guide



page SS-1

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Self-Assessment and Track Your Progress

Congratulations! You are on your way to Building Your Financial House! Use this form to identify key ideas, practices, and the progress you have made to Spend Sensibly.

PRE-SESSION ASSESSMENT

Statements: (check all that apply)

My culture affects the way I use money. I have had spending regrets within the past year.

My partner and I discuss money without arguing. I have gone without something I need because I didn't have enough money.

I know how much I need each month for basic living expenses. I have the following at a bank or credit union:

I regularly track my spending. checking account certificate of deposit

I use a written budget or spending plan. savings account money market deposit account

POST-SESSION PROGRESS

My goal to spend sensibly:

I want to: (what) _____ My roadblocks are: (if any) _____

because: (impact) _____

I need to: (how) _____ which I can overcome by: (how) _____

by: (when) _____

Worksheets (check if completed)

Basic Money Choices (page 7)

Steps to Effective Money Decisions (page 8)

My Money Map (pages 10, 12-14)

Spending Priorities (page 20)

Periodic (Special) Expenses (page 22)

Choosing a Financial Institution/Account (page 26)

Actions Taken (check all that apply)

I made changes to my spending habits.

I now choose and direct where my money goes.

I changed how I manage my cash.

I opened a new bank or credit union account.

I ordered my free ChexSystem report.

I learned more from the additional resources.

I shared this information with others.

Please share any additional comments you may have:

page SS-4

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Money Values

The first step to effective money management is to understand how you feel about money. What you want to get out of your money and how it makes you feel, make the biggest impact on how you spend it. Read each of the statements in the following chart. Circle the statements that you agree with or represent your view on money. Then total the number of statements circled for each color column.

Blue	Yellow	Green	Pink	White
Money is to spend.	If you need money, it will come from somewhere.	Money and prestige go hand in hand.	It feels good to have money in my wallet or pocket.	Money won't make you happy.
Credit helps you get what you want if you don't have the money.	Worrying about money never helps.	Children should live in the right area to grow up knowing the right people.	You can't have too much insurance.	You can't put a dollar value on everything.
If you want something, you should be able to have it.	There is no need to budget—either you have it or you don't.	At a restaurant, I like to be the one who treats the others.	Never take out a loan on something that's going to decrease in value.	I can have a lot of fun without spending money.
Happiness is buying something new.	You don't need to save ahead for a rainy day.	I like to have nothing but the best.	Unless I absolutely need something, I won't buy it.	I like to make gifts even when I can afford not to.
You are entitled to some of the nicer things in life.	The government will take care of all your money needs when you retire.	A new car and a nice house are evidence of success.	You can never save too much money.	I decide what's important to me and spend what I can afford.
The more money you make, the less you have left.	If you have a serious financial problem, someone will always help.	Nothing is too good for one's children.	Having no cash on hand is scary.	I'd rather work less hours for less money than more hours for more money.
Total ____	Total ____	Total ____	Total ____	Total ____

page SS-5

page SS-7

Money Values-Key

If the **blue** column has the most circles you:

Use money to indulge yourself. Your spending habits are *self-indulgent*, and you see all of your wants as urgent. The key is learning to distinguish between wants and needs; otherwise, it may result in overspending and not having enough money for your actual needs and financial goals.

If the **yellow** column has the most circles you:

Aren't really concerned with money. You don't think there is any reason to worry about it, because you have *faith* that it will all work out. While this is a good attitude for many aspects of your life, it is important to manage your spending in order to promote financial stability.

If the **green** column has the most circles you:

Use money to buy status or prestige. To you, money means success and importance. At the end of the day, a better measure of success may be having the right attitude, not expensive possessions. Use caution in your purchases and keep extravagant spending in check.

If the **pink** column has the most circles you:

Value money for security. You use money like a security blanket. Saving as much as you can, and having extensive insurance coverage makes you feel safe. While feeling safe is important, revisit your emergency needs and how to meet them at a practical and reasonable level.

If the **white** column has the most circles you:

Do not value money in itself, but see it as a tool for the self-fulfillment of happiness in life. While this is a good mindset, keep in mind the importance of planning and strategy to help you reach your goals.




Source: Adapted from *Skills for Taking Control of Your Future* (Penn State Extension)

page SS-6

page SS-8

Basic Money Choices

Now that you know how your money values may influence spending, ultimately, it's still your choice to spend or not to spend on any particular thing. So, how can we make sensible spending decisions? Eeny, meeny, miny, moe is probably not the best method to make spending choices! The most basic of money choices is simple: needs vs wants. A need is something you have to have to live; the basic necessities. A want, well, is everything else; the nice to have's. If you're still not sure if something is a need or a want, look at it in terms of how many hours you have to work to buy it. That should clarify it!

Needs		Wants				
						
Item	Need or Want?	Why is this a need?	Price	Number of hours you must work to buy this*	Is it worth it?	Options or Alternatives
Example: Pizza delivery for dinner	Need	Eating is a need!	Two large pizzas, drinks & delivery: \$40	\$40 divided by \$15* = 3 hours of work to order a pizza- once! *Assume \$15 per hour take home pay.		Eating is a need, but eating out is a want. Plan ahead to have food at home or make pizza on your own.

Source: Adapted from *Wants vs Needs* (FELA)

Steps to Effective Money Decisions

How do you make major decisions about money? Here are five steps you can use to help you make good money decisions for more serious issues or purchases.

Step One: What is the money issue or decision you need to make? _____

Step Two: Look closely at the situation. What lead you to this issue or decision? _____

What are your concerns about the issue? _____

Who are the people involved or affected by the decision? _____

What would happen if you didn't make a decision? _____

Step Three: What options or choices do you have? What are the pros and cons for each option? Rank the options and test them, if possible. Use the following chart to record your answers.

Option	Pros	Cons	Rank
1			
2			
3			
4			

Step Four: Your decision is ... _____

Step Five: Follow up and make sure the decision is still right for you.

Source: Adapted from *DollarWorks 2* (University of Minnesota)

Creating a Money Map

A money map is just like a road map or these days, a GPS. It helps you identify your financial starting point and the route to get where you want to be. The great thing about it is that **you are in control**. A money map gives you the power to choose where your money is going to take you.



Why is it important to use a money map? Well, it's just like if you wanted to take a trip to someplace you've never been. Without a map, route, or guide, you probably wouldn't get there. Same with a money map. Without it, you may not get to be where you financially want to be. Creating a money map helps you to:

- See what money comes in and where goes
- Prepare for the unexpected
- Put money aside for savings goals
- Stay out of debt
- Plan for the future

6 Steps to Creating Your Own Money Map

So how does it work? You first need to identify your income ([step one](#)) and track your expenses ([step two](#)). Comparing the two, that is where you are ([step three](#)), then knowing where you are, you need to make choices to point you in the right direction ([step four](#)) and plan your route ([step five](#)). Lastly, follow your route to your financial destination ([step six](#)). Sounds simple, doesn't it? The truth is money maps aren't perfect and require adjustments. We **will** encounter financial detours in everyday life, and, that's ok! The important thing is that you make changes and continue on your destination.



Source: Adapted from *Financial Mentoring Program* (2004) Part Jobs/NEFD

page SS-9

My Money Map – Step One: Income

You have already identified your income in Module 2: Maximize Earnings! Enter the information from the What Comes In – Add It Up worksheet (ME-21) in the CURRENT column, then continue on to Step Two.

	CURRENT (Steps 1-3)	CHOOSE/PLAN (Steps 4 & 5)	ACTUAL (Step 6)
Cash and Non-Cash			
Wages/Salary (job 1)			
Wages/Salary (job 2)			
Commission/Tips/Overtime Pay			
Child Support/Alimony Received			
Unemployment Compensation Temp			
Assist for Needy Families (100%)			
Social Security Benefits			
Pension/Retirement			
Veteran's Benefit			
Worker's Disability/Compensation			
Other Cash: _____			
Supplemental Nutrition Assistance (SNAP)		Women, Infants & Child Care	
Child Care			
Assistance			
Housing/Energy Assistance			
School Lunch			
Other Non-Cash: _____			
Total Gross Monthly Income:	\$ _____	\$ _____	\$ _____
Off the Top Deductions			
Federal Taxes			
State/Local Taxes			
FICA Taxes			
Unemployment Insurance			
Retirement Savings			
Health/Dental Insurance			
Life/Disability Insurance			
Child Support/Garnishments			
Other: _____			
Total Off the Top Deductions:	\$ _____	\$ _____	\$ _____
Net Monthly Take Home Pay:	\$ _____	\$ _____	\$ _____

Source: Adapted from *DollarWorks2* (University of Minnesota)

page SS-10

page SS-11

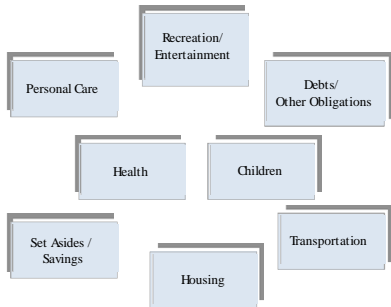
My Money Map – Step Two: Track and Record Expenses

Tracking expenses can be a tedious and overwhelming task if you've never done it before. There are several ways to do it, but the one that is best is the one that works for you! Here are some suggestions:

- Daily Spending Diary:** Keep a simple spiral notebook diary of daily expenses, regardless of if it's paid for with cash, checks, or credit card!
- Monthly state menus:** Utilities, bank, credit card, loan, investment, insurance, and other statements can provide accurate expense information.
- Receipt box or envelopes:** It's easy to put receipts in a box or envelope and then sort through them at the end of the month.

(* You may find it helpful to separate expenses according to how they are paid: cash, checks, debits from checking, credit cards, etc. The goal is to make sure you only count them once.)

Once you have compiled all of your expenses, categorizing them will help to make creating a money map more manageable. The following are some common categories of expenses, but feel free to make adjustments for your situation.



Finally, enter your categorized expenses on the CURRENT column of the worksheet on pages SS-13 & 14. As you are entering each expense, be sure to indicate whether the expense is fixed (F) or variable (V). Fixed expenses are predictable and the same from month to month. Variable expenses are less predictable and change from month to month. We'll explain why this is important in Step Four.

My Money Map – Step Two: Track and Record Expenses

	F.V.	CURRENT (Steps 1-3)	CHOOSE/PLAN (Steps 4 & 5)	ACTUAL (Step 6)
Set-Aside Funds				
Emergency				
Periodic Expenses				
Savings Goals/IRA's/Education				
Other: _____				
Total Set Aside Funds:		\$ _____	\$ _____	\$ _____
Housing				
Mortgage/ Rent				
Real Estate Taxes/ Insurance				
Electric/ Heat (fuel)				
Water/ Sewer/ Trash				
Phone(s) (land/ cell)				
Cable/ Internet				
Other: _____				
Total Housing:		\$ _____	\$ _____	\$ _____
Transportation				
Car Loan Payment				
Car Insurance				
Gas/Maintenance/Repair				
Public Transportation				
Other: _____				
Total Transportation:		\$ _____	\$ _____	\$ _____
Food				
Groceries				
Eating Out				
School Meals				
Baby Formula				
Other: _____				
Total Food:		\$ _____	\$ _____	\$ _____
Health				
Doctor/ Dental Co-pays				
Eye Care/ Glasses				
Medicines				
Hospital/Clinic				
Life/Disability Insurances				
Other: _____				
Total Health:		\$ _____	\$ _____	\$ _____

page SS-12

	F V	CURRENT (Steps 1-3)	CHOOSE/PLAN (Steps 4 & 5)	ACTUAL (Step 6)
Children				
Day Care				
Diapers/Formula				
School/Activity Fees				
Allowance				
Other:				
Total Children:		\$	\$	\$
Other Obligations				
Overdue Bills				
Credit Card(s)				
Student Loan(s)				
Personal Loan(s)				
Spousal/Family Support				
Donations/Gifts				
Pets				
Other:				
Total Other Obligations:		\$	\$	\$
Personal Care				
Clothing/Laundry				
Cleaning Supplies				
Hair Care				
Other:				
Total Personal Care:		\$	\$	\$
Recreation/Entertainment				
Books/Magazines/Movies				
CD/DVDs/Games				
Clubs/Memberships				
Events/Vacations				
Hobbies				
Alcohol/Tobacco				
Lodging				
Other:				
Total Recreation/Entertainment:		\$	\$	\$

page SS-13

My Money Map-Step Three: Compare Income and Expenses

SUMMARY	CURRENT (Steps 1-3)	CHOOSE/PLAN (Steps 4 & 5)	ACTUAL (Step 6)
Income			
Total Gross Monthly Income			
Total Off The Top Deductions			
(1) Net Take Home Pay:	\$	\$	\$
Expenses			
Set Aside Funds			
Housing			
Transportation			
Food			
Health			
Children			
Other Obligations			
Personal Care			
Recreation/Entertainment			
(2) Total Expenses:	\$	\$	\$
COMPARE			
(1) Net Take Home Pay	\$		\$
Less		\$	
(2) Total Expenses	\$		\$
CASH FLOW	\$	\$	\$

If cash flow is ...

- a positive number, that's great! You have money left over for your goals! Now you need to CHOOSE where to put your cash.
- zero, okay! You are in balance! Now you need to MAKE CHOICES to find money for your goals.
- a negative number, help! You need to DECIDE your needs versus wants in order bring balance and find money for your goals.

Source: Adapted from *DollarWorks!* (University of Minnesota)

page SS-14

page SS-15

Numbers Don't Mesh?

So what if your cash flow doesn't mesh with what is actually in your pocket at the end of the month? First go back to and check to make sure there aren't any transfer errors from your pay statement or the What Comes In: Add It Up worksheet. If you have fluctuating income due to seasonal work or overtime, that too may affect this month's numbers.

Then look at your tracked expenses. Review your tracking method and look for missing entries or those that may have been counted twice because of payment method. Did you have a large expense that occurs periodically during the year, i.e., car insurance, gifts, back-to-school? Do you have spending leaks? If it still doesn't seem right, realize that it may take three months to get a really good idea of your spending. And that's ok because it will mean you have a better chance at putting together a manageable plan!

*Spending Leaks: It's only a \$2.00 cup of coffee.

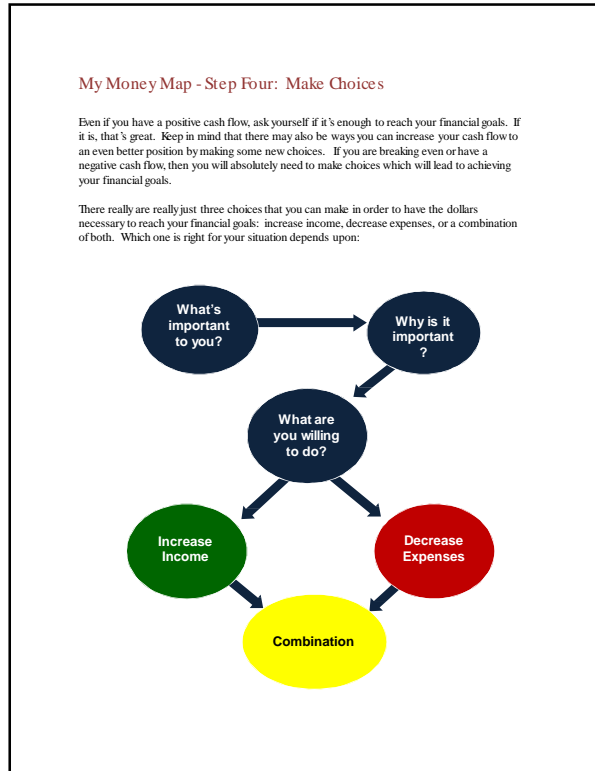
Spending leaks are those little expenses that we may not think much about, because they are so small, but they truly do add up. For example, say you stop every morning for a cup of coffee at a coffee shop, gas station, or convenience store on your way to work. It's only a \$2.00 cup of coffee, so you didn't track it on your expense worksheet. But it's really just a \$2.00 cup of coffee?

After one week, you've spent \$10

1 month = \$44
1 year = \$520
5 years = \$2,600
10 years = \$5,200
20 years = \$10,400

So, that \$2.00 cup of coffee can really add up over the long run! Keep this in mind when we talk about saving money. A little can add up over the long run too!

page SS-16



Make Choices: Start with Income

Remember during Invest in Yourself, putting your personal assets to work is key to increasing your income and financial stability. It's a long-term, reasonable solution, but may not bring a speedy remedy to current cash flow issues. Let's look at some other ideas that may bring more immediate help.

Check current withholding allowances to make sure you're not having too much federal tax withheld from your pay. This is something that can be adjusted fairly quickly, usually within a pay cycle or two. See the Adjust Withhold section to learn more.

Ask for a raise. You never know unless you ask, but be prepared with reasons why you believe an increase is warranted, i.e., job performance, developed new personal assets, etc.

Ask for more hours at your job or get a second, part-time job; dedicate the income towards your financial goals.

Sell stuff and de-clutter for cash! Clothing, jewelry, bicycles, furniture, video games, or anything else you're not using can be cash that you can!

Ask non-contributing (and able) adults living in your home to contribute to the household expenses.

In Maximize Earnings we discussed a variety of cash and non-cash government assistance programs designed to help individuals and families get through financial challenges. Some of the cash assistance programs include:

- Unemployment compensation
- Social security retirement and disability benefits
- Supplemental security income
- Veteran's disability benefits
- Temporary Assistance for Needy Families (TANF)

Some of the non-cash assistance programs include:

- Medicaid and disability waivers
- Medicare (primarily for those ages 65 and over)
- Public health clinics for screenings and preventive services
- Supplemental Nutrition Assistance (SNAP)
- Women, Infants, and Children (WIC)
- Housing and energy assistance

To see if you qualify for benefits, the PA Department of Human Services has a dedicated website, COMPASS, at which you can learn more and apply for benefit online.

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Make Choices: Decrease Expenses

Frugality probably isn't the most popular idea, and just saying the word might make you think of Ebenezer Scrooge. When it comes to decreasing expenses, though, frugality is a tried and true method. Look at the Great Depression when it wasn't a matter of choice, it was a need. That time gave rise to the saying, "Use it up, wear it out, make do, or do without." When you are serious about achieving your financial goals, make that your motto, and let your goals be accomplished!

There are dramatic and not-so-dramatic ways to cut back on expenses. It also depends on whether the expense is fixed or variable. Remember that fixed expenses are predictable and consistent from month to month. You don't much flexibility when it comes to these payments, but it doesn't mean you can't change them. For example, consider renting a less expensive apartment to reduce your rent expense. Variable expenses are less predictable and change from month to month. You have flexibility and choice in the amount to spend. You are in control!

Here is a breakdown of some sensible ideas in some of the key spending areas.

Housing

- Renting, ask if you could do maintenance or landscaping for a lower monthly rent
- Move to a less expensive apartment
- Look at refinancing options, the long- and short-term benefits, and how that may affect your monthly payment and affordability
- Sell your home if it becomes unaffordable
- Pay on-time to avoid late fees

Utilities

- Shop around for electric and gas suppliers
- Investigate peak usage programs, i.e., utilities may be cheaper if you use less during certain hours of the day
- Turn down your hot water heater
- Look at bundled cable, internet, and telephone packages
- Investigate basic cable in conjunction with a movie subscription
- Pay on-time to avoid late fees

Transportation

- Use public transportation or carpool
- Review your insurance; consider an increased deductible if you have savings to cover it
- Look at refinancing options, the long- and short-term benefits, and how that may affect your monthly payment and affordability
- Buy a more economical car, considering loan payments, maintenance, and fuel
- Pay on-time to avoid late fees

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Food

- Plan weekly meals and cook at home
- Pack lunch instead of buying
- Use coupons, store brands, and substitutes when shopping and cooking
- Limit eating out to manageable levels

Health

- Review employee benefits to choose the most cost effective plan for you and your family
- Use an FSA or HSA for medical expenses to save federal, state, and FICA taxes
- Review your life and disability insurance coverage to make sure they are the most cost effective plan for your needs
- Pay premiums on-time to avoid late fees

Cash Management

- Shop for the most cost effective banking products that meet your needs
- Monitor checking account activity to avoid overdraft or low-balance fees
- Limit ATM fees by planning cash withdrawals in advance; use the weekly envelope method to avoid preventable spending

Other Obligations

- Contact creditors for a lower interest rate or more reasonable repayment plan
- May loan payments on-time to avoid late fees
- Consider alternatives to tithing such as volunteering, teaching, or sharing a personal asset
- Shop around for the most cost-effective pet products and services

Personal Care

- Shop at consignment or thrift store for quality, inexpensive clothing
- Buy generic cleaning supplies or learn to make your own with the basics, i.e., bleach, baking soda, ammonia, etc.
- Consider alternatives to expensive hair services and products, i.e., beauty schools, online auctions for products and supplies

Recreation

- Considering using the public library system near you for books, movies, CDs, DVDs, etc.
- Look for special coupons or incentives for events or vacations
- Look for ways to cut back or save on lottery tickets, alcohol, or tobacco use/purchases, i.e. rolling your own cigarette

Finally, it helps to have the support of others who are trying to save. It's hard to talk about money – but, if you're trying to cut costs, it's really important. Tell your friends and family that you're working on your financial goals and ask them to support you. Don't feel guilty if you'd rather have your friends over for pizza than go out to that new restaurant that would also mean you'd have to pay for a baby sitter.

Spending Priorities

Even if you are committed to spending changes, prioritizing expenses as the cash comes in can still be a challenge. One way is looking at each of your expenses and asking the questions:

1. Is it a need or a want? A need is something you must have to live, i.e., food, clothing, shelter. A want is everything else, the nice-to-haves.
2. Do I have control of when the payment is made, i.e., is it an off the top deduction from my pay? Do I have control over the amount; is it a variable expense?
3. Is there a risk or consequence if not paid, i.e., repossession of a car if the loan payment is not made or garnishments from pay?



Use a Spending Pyramid: Here is a visual way to prioritize expenses. The base of the pyramid represents basic needs to survive and typical off the top expenses from wages. Fill in the rest with your expenses according to what's important to you, your needs, and wants. Keep in mind that there is no right or wrong answers. You are in control!



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My Money Map - Step Five: Plan Your Route

Once you've made choices about your situation, it's time to get down to numbers and plan your route. Working with the CHOOSEPLAN column on the My Money Map worksheets (pages SS-10, 12-14), assign a target amount for each of your income and expense items. The easiest way to get started is to use the CURRENT column numbers as a guide and decide if it will stay the same or change in the CHOOSEPLAN column. It may seem tedious, but remember you want to account for every penny of your resources coming in and then direct where it needs to go. You are in control!

Here are some more things to remember during this process:

- Include the financial goals you set in the Invest in Yourself module
- Include the monthly set aside for the periodic expenses you have coming down the road (see page SS-23)
- Set realistic expectations for your spending, remembering your money values and those of other in your household
- Make sure that you process any paperwork that may be needed, i.e., filling out a new Form W-4 with your employer to change withholding allowances or completing the enrollment form for your retirement savings plan
- If the numbers don't work, go back and review

Lastly, keep in mind the importance of using a money map. A money map will help you get to where you want to be financially.



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Planning for Periodic (Special) Expenses

Some expenditures occur only once or twice a year, such as car insurance premiums, property taxes, holiday gifts, special events, vacations and seasonal activities. Use this form to remind you of when these occur and how much they cost. Then set aside money monthly to prepare.*

January			February			March					
1. _____	_____	_____	1. _____	_____	_____	1. _____	_____	_____			
2. _____	_____	_____	2. _____	_____	_____	2. _____	_____	_____			
3. _____	_____	_____	3. _____	_____	_____	3. _____	_____	_____			
Total \$ _____			Total \$ _____			Total \$ _____					
April			May			June					
1. _____	_____	_____	1. _____	_____	_____	1. _____	_____	_____			
2. _____	_____	_____	2. _____	_____	_____	2. _____	_____	_____			
3. _____	_____	_____	3. _____	_____	_____	3. _____	_____	_____			
Total \$ _____			Total \$ _____			Total \$ _____					
July			August			September					
1. _____	_____	_____	1. _____	_____	_____	1. _____	_____	_____			
2. _____	_____	_____	2. _____	_____	_____	2. _____	_____	_____			
3. _____	_____	_____	3. _____	_____	_____	3. _____	_____	_____			
Total \$ _____			Total \$ _____			Total \$ _____					
October			November			December					
1. _____	_____	_____	1. _____	_____	_____	1. _____	_____	_____			
2. _____	_____	_____	2. _____	_____	_____	2. _____	_____	_____			
3. _____	_____	_____	3. _____	_____	_____	3. _____	_____	_____			
Total \$ _____			Total \$ _____			Total \$ _____					
Total Special Expenses			Divided by 12			Equals			Monthly Set-Aside*		
\$ _____			÷ 12			=			\$ _____		

Source: Adapted from Take Charge of Your Money (University of Utah Cooperative Extension)

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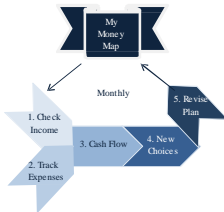
page SS-23

My Money Map - Step Six: Follow Your Route

Now that you have your route, all you need to do is follow it! Sounds easy enough, but it may be a challenge, and that's okay! The good thing is that you are in control and can determine if the expectations are realistic.

After the first month of following your money map, measure your progress by following the same process:

1. Check your income to see if it was what you estimated
2. Track your expenses to see if you came close to the allocation
3. Calculate cash flow to see if each penny was accounted for
4. Make new choices as necessary
5. Plan your new numbers
6. Follow your map



Remember that money maps aren't perfect and require adjustments. We will also encounter financial detours in everyday life that we may not have considered. It also may take several months of practice in order to create a manageable money map, and that's all okay! The important thing is that you make changes and continue on your destination.

Money Map Tools



Monthly Payment Calendar
A calendar is an easy money map tool that will help you carry out your personal plan. Transfer your expenses to the date they are due on the calendar. Use one color ink for income and a different color for expenses. Check off each bill as it is paid.



Envelope System
This is useful if you pay your bills in cash each month. Make an envelope for each expense, such as rent, gas, electricity and food. Label the envelopes with the name of the expense, the amount and 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. Keep in mind that this may not be the safest way to manage your cash.



Budget Folder System
The budget folder is an expandable folder 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 5-7 days before the bill's due date. Check the folder daily as part of your normal routine, i.e., right after you bring in the day's mail.



Electronic Tools
There are more and more electronic budgeting tools to help you manage your finances. You can create spreadsheets or use a personal finance software program with a computer or notebook. Financial institutions offer online tools and account access to help you track your expenses. There are also dedicated websites that help you track and monitor expenses along with apps for your phone or other personal electronic devices. Before using these tools, be sure to check for online safety and security features. Make sure you know who has access to the information you enter and how it could be used. For more information on internet safety, check with www.ftc.gov or www.fdic.gov.

Source: Adapted from Money Smart's Bank on It (FDIC 2010)

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Managing Cash

Cash management is the daily routine of handling money to take care of your needs by keeping enough available for living expenses, emergencies, savings, etc. Financial institutions offer various ways to do this. Here is a summary of institutions and some cash management tools.

Types of Financial Institutions

Banks and thrifts. Banks and thrifts accept deposits from customers and use those deposits to make loans. These institutions are guaranteed by the Federal Deposit Insurance Corporation (FDIC). This means that if the bank were to fail, the FDIC would return your money, up to the current limit of \$250,000 per depositor, per insured bank, per ownership category.

Credit unions. Credit unions are non-profit financial institutions owned by people who have something in common. You have to become a member of the credit union to keep your money there. Credit unions are like banks in that they accept deposits, make loans and provide other financial services. The deposit insurance rules are the same at NCUA-insured credit unions as FDIC-insured banks.

Types of Accounts and Services

Checking Account Checks and debit cards can be used in place of cash; money is easily accessible. May or may not charge a monthly fee, earn interest or require a minimum balance.

Savings Account Simplest way to save. Temporary holding place for cash; money is easily accessible. May or may not require a minimum deposit or balance

Prepaid Debit Cards Also known as 'stored value cards.' Money loaded electronically onto card to pay for purchases and access cash through automatic teller machines. Only allowed to spend amount electronically loaded onto it. May be reloadable. Can be used as direct deposit tool. May have monthly, transaction, and/or other fees.

Online Bill Pay Pay monthly bills online with transfers from checking or savings account; may be used for one time and recurring payments. Bills easily reviewed and tracked.

Automatic Transfers Automatically transfer money from one account to another within the institution or to another financial institution, usually on a monthly or biweekly basis. May or may not charge a transfer fee.

Banks/ Credit Unions vs Check-Cashing Services

Even though banks/ credit unions may charge monthly fees, it is much cheaper to use a deposit account at a financial institution than a check-cashing service. Additional benefits of using an insured deposit account are:

- The convenience of internet banking with access to your accounts and information 24/7
- It can help you establish a positive banking relationship, which may be helpful if you need to apply for a loan in the future
- You can save money for the future
- You don't have to worry about cash being lost or stolen

Source: Adapted from Money Smart's Bank on It (FDIC 2010) and Right on the Money: Talking Dollars and Sense with Parents and Kids (Penn State Extension)

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Choosing a Financial Institution/Account Checklist

Use the following checklist when looking for a bank or credit union* and selecting accounts that are right for you.

Name of Financial Institution or Account			
Financial Institution Information			
Does it offer the services I need?			
Convenient branches and ATMs?			
Hours?			
Do employees speak my language?			
Is it insured by the FDIC or NCUA?			
Accounts			
Requirements for opening account?			
Checking Accounts			
Minimum opening balance?			
Minimum monthly balance?			
Fees? Fee waivers available?			
Earn interest?			
Deposit hold times?			
Overdraft Programs			
Low balance alerts offered?			
Overdraft protection fees?			
Link to a savings account?			
Link fees?			
Savings Accounts			
Minimum opening balance?			
Minimum monthly balance?			
Annual percentage yield (APY)			
Fees? Fee waivers available?			
ATM / Debit Cards			
Fees? Fee waivers available?			
Withdrawals per month without a fee?			
Location/number of ATMs?			
Transaction requirements or limits?			
Mobile/Online Banking			
Is it available?			
Transaction types and limits?			
Fees? Fee waivers available?			
Online bill pay?			
Other Information			
Total Monthly Costs			
Total Annual Costs			

(*Check out membership eligibility requirements.)

Source: Money Smart's Bank on It (FDIC 2010)

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Opening and Maintaining a Checking Account

Opening and maintaining a bank account is not as difficult as you might think. There are four basic things to do:

1. Open the account
2. Make deposits and withdrawals
3. Record interest and fees
4. Keep track of your balance.

The first thing you need to do to open an account is to go through a process called account verification. The bank wants to make sure that you:

- Will be a responsible bank account customer.
- Are who you say you are
- Are able, under the law, to open an account

Ask the bank what type of identification you need to open an account. You will need to:

- Prove your identity (with a driver's license, state ID card, passport, etc.)
- If you are not a US citizen, some banks may accept other forms of photo IDs such as a Matricula Consular card or Resident Alien Card (Green Card)
- Provide your Social Security Number (SSN) or Individual Taxpayer ID Number (ITIN)

If the bank determines that you are eligible to open an account, you can deposit money into your new account. If you are not eligible, ask about a "second chance" checking program.

- These programs may require you to meet certain requirements (like attending a check-writing workshop)
- Ask your local financial institution and/or a reputable credit counseling agency if there are programs in your area
- Consider opening a savings account if you have had trouble managing a checking account in the past

Source: Money Smart's Bank on It (FDIC 2010)

Checking Account Tips

By following these tips, you can more effectively manage your checking account.

1. Know your account balance. If you regularly balance your checkbook you will be less likely to write a check for more money than you have available in your account. When balancing your checkbook, in addition to the checks you have written, be sure to subtract all debit and ATM transactions as well as any associated fees.
2. Get in the habit of reviewing your monthly statement every single month. It only takes a minute and a minute spent comparing your statement against your check register can save you days of trying to track down mistakes, missed entries, etc.
3. Use the telephone, internet, or ATM to get the most current information about your account. Typically this information is updated each business day. Be aware that your bank or credit union may charge a fee for this service.
4. Ask your financial institution about their fees so that you are not surprised when you get your statement. Find out how they process checks. Some institutions process the largest checks first. If your first check bounces, all checks processed that day may bounce, each with its own charge.
5. Do not "float" checks. The "float" is that time delay between when a check is deposited or written and when the money becomes available or is withdrawn from your account. With the increased use of electronic check processing, float time has been significantly reduced, or in some cases, eliminated. In any event, be sure to wait until funds are available before writing checks.
6. Ask your financial institution about overdraft protection. No matter how good your intentions, there can be times when you write a check for more than you have in your account. Financial institutions offer various forms of overdraft protection; taking advantage of this service may prevent embarrassment or additional fees.

Source: CheckSystems, Inc., www.consumerdebit.com

Consequences of Mishandling a Checking Account

It is important to be responsible with your checking account in order to maintain a **good debit history**. Your debit history contains facts about you and your deposit or checking account history, similar to a credit report. It is made available, as permitted by law, to your current and prospective financial institutions to assess your likelihood of managing your debit accounts responsibly. Debit history may also be used by creditors. Your debit history can include such items as:

- Any checking account closures you may have had
- Any returned (bounced) check that retailers have reported about you
- How many financial institution inquiries have been made about you and in what timeframes
- How many check orders you have placed and how often

If you do not maintain a good debit history, there are unpleasant consequences, such as:

- Your financial institution could charge you fees for each overdraft
- The place you wrote the check could also charge you a fee or refuse to take any more checks from you
- You could receive calls and letters asking you to repay the money
- Your name and account information could be reported to a check verification service, which could cause your checks to be declined at point of sale
- Your bank could close your checking account
- Your bank could report your closed account to **ChexSystems**. As a result, other banks could refuse to open a checking account for you

ChexSystems is a consumer-reporting agency (governed by the federal Fair Credit Reporting Act (FCRA) and other laws) that compiles information on mishandled checking or savings account as reported by member banks and credit unions. ChexSystems shares this information among member institutions to help them assess the risk of opening new accounts but does not decide on new account openings.

Each report submitted to ChexSystems remains on file for five years, unless the reporting member requests its removal or ChexSystems becomes obligated to remove it under applicable law. Paying money owed does not remove an accurate report of account mishandling. However, institution is obligated to update the report with a paid in full or settled in full date when applicable.

To get a copy of your report, visit www.consumerdebit.com or:

ChexSystems
Attn: Consumer Relations
7805 Hudson Rd, Ste 100
Woodbury, MN 55125
1-800-428-9623

Source: ChexSystems, Inc., www.consumerdebit.com

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Additional Resources to: Spend Sensibly

ChexSystems: www.consumerdebit.com

Free Consumer Report:
Under the federal Fair Credit Reporting Act (FCRA), you are entitled to a free copy of your consumer banking report, at your request, once every 12 months.

Doorways to Dreams (D2D) Fund: www.financialentertainment.org

- Croze Nation**
This online game challenges players to dance and budget on the Road to LA
- Celebrity Calamity**
This online game challenges players to manage credit cards and spending.

Family Economics & Financial Education: www.takecharge.today.arizona.edu

Electronic Banking
This article gives you a detailed description on what electronic banking is and how to use it.

Managing Your Cash
Read through this to find ways to better manage your cash.

Federal Deposit Insurance Corporation (FDIC): www.FDIC.gov

Money Smart – A Financial Education Program
This interactive online (and MP3) program has two modules dedicated to spending sensibly: Money Matters and Bank on It.

Financial Football: www.financialfootball.com

Pick your NFL team and answer questions about how **Budgets Take Balance, Debit Cards, and Prepaid Cards** in order to move the football down the field.

PA Housing Finance Agency (PHFA): www.buildingyourfinancialhouse.org

Building Your Financial House is a commercial free financial resource for Pennsylvanians. Mirroring PHFA's flagship financial education program, the site provides comprehensive information on general financial topics and major milestones in life. The site also has over 40 worksheets, including those found in this module, to help build your own financial house.

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Session Evaluation

Agency: _____
Date: _____

We hope you found today's session engaging and of value to your situation. Please share your opinions and comments so we may continue to improve the program. Thank you!

	Excellent	Very Good	Good	Fair	Poor
Overall: I feel the session was:					
The location of the session was:					
The meeting room and facilities were:					
Before the session:					
My knowledge and skills about the topic were:					
After the session:					
My knowledge and skills about the topic are:					
My confidence to apply what I have learned today is:					
During the Session:	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
The instructions were clear and easy to follow.					
The time allocated was right for the topic.					
There was ample opportunity to share experiences/ideas.					
The overhead slides were clear and helped my learning.					
The activities and examples helped my learning.					
The activities and examples were relevant to my situation.					
The instructor:					
Was knowledgeable about the topic.					
Delivered lessons in a clear and understandable manner.					
Was engaging and encouraged interaction.					
Was well-prepared.					
Was approachable and open to questions.					
The session:					
Met my expectations.					
Was of value to me.					
Has motivated me to take action.					
Final Questions					
The most valuable thing I learned today was:	What was the least valuable part of the session and how could it be improved?				
Additional comments:					

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