

# Money Matters



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# Welcome



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



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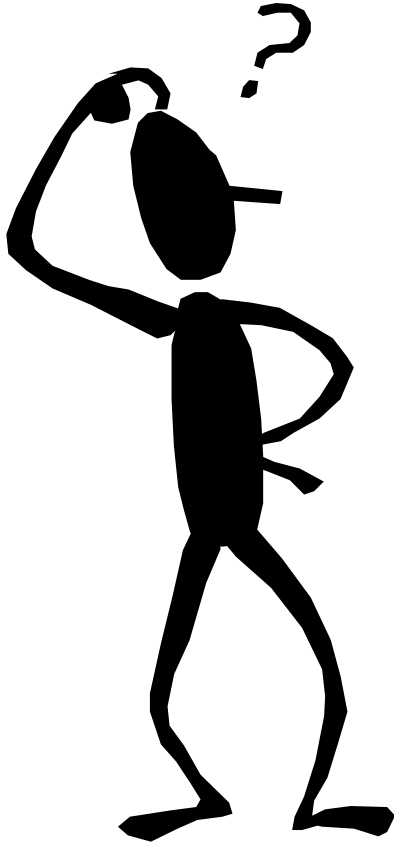
# Objectives

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



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# What Do You Know?



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



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# Setting Financial Goals

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



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# Why Create a Spending Plan?

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



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# Spending Plan Steps

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



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# Track Daily Spending

- **Do you know where your money goes each month?**
  - Understand where your money goes by tracking your spending
  - Use a personal spending diary



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# Activity 1: Daily Spending Diary

**Complete Activity 1 in the Participant Guide.**

1. Use the Daily Spending Diary.
2. Record the money you have spent today.



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# Determine Income and Expenses

***Income*** is money that comes from:

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



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# Income

- **Gross income = total income**
- **Net income = total income – deductions**
- **Social Security income includes:**
  - Retirement benefits
  - Disability benefits
  - Family benefits
  - Survivor benefits
  - Medicare benefits



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# Expenses

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



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# Activity 2: Monthly Income and Expense Worksheet

**Complete Activity 2 in the Participant Guide.**

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



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# Activity Example

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



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# Decrease Spending

- **Decreasing spending increases your cash flow**
- **What are some ways you can cut back on your spending?**



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# Increase Income

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





# Keep Accurate Records



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



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# Activity 3: Monthly Payment Schedule

**Complete Activity 3 in the Participant Guide.**

1. Complete Monthly Payment Schedule.
2. Enter the income sources and date received.
3. Enter the expenses, due dates, and amounts.



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# Example Income and Expenses

Income	Amount/Date	Expenses	Amount/Date
Paycheck	\$1050 on 4/5	Savings	\$75 due 4/1
Paycheck	\$350 on 4/6	Rent	\$1,000 due 4/1
Paycheck	\$350 on 4/13	Food	\$400 due 4/5
Paycheck	\$1050 on 4/20	Transportation	\$200 due 4/5
Paycheck	\$350 on 4/20	Personal Expenses	\$150 due 4/10
Paycheck	\$350 on 4/27	Child Care	\$200 due 4/10
		Telephone	\$40 due 4/25
		Child Care	\$200 due 4/25
		Credit Card Payments	\$140 due 4/28



# Activity 4: Monthly Payment Calendar

**Complete Activity 4 in the Participant Guide.**

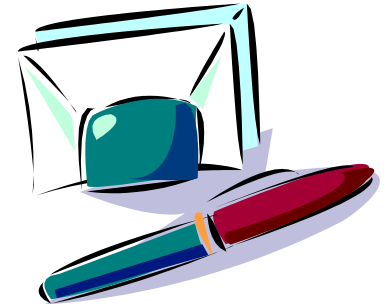
1. Complete the Monthly Payment Calendar.
2. Enter the income and expense amounts on the appropriate dates.



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# Other Spending Plan Tools

- Expense Envelope System



- Budget Box System



- Computer Spreadsheet System



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# When There Are More Expenses Than Income

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



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# Paying Your Loans

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



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# Activity 5: Spending Plan Considerations

**Complete Activity 5 in the Participant Guide.**

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



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# Summary

- **What final questions do you have?**
- **What have you learned?**
- **How would you evaluate the training?**



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# Conclusion

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



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