

MODULE 3: **Your Income and Expenses**

INSTRUCTOR GUIDE



MONEY SMART for Adults

SEPTEMBER 2018



The Federal Deposit Insurance Corporation is an independent agency created by the Congress to maintain stability and public confidence in the nation's financial system. One way we do that is by providing free, non-biased financial education materials, including this Instructor Guide. For more information about our family of Money Smart products, visit **www.fdic.gov/moneysmart**.

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Background Information for Instructors

Welcome to the FDIC's Money Smart for Adults!

This is the Instructor Guide for **Module 3: Your Income and Expenses**. This module consists of three tools:

- **This Instructor Guide**
- **The Participant Guide**—for participants to use during training and refer to after training
- **The PowerPoint slides**—for you to use during the training

The curriculum also includes a *Guide to Presenting Money Smart for Adults*. This resource offers practical tips for marketing your training, setting up your training space, supporting participants with disabilities, and delivering the training. It also offers learning pathways to help you choose modules and perhaps sections within modules to include in the training. If you don't already have the *Guide to Presenting Money Smart for Adults*, download it at www.fdic.gov/moneysmart.

Training Preparation Checklist

Use this checklist to prepare for training.

- ☐ **Review the Instructor Guide, Participant Guide, and PowerPoint Slides** to learn how they work together.
- ☐ **Familiarize yourself with the topics.** The Instructor Guide includes scripting to help you explain core content. You can read the scripting as-is to participants. Or, you can present the information in your own style.
- ☐ **Review the *Try It* and *Apply It* activities in the Participant Guide.** Every module includes both types of activities. Many are designed to be included during the training session. Others are flagged with a Note to Instructor that gives you the option of reviewing, starting, or completing them during the training, or encouraging participants to complete them after training.

Activities make the training more engaging and help participants retain the material. It's generally better to cut content rather than activities if you are short on time.

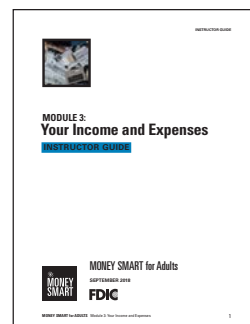
- ☐ **Review the *Guide to Presenting Money Smart for Adults*** for tools and information that can help you plan and deliver training. This resource includes information on making your training accessible and welcoming to all participants, including participants with disabilities.
- ☐ **Select the materials that you plan to use.** Ideally, do so by considering the needs or goals of the participants. The *Module at a Glance Table* near the front of each Instructor Guide can help you decide whether to cover modules in their entirety or only certain sections of the modules.
- ☐ **Plan to make your training culturally appropriate.** This means communicating respectfully, and also presenting the material in a way that is relevant to the lives of participants.
 - For example, when you discuss ways to cut expenses, participants may not relate to cutting out a daily coffee purchase if they don't normally buy coffee every day. Use examples participants can relate to, which may be different from examples from your own experience.
- ☐ **Consider having each of your training sessions include:**
 - **An overview:** Welcome participants and explain the training purpose and objectives. Provide a quick orientation to materials.
 - **An introductory activity:** Energize participants with a fun activity to introduce them to one another and get them ready to learn. This can be an effective way to start training, especially if it is the first time the group has been together. See the *Guide to Presenting Money Smart for Adults* for optional introductory activity ideas.
 - **Pre- and post-training surveys:** Administer the pre-training survey before training starts and the post-training survey at the end of training. Using the surveys can help you evaluate training effectiveness and tailor your training approach for future sessions.
- ☐ **Give each participant a Participant Guide.** Consider making it available electronically if you cannot provide paper copies. Also, some participants may need it electronically as a reasonable accommodation. If you deliver only part of a module, you might want to provide only those sections of the Participant Guide. Hide the slides you won't be using. The *Guide to Presenting Money Smart for Adults* has more information on hiding slides.

Materials You May Need

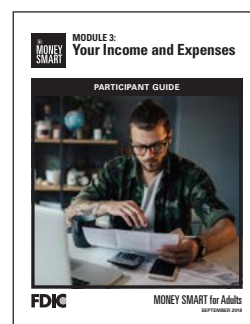
- ☐ This Instructor Guide
- ☐ Copies of the Participant Guide
- ☐ PowerPoint file, and either:
 - Computer, projector, and screen for projecting the slides, or
 - Printed or electronic copies of the slides for participants
- ☐ Flip chart(s) and/or whiteboard(s)
- ☐ Markers for writing on flip chart(s) and/or whiteboard(s)
- ☐ Large self-adhesive notes (5" x 8"), card stock, or paper for making signs
- ☐ Tape that can be easily removed from the wall, such as painter's tape
- ☐ Pens or pencils for participants

Optional Materials:

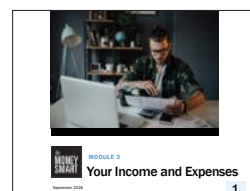
- ☐ Parking Lot for questions—Create one by writing “Parking Lot” on the top of a flip chart or whiteboard
- ☐ Supplies for the Optional Introductory Activity—Choose an activity from the *Guide to Presenting Money Smart for Adults* or use your own



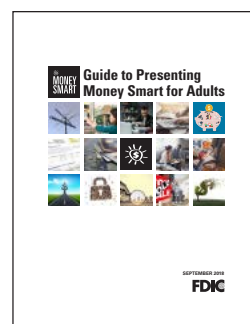
Instructor Guide



Participant Guide












PowerPoint slides



Guide to Presenting Money Smart for Adults

Understanding the Icons

This Instructor Guide uses several icons to help you quickly navigate the training.

 Do	Actions you take as the instructor
 Say	Information you share verbally with participants
 Ask	Questions you pose to participants
 Share Key Takeaway	When you convey the primary message of a section
 Lead Discussion	When you facilitate discussions
 Lead Activity	When you facilitate activities
 Present Information	When you present information
 Take Action and Closing	When you help participants plan action steps to apply what they learned
 Scenario	When you use a short story to start a discussion or activity about a financial topic

Module Purpose

This module helps participants track and understand their income (money coming in) and expenses (money going out).

This module also:

- Discusses different types of income and ways to receive income
- Shows how to read a pay statement
- Shares a tool for tracking income
- Provides information and tools for tracking and managing expenses

Module at a Glance Table

You can cover all or only part of this module.

We estimate you need **1 hour and 45 minutes** to cover the entire module, not including breaks or an optional introductory activity. You can use this table to select sections based on the time you have available and the needs of participants.

The *Guide to Presenting Money Smart for Adults* includes additional information on selecting sections for specific audiences.

Note to Instructor: *Module 4: Your Spending and Saving Plan* uses the resources and information on income and expenses from this module to create a complete budget, called a spending and saving plan. Consider including content from *Module 4* in your training.

Section	Key Takeaway	Purpose / Objectives	Time
Module Opening	N/A	<ul style="list-style-type: none"> ■ Welcome participants ■ Administer the pre-training survey ■ Lead an Optional Introductory Activity (extra 5 to 20 minutes) 	10 minutes
Section 1: Income	Understand your income. That is the first step to using it to meet your needs.	Participants will be able to: <ul style="list-style-type: none"> ■ Identify different types of income ■ List pros and cons of different ways to receive income ■ Understand a pay statement ■ Track income 	55 minutes
Section 2: Expenses	Understand your expenses. That will help you decide how to save, share, and spend your income.	Participants will be able to: <ul style="list-style-type: none"> ■ Track and manage expenses 	30 minutes
Module Closing	N/A	<ul style="list-style-type: none"> ■ Review the key takeaways ■ Help participants think about how they will apply what they learned ■ Administer the post-training survey 	10 minutes

Module Opening

Welcome Participants as They Arrive

Time Estimate for This Section: 10 minutes

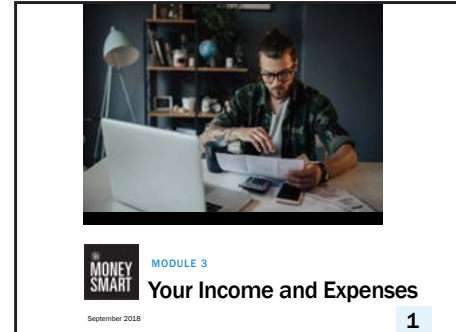
SHOW SLIDE 1



DO

As participants arrive for the training, use this time to:

- Welcome them and introduce yourself
- Ask them to sign in for the training if you are using a sign-in sheet
- Ensure any requested reasonable accommodations are in place and make any necessary adjustments



LEAD ACTIVITY

Pre-Training Survey

See page 27 in the Participant Guide.

Note to Instructor: Before training starts, you can ask participants to complete the pre-training survey in the back of their Participant Guide. You may want to give them “loose” copies so they don’t have to tear them out. The knowledge questions are the same as those in the post-training survey.

The answer key is at the end of this Instructor Guide, but don’t share the answers now.

You may decide to compare pre-training surveys to post-training surveys to estimate knowledge gains of the entire group or for each participant. If you want to estimate by participant, ask them to write their last name or some other unique identifier on both their pre- and their post-training surveys so you can compare them for a given participant.

SHOW SLIDE 2**SAY**

- Thank you for coming to this Money Smart Training called **“Your Income and Expenses.”**
- Please complete the pre-training survey on page 27 of your Participant Guide to give me an idea of what you may already know about this topic.
 - It should take less than five minutes to complete.

Pre-Training Survey
See page 27 in your Participant Guide

Pre-Training Survey
Your instructor may ask you to complete this pre-training survey before the training begins.
Please answer these questions:

1. Net income is how much you earn before taxes and deductions.	True	False
2. There are only two ways to receive income: cash or check.	True	False
3. There are only two ways to pay bills: in person or mailing a check.	True	False
4. Income includes:		
a. Money from working	d. Tips	
b. Public benefits that provide cash assistance	e. Income tax	
c. Cash gifts	f. All of the above	
5. Paycheck deductions may include:		
a. Withholding for federal income taxes	d. Health insurance	
b. Social Security	e. None of the above	
c. Medicare	f. All of the above	

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**DO**

- Collect the completed surveys if you plan to review them or compare them to post-training surveys.

**PRESENT INFORMATION****Parking Lot and Participant Guide****SAY**

- I've created a Parking Lot to capture questions, concerns, ideas, and resources. You and I can add items anytime during the training, and I'll address them during breaks or at the end of training.
- You have a Participant Guide to use during and after this session. It's yours to keep, so you can take notes and write in it.

**LEAD ACTIVITY****Optional Introductory Activity**

Adds an additional 5 to 20 minutes, depending on the activity you select and the number of participants

**DO**

- Lead participants through an introductory activity.
- Time permitting, you may also want to show a short video related to the subject of this module or start with an “energizer” of your choice.

Note to Instructor:

If time permits, start the training with a fun activity from the *Guide to Presenting Money Smart for Adults* or use your own.

This is a great way to get participants energized and ready to learn!



Section 1: Income

Training Time Estimate for This Section: 55 minutes

Objectives

Participants will be able to:

- Identify different types of income
- List pros and cons of different ways to receive income
- Understand a pay statement
- Track income



PRESENT INFORMATION (1 MINUTE)

Introduction to Section and Key Takeaway

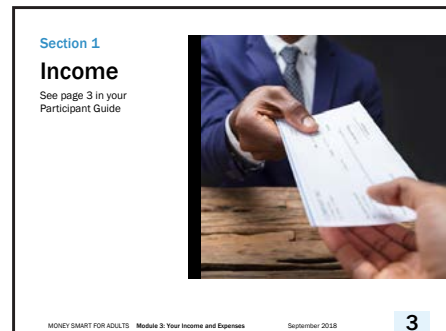
See page 3 in the Participant Guide.

SHOW SLIDE 3



SAY

- We will discuss different types of income, ways to receive income, how to read and understand a pay statement, and how to keep track of your income.

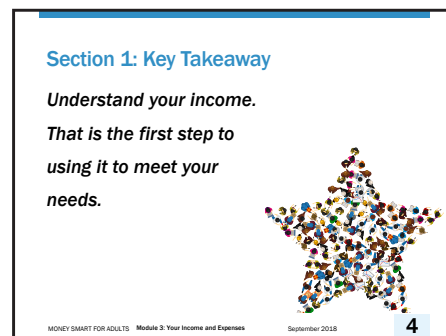


SHOW SLIDE 4



SAY

- The key takeaway from this section is: **Understand your income. That is the first step to using it to meet your needs.**



LEAD DISCUSSION (5 MINUTES)

What is Income?

See page 3 in the Participant Guide.

SHOW SLIDE 5



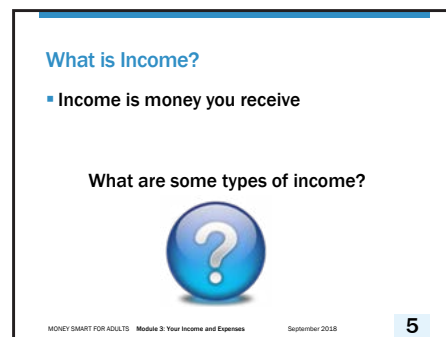
ASK

- Income is money you receive. What are some types of income?



DO

- Write participant responses on a flip chart or whiteboard.



**SHOW SLIDE 6****SAY**

- As a group, we thought of several types of income. Thinking of income in a few categories can help make this topic easier to understand.
 - **Earned income**
 - This is what you earn by working, whether it is wages from a job, tips, contractual work, or what you make through self-employment.
 - **Income from assets or investments**
 - Assets are things you own. An example of income from assets is the interest that a financial institution pays you on the money you keep in your account. Or maybe someone pays you to borrow your lawnmower or pickup truck.
 - Some people also earn money from stocks, bonds, a business, or real estate.
 - **Public benefits or entitlements that pay money**
 - This includes Temporary Assistance for Needy Families (TANF), Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI).
- Note to Instructor:** The TANF program may have a different name in your state. Use the term most participants will recognize.
- It is important to fully understand any benefits that you may receive. That way you know what income to expect in the future. And, consider reviewing the program rules you need to follow to keep the benefits.
 - » To learn more, use the contact information on your most recent written communications from the program.
 - » Or, talk with your benefits counselor or other trusted person who helps you with your benefits and finances.
 - **Other benefits or other entitlements**
 - This income may make it possible for you to buy or receive food, or use public transportation. These are things you would have spent money on. So even if they are not paid in cash, benefits can be considered a form of income. They free up your money to spend on other things.

Types of Income

- Earned income
- Income from assets or investments
- Public benefits or entitlements that pay money
- Other benefits or other entitlements
- Other income

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- The following is not a comprehensive list, but it gives you some examples:
 - » Child care subsidies
 - » Transit subsidies
 - » Supplemental Nutrition Assistance Program or SNAP (sometimes still called “food stamps”)
 - » Special Supplemental Nutrition Program for Women, Infants, and Children or WIC
 - » Housing assistance
 - » Utility assistance

■ Other income

- Such as gifts, child support, and alimony

SHOW SLIDE 7



SAY

- The income you take home is generally less than the earned income you make from working.
- **Gross income** is your total income without deductions.
- **Net income** is gross income minus deductions, such as Social Security and income taxes.
 - Net income is what you have to save, share, and spend.
 - Net income is also called take-home pay.

Gross and Net Income

- **Gross income**
 - Total income without deductions
- **Net income**
 - Gross income minus deductions
 - What you have to save, share, and spend
 - Your take-home pay

Gross Income - **Deductions** = **Net Income**

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SHOW SLIDE 8



SAY

- If you owe money, your creditors can sometimes directly take part of your income and assets to cover your debt. This is called **garnishment**. It generally happens as a result of a court order.
 - Through **wage garnishment**, part of your paycheck can be withheld to repay a debt you owe.
 - Through **account garnishment**, money in an account you have at a financial institution can be taken to repay a debt you owe.
- Also, all or part of some government payments can be taken if you have seriously delinquent debts owed to the federal government, such as for unpaid taxes or federal student loans, or owe court-ordered child support. To learn more, go to **www.usa.gov** and search for “Treasury Offset.”

Garnishment

- **Wage garnishment**
- **Account garnishment**
- **Treasury offset**

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LEAD ACTIVITY (15 MINUTES) – EXERCISE

Try It: Ways to Receive Income

See page 4 in the Participant Guide.

SHOW SLIDE 9



SAY

- There are several ways to receive income.



ASK

- What are some ways you can be paid money? For example, “in cash.”



DO

- Write participant responses on a flip chart or whiteboard.
- Add the following if not mentioned: cash, paper check, direct deposit, payroll card, electronic benefits transfer.

SHOW SLIDE 10



SAY

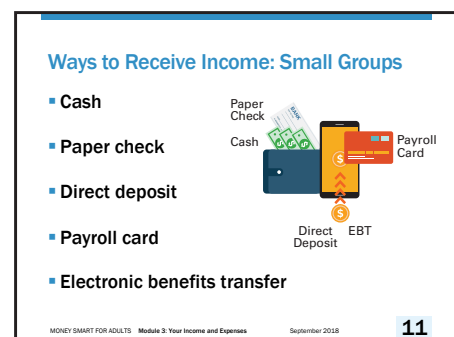
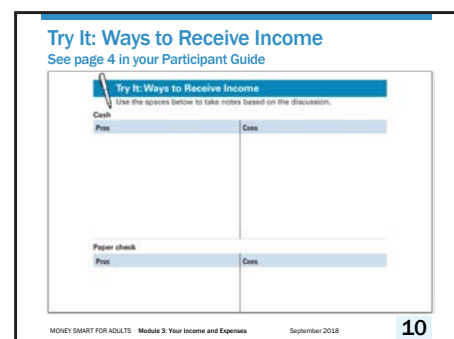
- Turn to *Try It: Ways to Receive Income* on page 4 in your Participant Guide.

SHOW SLIDE 11



SAY

- Let's identify the pros and cons to these five common ways to receive income:
 - Cash
 - Paper check
 - Direct deposit
 - Payroll card
 - Electronic benefits transfer





- Assign one way to receive income to each pair of participants or small group. If you have more than five small groups, you can assign the same topic to more than one group.

Note to Instructor: You may have to work with the group or groups assigned electronic benefits transfer if no one in the group is familiar with this.

- Give participants three minutes to complete the table of pros and cons in their Participant Guide for their assigned topic.
- After three minutes, ask each group to share the pros and cons they identified for their topic.
- Add the following if not contributed:

- **Cash**

- **Pros:**

- » Generally accepted for purchases you make in-person.
 - » Available for use right away.
 - » Can be deposited in a checking or savings account that offers federal deposit insurance and other benefits.
 - » Could load onto a prepaid card.
 - » If you just stick to spending the cash you have, you can avoid spending more money than you have.

- **Cons:**

- » Could be lost or stolen.
 - » Does not have federal deposit insurance unless it is deposited in an insured account.
 - » Some people find it tempting to spend cash (it “burns a hole in their pocket”).
 - » Can be more difficult to track for personal budgeting and tax purposes.
 - » Can’t be used for online purchases.
 - » Not all bill payments can be made in cash.
 - » If you pay all of your expenses in cash and don’t have a loan, you miss the chance to build a positive credit history. This means that it becomes harder to get a loan when you need it.
 - » If you are paid wages in cash, there is a good chance taxes were not withheld from your wages before you got paid. That means you may need to remember to set aside some of the cash to pay taxes yourself.

- » If you immediately deposit your cash in a checking or savings account that offers federal deposit insurance, many of these cons go away.

■ Paper checks

• Pros

- » Can be deposited in a checking or savings account that offers federal deposit insurance and other benefits.
- » Could load onto a prepaid card.
- » If you do not have an account at a financial institution, you may have to pay a fee to cash the check. If you go to the financial institution where the check is from, you may be able to cash it there without a fee.

• Cons

- » If you deposit a paper check in an account at a financial institution or onto a prepaid card, you may not be able to use the money right away.
- » Paper checks may be lost or stolen before you can deposit or cash them.

■ Direct Deposit

• Pros

- » Often the fastest and safest way to get your pay.
- » Funds are usually available immediately.
- » Reduces trips to a financial institution.
- » It may be easy to automatically split the direct deposit between a checking and savings account, which can help you build savings.
- » You don't have to pay fees to cash a paper check.
- » Some financial institutions may waive some of their account fees if you have a direct deposit.

• Cons

- » There may be fees associated with the account the direct deposit goes into, although many financial institutions offer "safe" accounts that have no or low fees.
- » Not offered by all employers or public benefit providers.

■ Payroll cards (also called pay cards), which your employer loads with the amount of your net pay.

• Pros

- » Safer and more secure than carrying cash or checks.
- » The payroll card has full federal consumer protections for funds taken by error or theft.

- **Cons**

- » There may be fees associated with the card, such as to use the card or if you don't use the card frequently.
- » Requires some extra effort, and possibly fees, to get cash when you need it. You can find out about fees associated with the card by reading the cardholder agreement that likely came with the card. You can also review the information online at the provider's website. Some users of payroll cards avoid card fees by transferring the full amount of their pay from their payroll card to their financial institution account shortly after the money is available.

- **Electronic benefit transfer (EBT) cards**, which some programs use to pay benefits. EBT cards are loaded automatically with the benefit payments.

- **Pros**

- » Safer and more secure than carrying cash or checks.
- » Depending on the state, you may be able to track your spending online and see your current balance on receipts when you use the card.

- **Cons**

- » You likely do not have a choice. If a benefit you are receiving is paid on an EBT card, then that is what you will receive.
- » Not all merchants accept EBT cards.
- » Some EBT cards have fees to use them. Be sure you understand what fees are charged and if there are ways to avoid fees.



PRESENT INFORMATION (8 MINUTES)

Understanding Pay Statements

See page 6 in the Participant Guide.

SHOW SLIDE 12




SAY

- If you work at a job where you receive a pay statement, read it carefully to learn what is on it.
- This will help you monitor it for accuracy and understand how the amount of money you earn is not the same as the amount of money you receive.

Understanding Pay Statements

- Typical pay statement information:
 - Personal information
 - Pay period
 - Pay date
 - Gross pay
 - Deductions
 - Net pay
 - Employer contributions



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- Your pay statement may be called a pay stub, a leave and earnings statement, an earnings and leave statement, an LES, an ELS, a pay slip, a pay advice, or something else.
 - No matter what name your employer uses, your employer will generally provide you with information about the details that support the amount of income they are paying you each pay period.
 - Depending on your employer, you may receive the information on paper and possibly electronically.
- Pay statements can look complicated and even be a little intimidating. But once you learn the basics about the information they generally contain, they will be a lot easier to understand.
- There are many formats for pay statements so yours probably won't look exactly like the example we look at today. Looking at the example will give you practice finding pieces of information that typical pay statements contain. This includes:
 - **Personal information.** Your name and address, for example.
 - **Pay period.** The time period you are being paid for. It could be a week, two weeks, a month, or something else. For example, the pay period could be December 1 to December 14.
 - **Pay date.** The date you receive the net pay. There is often a delay between the end of the pay period and the pay date. It could be every Friday, or the 1st and 15th of every month, or perhaps every other Tuesday.
 - **Gross pay.** How much money you earned during the pay period. The pay statement may also show year-to-date gross pay from this employer.
 - **Deductions.** The amounts taken out of your gross pay for Social Security, Medicare, federal and state income taxes, and elective deductions, such as health insurance or retirement account contributions. The pay statement may also show year-to-date deductions made by this employer.
 - **Net pay.** Amount of money you receive after all deductions are taken out of your gross pay. This is your "take-home" pay.
 - **Employer contributions.** The amount the employer paid for benefits, such as health insurance. The pay statement may also show year-to-date employer contributions.
 - **Balances for your personal time off, vacation, and/or sick leave.** These may also be included on the pay statement.
- Pay statements usually use many abbreviations for types of pay and deductions. You can get help from your employer (maybe the human resources department or payroll person or department) to understand abbreviations that are not clear to you.



SHOW SLIDE 13

SAY

- The deductions portion of your pay statement will have several items, which fall into two major categories:
 - Required deductions
 - Elective or voluntary deductions
- Let's look at **required deductions** first.
 - Employers are usually required to take taxes out of your pay and send them to the appropriate agency.
 - Taxes include amounts required under the **Federal Insurance Contributions Act, often called FICA**. These taxes are set by law at a fixed percentage of your wages.
 - FICA taxes include two items: Social Security and Medicare.
 - » The **Social Security deduction** is sometimes labeled OASDI or just SS. The acronym OASDI reflects that your Social Security contributions help pay for old-age, survivors, and disability insurance.
 - » The **Medicare deduction** is sometimes labeled FICA-MED or just MED. Your Medicare contributions help pay for Medicare. That's a health insurance program for people age 65 or older, people under age 65 with certain disabilities, and people of all ages with end-stage renal disease.
 - Taxes also include money that employers withhold for:
 - » Federal income taxes
 - » State income taxes for states that have income taxes
 - » Local income taxes if required in your community
- There are also **elective or voluntary** deductions.
 - This refers to money you decide to have taken out of your pay.
 - For example, this could include insurance premiums, union dues, charitable contributions, and/or direct deposits (allotments) to a savings account.
- Retirement plan contributions could be required deductions or voluntary deductions.
- Ask your employer if you have questions about how to read your pay statement and what was taken out of your gross pay.

Deductions

- **Required deductions**
 - FICA: Social Security and Medicare
 - Income tax: Federal, state, local
- **Elective (voluntary) deductions**
 - Such as insurance premiums, union dues, retirement account contributions, charitable contributions, direct deposits

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SHOW SLIDE 14**SAY**

- Before an employer withholds federal, state, or local income taxes from your gross pay, they will likely ask you to complete forms so they know how much to withhold. **You will complete a form for federal income tax purposes and possibly a similar form for your state or community.**
- You complete these forms and give them to your employer when you start a job. You may be doing this on paper or electronically.
- You can also give your employer new forms any time you want to adjust how much it withholds from your pay going forward.
- Consider completing new forms each year and when your personal or financial situation changes.
- For federal income tax purposes, you complete Internal Revenue Service (IRS) **Form W-4, Employee's Withholding Certificate**. You can indicate you want additional federal income tax withheld (above what would be withheld based on your salary and tax filing status) or you can reduce your withholding. You can also indicate if you are exempt from withholding.
 - **If you indicate you want additional federal income tax withheld, your take-home pay is likely to be lower.** But at tax time, you might owe no additional money for taxes or receive a refund.
 - **If you indicate you want to reduce your withholding, your take-home pay is likely to be higher.** But at tax time, you might owe money for taxes.
 - **Be careful not to have too little withheld!** If you don't pay enough tax throughout the year, you might have to pay a penalty for underpayment of estimated tax.
 - Form W-4 includes both general and specific instructions to help you complete the form. Ask your employer for help if you do not understand something on the form.
 - You can view Form W-4 by visiting **IRS.gov** and searching for "W-4."
- **Form W-4 is different from Form W-2.** Employers are required to provide employees with a Form W-2 by January 31 for the prior year. Included on the W-2 is the amount of money you earned from the employer the previous year and taxes that were withheld.
 - You can view Form W-2 by visiting **IRS.gov** and searching for "W-2."

Income Tax Withholding

- Internal Revenue Service Form W-4
 - Possibly state and local income tax forms too

Additional Withholding

=

Lower Take-Home Pay

Reduced Withholding

=

Higher Take-Home Pay

- Be careful not to have too little withheld!

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Note to Instructor: The IRS redesigned Form W-4. It no longer uses "withholding allowances." Employees who submitted a W-4 before 2020 do not have to complete a new form merely because of the redesign. However, they may want to do so for more accurate withholding. You may want to give participants current forms from the IRS website.



LEAD ACTIVITY (15 MINUTES) – SCENARIO

Try It: Reading a Pay Statement

See page 8 in the Participant Guide.

SHOW SLIDE 15



DO

- Ask participants to turn to *Try It: Reading a Pay Statement* on page 8 in their Participant Guide.
- Read the scenario to participants or ask for a volunteer to do so.

Try It: Reading a Pay Statement
See page 8 in your Participant Guide

Try It: Reading a Pay Statement
Read the scenario and the example pay statement. Answer the questions that follow.

Scenario: Janice Reads Her Pay Statement
Janice has been working for SJC Corporation for eight months. The job has advancement opportunity, but her hours change each week. She may work 40 hours one week and only 20 hours the next. She hasn't always paid attention to her pay statement, but wants to understand it.

Janice's Example Pay Statement

SJC Corporation Earnings and Leave Statement		For Pay Period: 06/23/2019 to 07/05/2019	Pay Date: 07/19/2019
Name	Janice V.	Number of Hours	Hourly Rate
Address	123 Maple Street Anytown, USA 12345	65	\$12.50
			Net Pay
			\$812.44

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SCENARIO: Janice Reads Her Pay Statement

Janice has been working for SJC Corporation for eight months. The job has advancement opportunity, but her hours change each week. She may work 40 hours one week and only 20 hours the next. She hasn't always paid attention to her pay statement, but wants to understand it.



DO

- Give participants eight minutes to work in pairs to look at the example pay statement and answer the questions.
- After eight minutes, ask each question and review the answers with the participants using the Answer Key.
- Time permitting, you can ask participants for their answers before sharing the correct answers.

Try It: Reading a Pay Statement – Example Pay Statement

Janice's Example Pay Statement

SJC Corporation Earnings and Leave Statement	For Pay Period: 06/23/2019 to 07/06/2019	Pay Date: 07/19/2019
Name Earner, Janice V.	Number of Hours 65	Hourly Rate \$12.50
Address 123 Maple Street Anytown, USA 12345		Net Pay \$512.44
Pay	Current	Year-to-Date
Gross Pay	\$812.50	\$14,000.00
Total Deductions	\$300.06	\$5,170.20
Net Pay	\$512.44	\$8,829.80
Deductions	Current	Year-to-Date
FIT: Federal Income Taxes	\$96.53	\$1,663.20
SIT: State Income Taxes	\$23.56	\$406.00
FICA SS: Social Security	\$50.38	\$868.00
FICA MED: Medicare	\$11.78	\$203.00
Health Insurance	\$81.25	\$1,400.00
401(K) : Retirement Savings Plan	\$36.56	\$630.00
TOTAL Deductions	\$300.06	\$5,170.20
Benefits Paid By SJC	Current	Year-to-Date
FICA: Social Security	\$50.38	\$868.00
FICA: Medicare	\$11.78	\$203.00
Health Insurance	\$162.50	\$2,800.00
Retirement Savings Plan Matching	\$16.25	\$280.00
TOTAL Paid by SJC	\$240.91	\$4,151.00

Questions about Janice's Example Pay Statement– Answer Key

Question	Amount	Where Did You Find It?
How much did Janice earn this pay period?	\$812.50	Gross Pay, Current column
How much take-home pay does Janice have this pay period?	\$512.44	Net Pay (shown twice: once in the upper portion of the pay statement and once in the Pay section, Current column)
How much has SJC paid in benefits for Janice this year (not including her salary)?	\$4,151.00	Total Benefits Paid row at the bottom of the pay statement, Year-To-Date column
How much has SJC withheld for Janice's federal income taxes so far this year?	\$1,663.20	Federal Income Taxes row in the Deductions section, Year-To-Date column
What do you notice about the end of the pay period and her pay date?	Pay period ends July 6, 2019 but pay date isn't until July 19, 2019	Top of the statement



PRESENT INFORMATION (1 MINUTE)

Apply It: Reading My Pay Statement

See page 10 in the Participant Guide.

SHOW SLIDE 16



SAY

- Turn to *Apply It: Reading My Pay Statement* on page 10 in your Participant Guide.
- You can complete this worksheet after today's training.
- This worksheet can help you understand your pay statement. You'll need a copy of your pay statement to use it.
- If you don't receive a paycheck or pay statement, this activity may not be useful for you.

**DO**

- Time permitting, give participants a few minutes to review the *Apply It* and answer any questions they have.
- The *Apply It* from the Participant Guide is below.

Apply It: Reading My Pay Statement

Complete this worksheet using your own pay statement if this applies to you.

Type of Information	Information from Your Pay Statement
Pay period dates	
Pay date	
Number of hours	
Hourly rate	
Pay and Deductions: Current Pay Period	
Gross pay	
Total deductions	
Federal Income Taxes	
State Income Taxes	
FICA: Social Security	
FICA: Medicare	
Health Insurance	
Retirement Savings Plan	
Other:	
Other:	
Other:	
Other:	
Net pay	
Pay and Deductions: Year to Date	
Gross pay	
Total deductions	
Net pay	
Benefits Paid by Employer: Current Pay Period	
Social Security	
Medicare	
Health Insurance	
Retirement Savings Plan Matching	
Other:	
Other:	

Type of Information	Information from Your Pay Statement
Benefits Paid by Employer: Year to Date	
Social Security	
Medicare	
Health Insurance	
Retirement Savings Plan Matching	
Other:	
Other:	



PRESENT INFORMATION (2 MINUTES)

More Than One Job or a Paid “Hobby”

See page 12 in the Participant Guide.

SHOW SLIDE 17



SAY

- Some people have more than one job. They may have a full-time job and a part-time job, two or more part-time jobs, or even two or more full-time jobs.
- Some people may have a main job and then work various side jobs. They may call them hobbies, gigs, freelance work, side hustles, or something else. You may have heard the term “gig economy.”
- Others may not have a main job; they work multiple side jobs depending on what work is available.
- No matter what they are called, these jobs may or may not be steady, and require careful planning.
- If you work this way, be sure you understand how you are being paid. You can ask the employer if you will be considered a “W-2 employee” or a “1099 employee.”
 - If you receive a Form W-2, the employer considers you to be an employee.
 - If you receive a Form 1099-MISC, the employer considers you to be self-employed.

More Than One Job or a Paid “Hobby”

If You Receive...	Employer Considers You ...
IRS Form W-2	An employee
IRS Form 1099-MISC	Self-employed

- Understand how you are being paid
 - May have to pay taxes yourself
 - Consider putting money aside for the future
 - Keep accurate records!

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- You can view Form 1099-MISC by visiting IRS.gov and searching for "1099-MISC."

Note to Instructor: You may want to print samples of the current year's IRS Form 1099-MISC from the IRS website and hand them out to participants during training.

- And it's helpful to know if and when you will get a regular paycheck or pay statement. There may be weeks or months between the time you work and are paid.
- You may be responsible for paying taxes yourself periodically, such as quarterly, if the employers don't withhold taxes from your pay or you are self-employed.
 - Making these tax payments on time is important for avoiding penalties and also making sure that you are not surprised at tax time about what taxes you owe.
- You may also need to give more thought to how you are putting money aside for the future, including for retirement.
- It is important to keep accurate records about your jobs.
 - To make sure you are paid the amounts you are owed, keep records of your time and the work you completed.
 - Also keep records of what amounts you earned from which employer and whether taxes were withheld.



PRESENT INFORMATION (5 MINUTES)

Tracking Your Income

See page 12 in the Participant Guide.

SHOW SLIDE 18



SAY

- Many people receive income from multiple sources. For example, you may have more than one job, you may receive public benefits, or you may receive gifts.
- Making a list of your income helps you plan how you will save, share, and spend it.

Tracking Your Income

- Regular income
- Unpredictable income
- Seasonal income
- One-time income

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- How much income you receive and where it comes from is important. Knowing how regular the income is can also be important.
 - **Regular income** refers to income you can expect to receive every week, every other week, twice a month, every month, or on some other regular schedule. Regular paychecks and Social Security Disability Insurance (SSDI) benefits are examples of regular income.
 - There is also **unpredictable income**. This is income that varies in amount and/or timing. Pay from hourly work may be unpredictable if the hours vary from week to week. Here's another example. Some people may only receive child or spousal support payments sporadically and in varying amounts, even though they are supposed to be paid regularly.
 - **Seasonal income** may be predictable, but it comes only at particular times of the year. Perhaps you always receive money from a friend or family member around the holidays. Or you may sell crafts at a fall festival in your community or be employed as a package delivery driver during the winter holidays.
 - You may also have **one-time income** that you only get once. An example is a lump sum amount a person might get from their Individual Indian Money (IIM) account when they turn 18. Another example is pay you receive from working one-time jobs, such as helping people move.
- Keeping in mind whether each source of income is regular, unpredictable, seasonal, or one-time can also help how you will save, share, and spend it.



PRESENT INFORMATION (2 MINUTES)

Apply It: My Monthly Income Log

See page 13 in the Participant Guide.

SHOW SLIDE 19



SAY

- Turn to *Apply It: My Monthly Income Log* on page 13 in your Participant Guide.
- You can use this log after today's training.
- List your sources of income and the amount you received for a given month.
 - Check whether each source is regular, unpredictable, seasonal, or one-time. This will help you plan for future months.
 - Use your pay statements, contractor or self-employment records, public benefit statements, and orders of alimony or child support to accurately complete this.

Apply It: My Monthly Income Log
See page 13 in your Participant Guide

Apply It: My Monthly Income Log
List your sources of income and the amount you received for a given month to get a better idea of your total income. Check whether each source is regular (R), unpredictable (U), seasonal (S), or one-time (O). This will help you plan for future months.

You may have to do some math to get monthly amounts if you receive income on a schedule other than monthly. See the Table for Calculating Monthly Amounts on the next page for help.

Income for the Month of _____

Source of Income	Monthly Amount	Regular (R), Unpredictable (U), Seasonal (S), or One-Time (O)
Net (Take-Home) Pay Job 1		R U U C S O
Net (Take-Home) Pay Job 2		R U U C S O
Net (Take-Home) Pay Job 3		R U U C S O
Net Self-Employment Income		R U U C S O
Public Benefits 1:		R U U C S O

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- There are three rows for net (take-home) pay from jobs for people who work more than one job.
- You may have to do some math to get monthly amounts for this log if you receive income on a schedule other than monthly. See the *Table for Calculating Monthly Amounts* after the log for help.

**DO**

- Time permitting, give participants a few minutes to review the *Apply It*.
- Ask if there are any questions.
- The *Apply It* from the Participant Guide is below.

Apply It: My Monthly Income Log

List your sources of income and the amount you received for a given month to get a better idea of your total income. Check whether each source is regular (R), unpredictable (U), seasonal (S), or one-time (O). This will help you plan for future months.

You may have to do some math to get monthly amounts if you receive income on a schedule other than monthly. See the *Table for Calculating Monthly Amounts* on the next page for help.

Income for the Month of _____

Source of Income	Monthly Amount	Regular (R), Unpredictable (U), Seasonal (S), or One-Time (O)
Net (Take-Home) Pay Job 1		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Net (Take-Home) Pay Job 2		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Net (Take-Home) Pay Job 3		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Net Self-Employment Income		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Public Benefit 1:		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Public Benefit 2:		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Public Benefit 3:		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Public Benefit 4:		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Interest		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Dividends		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Child Support		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Alimony		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Gifts		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Other:		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O

Source of Income	Monthly Amount	Regular (R), Unpredictable (U), Seasonal (S), or One-Time (O)
Other:		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Other:		<input type="checkbox"/> R <input type="checkbox"/> U <input type="checkbox"/> S <input type="checkbox"/> O
Total Income (add up rows above)		

Table for Calculating Monthly Amounts

Frequency: How often you receive the income	Do this first Then enter into the Log
Annual (once per year)	Divide by 12
Semi-annual (twice per year)	Divide by 6
Quarterly (four times per year)	Divide by 3
Monthly (once per month)	Use as-is
Bimonthly (twice per month)	Multiply by 2
Biweekly (every two weeks)	Multiply by 26 and then divide by 12
Weekly (every week)	Multiply by 52 and then divide by 12



PRESENT INFORMATION (1 MINUTE)

Section Closing

See page 14 in the Participant Guide.

SHOW SLIDE 20



SAY

- Remember the key takeaway from this section: **Understand your income. That is the first step to using it to meet your needs.**

Section 1: Remember the Key Takeaway

Understand your income.

That is the first step to using

it to meet your needs.



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Section 2: Expenses

Training Time Estimate for This Section: 30 minutes

Objectives

Participants will be able to:

- Track and manage expenses



PRESENT INFORMATION (1 MINUTE)

Introduction to Section and Key Takeaway

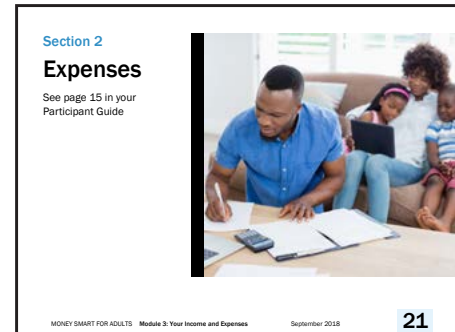
See page 15 in the Participant Guide.

SHOW SLIDE 21



SAY

- We will discuss different types of expenses and ways to manage expenses.

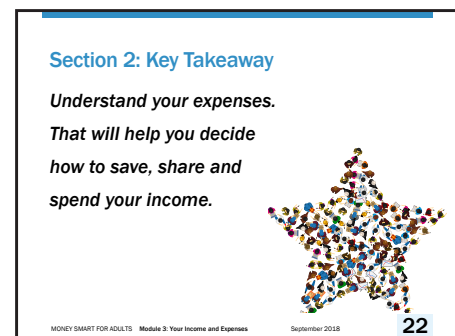


SHOW SLIDE 22



SAY

- The key takeaway from this section is: **Understand your expenses. That will help you decide how to save, share, and spend your income.**



LEAD DISCUSSION (4 MINUTES)

Ways to Use Your Money

See page 15 in the Participant Guide.

SHOW SLIDE 23



ASK

- What do people do with their money?



DO

- Write participant responses on a flip chart or whiteboard.
- If the ideas participants contribute do not include examples of saving, sharing, and spending income, ask questions to make sure those three concepts are included.

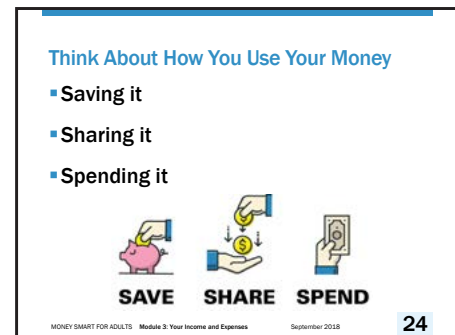


**SAY**

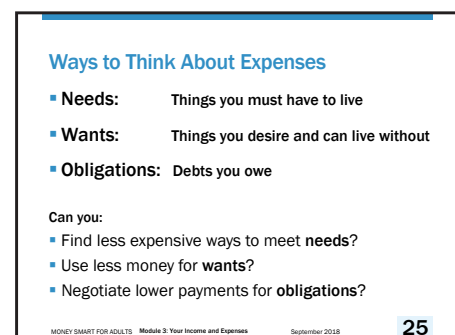
- Thinking about your expenses can be stressful, especially if you are worried about making ends meet.
- Understanding where your money is going can empower you to make choices and changes. In the long run, that can help reduce stress about expenses.

SHOW SLIDE 24**SAY**

- It can be useful to think about how you use your money in three different ways.
 - **Saving it.** You can save your money to build an emergency savings fund to help you in case of a major reduction in income, such as from a job loss, or to pay for a major, unexpected expense. You can also save money for short-term goals like back-to-school expenses or long-term goals like retirement.
 - **Sharing it.** You can share your money with friends, family, charities, or others.
 - **Spending it.** You can spend your money now to pay for basic living expenses like food, housing, utilities, and debts you owe, and on other things you need or want.
- In *Money Smart for Adults*, we use the term “expenses” to include all three of these ways to use money.

**SHOW SLIDE 25****SAY**

- It is sometimes also helpful to think about your expenses in three different ways.
 - **Needs.** These are things you must have to live.
 - **Wants.** These are things you desire and can live without.
 - **Obligations.** These are debts you owe because you:
 - » Borrowed money (such as a car loan or mortgage)
 - » Made another type of agreement to pay them (such as for rent)
 - » Were ordered to make them (such as child support)



- People can consider needs and wants differently. For one person, a smartphone might be a want. Another person, perhaps someone with a disability, might need the apps on their smartphone to work or live independently. For that person, a smartphone is a need.
- Asking yourself if you are using your money for a need, want, or obligation can help you consider how you want to use your money.
- It can sometimes be hard to determine if something is truly a need or maybe it's a want that you wish were a need. Sometimes you have to make some difficult choices.
- Once you have identified some items as needs, you can think about less expensive ways to meet those needs.
- Once you have identified some items as wants, you can think about whether you want to use less of your money for those items.
- Once you have identified some items as obligations, you can think about whether you can negotiate payment plans or other arrangements if you cannot make your payments on time every time they are due.
 - For example, people may fall behind on child support payments.
 - One option might be that they work with the child support enforcement authority to set up a payment plan they can reliably achieve.

SHOW SLIDE 26**SAY**

- For people who receive public benefits, resource or asset limits may also factor into your decisions about how to use your money.
- Resource or asset limits tell you how much money and property you can have and still receive the full benefit.
- These vary for different public benefit programs.
- If you build up too much in savings, your benefit could be eliminated or reduced.
- It's helpful to **learn about resource and asset limits** from your public benefit administrator or its website.
- There are programs and products that allow people to save money and not jeopardize eligibility for benefits. ABLE accounts, which are savings accounts for people with disabilities, are an example.

If You Receive Public Benefits

- Learn about resource and asset limits
- Monitor how your spending and saving affects countable assets
- Use income in ways that avoid exceeding asset limits

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- If you receive public benefits through a program with asset limits, **monitor how your spending and saving affects what the program counts as an asset.**
 - Using income to pay down debt or pay a bill early is one way to use income that would otherwise put you over an asset limit.
- **Use income in productive ways that avoid exceeding resource and asset limits.**

Note to Instructor: *Module 5: Your Savings* includes more information on asset limits and ABLE accounts. Consider including portions of that module in your training based on the interests of participants.



PRESENT INFORMATION (2 MINUTES)

Tracking Your Expenses

See page 15 in the Participant Guide.

SHOW SLIDE 27



SAY

- Tracking your expenses **helps you understand if you are using your money in line with your values and goals.**
- Tracking your expenses may also **uncover where you can make changes**—perhaps decrease spending so you can save or share more of your income.
- Tracking expenses also has another unexpected benefit: **when you track your expenses, you usually spend less money.**
- We will look at two tools that can help you understand how you are using your money.
- The first tool is *Apply It: My Saving, Sharing, and Spending Diary*. Using this tool, you write down how you use your money for a certain period. A month is usually a good place to start.
- The second tool is *Apply It: My Monthly Expense Log*. This tool helps you put the amounts from your Saving, Sharing, and Spending Diary into categories.
- Once you have completed these two tools, you can consider making changes to how you use your money.
- Let's look closely at these two tools.

Tracking Your Expenses

- Helps you understand if you are using your money in line with your value and goals
- Uncovers where you can make changes

AND ... it can help you spend less

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PRESENT INFORMATION (3 MINUTES)

Apply It: My Saving, Sharing, and Spending Diary

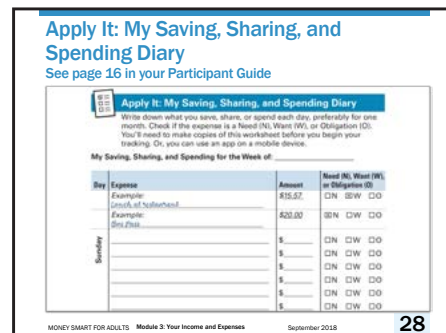
See page 16 in the Participant Guide.

SHOW SLIDE 28



SAY

- Turn to *Apply It: My Saving, Sharing, and Spending Diary* on page 16 in your Participant Guide.
 - This is the first of two tools that will help you understand how you are using your income.
 - You can complete it after today’s training to track how you use your money each day, preferably for one full month.
 - If you run out of space for a day, use a blank sheet of paper to continue your list of expenses. Alternatively, if you use a smartphone, you can use it to track your expenses. There are apps available, or you can use the notes function.
 - Your saving, sharing, and spending is likely different at different points during the month and from month to month. For example, your rent may be due the first week of each month. That’s why it helps to track expenses for at least one full month. To do so, you can make four or five copies of this tool (depending on how many weeks are in the month).
 - Don’t forget about significant expenses you may not pay every month, such as car insurance, back-to-school preparation, or more costly utility bills in winter.
 - In the rightmost column, there is a place to identify each expense as a need, want, or obligation. This can be helpful as a way to reexamine how you want to use your money. Look at wants in particular to make sure the ways you are using your money align with your values and goals.
- DO**
- Review the two examples at the top of the *Apply It* with participants.
 - Time permitting, give participants a few minutes to review the *Apply It*.
 - Ask if there are any questions.
 - The first few rows of the *Apply It* from the Participant Guide are on the next page.



Apply It: My Saving, Sharing, and Spending Diary

Write down what you save, share, or spend each day, preferably for one month. Check if the expense is a Need (N), Want (W), or Obligation (O). You'll need to make copies of this worksheet before you begin your tracking. Or, you can use an app on a mobile device.

My Saving, Sharing, and Spending for the Week of: _____

Day	Expense	Amount	Need (N), Want (W), or Obligation (O)
	Example: <i>Lunch at restaurant</i>	<i>\$15.57</i>	<input type="checkbox"/> N <input checked="" type="checkbox"/> W <input type="checkbox"/> O
	Example: <i>Bus pass</i>	<i>\$20.00</i>	<input checked="" type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
Sunday		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
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		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
Monday		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
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		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O
		\$ _____	<input type="checkbox"/> N <input type="checkbox"/> W <input type="checkbox"/> O

The *Apply It* in the Participant Guide includes rows for Tuesday through Saturday as well. Those are not shown here.



PRESENT INFORMATION (4 MINUTES)

Apply It: My Monthly Expense Log

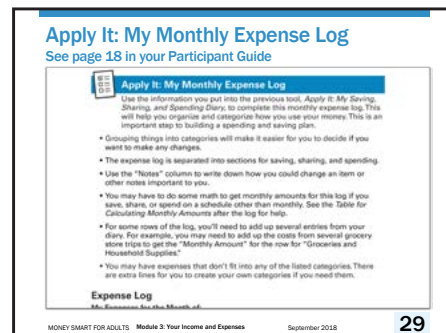
See page 18 in the Participant Guide.

SHOW SLIDE 29



SAY

- Turn to *Apply It: My Monthly Expense Log* on page 18 in your Participant Guide.
- This is the second tool you can use after today's training to help you understand how you use your money.
- Use the information you put into the previous tool, *Apply It: My Saving, Sharing, and Spending Diary*, to complete this monthly expense log. This will help you organize and categorize how you use your money.
- This is an important step to building a spending and saving plan.
- Grouping things into categories will make it easier for you to decide if you want to make any changes.
- The expense log is separated into sections for saving, sharing, and spending.
- Use the "Notes" column to write down how you could change an item or other notes important to you.
- You may have to do some math to get monthly amounts for this log if you pay expenses on a schedule other than monthly. See the *Table for Calculating Monthly Amounts* after the log for help.
- For some rows of the log, you'll need to add up several entries from your diary. For example, you may need to add up the costs from several grocery store trips to get the "Monthly Amount" for the row for "Groceries and Household Supplies."
- You may have expenses that don't fit into any of the listed categories. There are extra lines for you to create your own categories if you need them.



DO

- Time permitting, give participants a few minutes to review the *Apply It*.
- Ask if there are any questions.
- The *Expense Log* from the Participant Guide is on the next two pages.

Expense Log from the Participant Guide

My Expenses for the Month of _____

My Saving

Item	Monthly Amount	Notes
Saving Toward: An Emergency Fund		
Saving Toward:		
Saving Toward:		
Total Savings (add up rows above)		

My Sharing

Item	Monthly Amount	Notes
Sharing with Family and Friends		
Charitable Contributions		
Other:		
Other:		
Total Sharing (add up rows above)		

My Spending

Item	Monthly Amount	Notes
Rent / Mortgage Payment		
Property Taxes / Insurance		
Water		
Electric		
Gas / Oil		
Trash Collection		
Telephone (Cell and Land-Line)		
Internet		
Cable / Satellite / TV Viewing Services		
Car/Truck Payment		
Car/Truck Insurance		
Car/Truck Maintenance and Repair		
Car/Truck Fuel		
Public Transportation		

Item	Monthly Amount	Notes
Health Insurance (portion not covered by employer or taken out of gross pay)		
Other Healthcare Expenses		
Student Loan Payments		
Credit Card Debt Payments		
Other Debt Payments		
Personal Care Attendant		
Eldercare		
Childcare / Child Support Payments		
Groceries and Household Supplies		
Eating Out or Take-Out		
Service Animal Expenses		
Pet Care		
Personal Expenses		
Entertainment		
Other:		
Other:		
Total Spending (add up rows above)		

Table for Calculating Monthly Amounts

Frequency: How often you save, share or spend	Do this first Then enter into the Log
Annual (once per year)	Divide by 12
Semi-annual (twice per year)	Divide by 6
Quarterly (four times per year)	Divide by 3
Monthly (once per month)	Use as-is
Bimonthly (twice per month)	Multiply by 2
Biweekly (every two weeks)	Multiply by 26 and then divide by 12
Weekly (every week)	Multiply by 52 and then divide by 12



PRESENT INFORMATION (5 MINUTES)

Managing Your Expenses

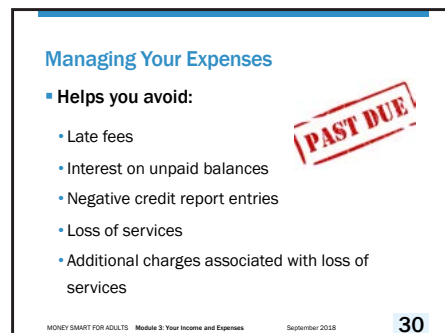
See page 21 in the Participant Guide.

SHOW SLIDE 30



SAY

- Managing your expenses so that you can make payments in advance of their due dates helps you avoid:
 - **Late fees**
 - **Interest on unpaid balances**
 - **Negative credit report entries**
 - **Loss of services**
 - **Additional charges associated with loss of services**, such as higher fees to restart services
- We'll look at a monthly payment calendar as a tool for managing your expenses.

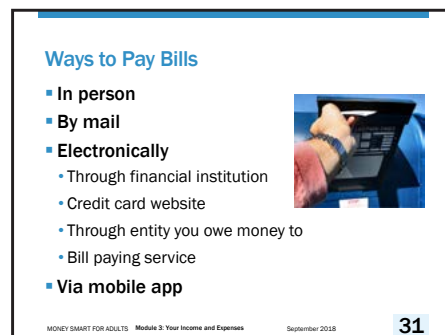


SHOW SLIDE 31



SAY

- There can be different ways to pay bills, including in person, by mail, electronically, and perhaps using a mobile app.
- **You may be able to pay in person** using cash, a money order, check, debit card, or credit card. Some bills cannot be paid in person. Some people like the assurance of paying bills in person. In person, you can usually use any form of payment. If using cash, make sure you get a receipt or some proof of payment.
- **You can pay by mail** using a check or money order. When paying bills by mail, don't forget the time for the payment to arrive.
 - Checks are forms you complete that instruct your financial institution to take the amount of money you specify out of your checking account and pay it to the person or organization you name on the check. You need to make sure you have enough money in the account to cover the check.
 - With a money order, you give the amount of money you want to pay someone plus a fee to a bank, store, or the U.S. Postal Service and then they issue a money order (that may look like a check) that you can use to make the payment.



■ You can pay electronically.

- These payments may be one-time, or you may be able to have payments made automatically on a regular schedule.
- There are several ways to set up electronic payments. For example, you may be able to:
 - » Set up payments through your account at a financial institution using their bill pay service.
 - » Set up payments through your credit card website.
 - » Set up payments directly through the entity you owe money to, giving them your bank account number, your debit card number, or your credit card number.
 - » Use a separate bill paying service.
- When you pay electronically, you are either giving your financial institution permission to pay the bill by taking funds from your account, or you are giving a company permission to pay the bill through your credit card or bank account.
 - » For example, you may allow a utility company to withdraw money from your bank account or charge your credit card to pay your utility bill every month when it is due.
 - » Or, you may give your financial institution or online bill payment service information about where to make the payment, and they send the payment electronically based on your instructions.
- Make sure you have enough money in your account to cover the payments or enough credit available on your credit card.
- Paying electronically usually provides a record of payments, and it reduces the chance of being late or missing payments.
- However, you still need to be careful about safety and security. Only pay bills through trusted services.

■ You can also use a mobile app, which is another way to access online bill payment or set up an automatic or one-time payment.

- Be sure you know what fees you could be charged, depending on how you decide to pay your bills.
- No matter how you pay the bills, you may want to use a monthly payment calendar on paper or mobile app to keep track of your bills and how you pay them.
- If you use a monthly payment calendar:
 - Write down when you need to mail, send electronically, or pay an expense in person. This will probably be before the actual due date.
 - If you plan to pay your bill by mail, enter the expense as due on your monthly payment calendar several days before it's actually due to allow for mail time.

- » The person or business you owe money to must receive your payment by the due date. Receipt by the due date is what counts—not the postmark or when you mail the payment.
- If you plan to pay your bill in person or using automatic payment, online bill payment service, or mobile app, enter the expense as due two to three days before it's actually due to allow for processing time.
 - » Sometimes you can pay bills online, in person, or with a mobile app on the same day they are due without incurring a penalty.



LEAD ACTIVITY (10 MINUTES) – SCENARIO

Try It: Making a Monthly Payment Calendar

See page 22 in the Participant Guide.

SHOW SLIDE 32



DO

- Ask participants to turn to *Try It: Making a Monthly Payment Calendar* on page 22 in their Participant Guide.
- Read the scenario to participants or ask for a volunteer to do so.

Try It: Making a Monthly Payment Calendar
See page 22 in your Participant Guide

Try It: Making a Monthly Payment Calendar


Read the scenario and Juan Carlo's List of Monthly Payments. Then complete Juan Carlo's Monthly Payment Calendar on the next page by writing in when he should be paying which bills.

Scenario: Juan Carlo Uses a Monthly Payment Calendar to Take Charge of His Bills

A few years ago, it seemed to Juan Carlo like he could never get ahead on paying his bills. Paying late fees on one bill would mean that he did not have enough money to pay another bill on time.

Now Juan Carlo uses a monthly payment calendar to manage his spending. He first lists the expenses he must pay regularly. Then he completes a monthly payment calendar. The calendar reminds him when to make payments and helps him avoid being late. To ensure his family understands the financial priorities for the household, he posts the monthly payment calendar on the refrigerator.

Juan Carlo makes some payments a little early to avoid unexpected events and mail delays getting in the way of paying bills on time. For example, he pays his rent two days early, just in case he's busy on the day rent is due. For bills he pays by mail, he sends the payment seven days early to allow time.



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SCENARIO: Juan Carlo Uses a Monthly Payment Calendar to Take Charge of His Bills



A few years ago, it seemed to Juan Carlo like he could never get ahead on paying his bills. Paying late fees on one bill would mean that he did not have enough money to pay another bill on time.

Now Juan Carlo uses a monthly payment calendar to manage his spending. He first lists the expenses he must pay regularly. Then he completes a monthly payment calendar. The calendar reminds him when to make payments and helps him avoid being late. To ensure his family understands the financial priorities for the household, he posts the monthly payment calendar on the refrigerator.

Juan Carlo makes some payments a little early to avoid unexpected events and mail delays getting in the way of paying bills on time. For example, he pays his rent two days early, just in case he's busy on the day rent is due. For bills he pays by mail, he sends the payment seven days early to allow time for it to arrive. He set up some bills to be paid automatically from his credit card five days before they are due. He pays his credit card bill online the day before it's due.

It surprised Juan Carlo how important the monthly payment calendar has become to his family's finances. He feels more in control of his financial life. He smiled when his daughter made a miniature bill calendar for the refrigerator in her doll house.

Juan Carlo's List of Monthly Payments

Monthly Payments	Monthly Amount	Due Date	Payment Method
Rent	\$845	Due 10/1	In-person
Car payment	\$145	Due 10/8	Mail
Student loan payment	\$120	Due 10/15	Mail
Phone bill	\$70	Due 10/17	Automatic payment from credit card
Credit card payment	\$170	Due 10/20	Paid online
Car insurance	\$100	Due 10/27	Automatic payment from credit card

**DO**

- Give participants six minutes to work in pairs to fill in *Juan Carlo's Monthly Payment Calendar*.
- After six minutes, review the answers with the participants using the Answer Key.
- If time permits, ask participants what they filled in on the calendar and why, before sharing the correct answers.

Juan Carlo's Monthly Payment Calendar – Answer Key

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
9/28	9/29 <i>Pay Rent in-person 2 days early \$845</i>	9/30	10/1 <i>Mail car payment 7 days early \$145</i>	10/2	10/3	10/4
10/5	10/6	10/7	10/8 <i>Mail Student loan payment 7 days early \$120</i>	10/9	10/10	10/11
10/12 <i>Automatic Phone bill payment 5 days early \$70</i>	10/13	10/14	10/15	10/16	10/17	10/18
10/19 <i>Pays Credit card bill online 1 day early \$170</i>	10/20	10/21	10/22 <i>Automatic Car insurance payment 5 days early \$100</i>	10/23	10/24	10/25
10/26	10/27	10/28	10/29	10/30	10/31	11/1



PRESENT INFORMATION (1 MINUTE)

Section Closing

See page 23 in the Participant Guide.

SHOW SLIDE 33



SAY

- Remember the key takeaway from this section: **Understand your expenses. That will help you decide how to save, share and spend your income.**

Remember the Key Takeaway

*Understand your expenses.
That will help you decide how
to save, share and spend your
income.*



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Module Closing

Training Time Estimate: 10 minutes



LEAD ACTIVITY (5 MINUTES)

Remember the Key Takeaways

See page 24 in the Participant Guide.

Note to Instructor: Only mention key takeaways for sections you included in the training.



SAY

- Remember the key takeaways. These are also listed on page 24 in your Participant Guide. Let me know if you have questions about any of them.

Section	Key Takeaway
1: Income	Understand your income. That is the first step to using it to meet your needs.
2: Expenses	Understand your expenses. That will help you decide how to save, share, and spend your income.



Take Action

See page 24 in the Participant Guide.

SHOW SLIDE 34



SAY

- You are more likely to take action if you commit to taking action now.
- Consider writing down what you intend to do because of what was covered during this training session.
- Take a few minutes now to answer the questions under *Take Action* on page 24 in your Participant Guide:
 - What will I do?
 - How will I do it?
 - Will I share my plans with anyone? If so, who?

Take Action
See page 24 in your Participant Guide

- What will I do?
- How will I do it?
- Will I share my plans with anyone? If so, who?

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**DO**

- Time permitting, ask participants if they want to share what they are going to do or how they are going to do it.
- Remind participants about the activities in their Participant Guide they can complete after today's training.
- Refer participants to *Where to Get More Information or Help* on page 25 in their Participant Guide for a list of online resources.
- If this is the end of your training, thank participants for attending and administer the post-training survey.



LEAD ACTIVITY (5 MINUTES)

Post-Training Survey

See page 29 in the Participant Guide.

Note to Instructor: After training ends, you can ask participants to complete the post-training survey in the back of their Participant Guide. You may want to give them “loose” copies so they don’t have to tear them out. The knowledge questions are the same as those in the pre-training survey.

The answer key is at the end of this Instructor Guide.

You may decide to compare post-training surveys to pre-training surveys to estimate knowledge gains of the entire group or for each participant. If you want to estimate by participant, ask them to write their last name or some other unique identifier on both their pre- and their post-training surveys so you can compare them for a given participant.

SHOW SLIDE 35**SAY**

- Thank you for attending this Money Smart Training called **“Your Income and Expenses.”**
- Before you leave, please take a few minutes to complete the Post-Training Survey on page 29 in your Participant Guide.
- I can look at the surveys to tell if I helped you add to your knowledge and to make changes and improvements to future trainings.
 - It should take less than five minutes to complete.
 - Let me know if you have any questions.

**DO**

- Collect the completed surveys if you plan to review them or compare them to pre-training surveys.
- Review the answers to the knowledge questions using the Answer Key on the next page.

Post-Training Survey
See page 29 in your Participant Guide

THANK YOU

Post-Training Survey
Your instructor may ask you to complete this post-training survey training ends.

Please answer these questions:

1. Net income is how much you earn before taxes and deductions.	True	False
2. There are only two ways to receive income: cash or check.	True	False
3. There are only two ways to pay bills: in person or mailing a check.	True	False
4. Income includes:	d. Tips	
a. Money from working	e. Income tax	
b. Public benefits that provide cash assistance	f. All of the above	
c. Cash gifts		
5. Paycheck deductions may include:	d. Health Insurance	
a. Withholding for federal income taxes	e. None of the above	
b. Social Security	f. All of the above	
c. Medicare		

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Answer Key for Both the Pre- and Post-Training Surveys

1. Net income is how much you earn before taxes and deductions.
The answer is **false**.
2. There are only two ways to receive income: cash or check.
The answer is **false**.
3. There are only two ways to pay bills: in person or mailing a check.
The answer is **false**.
4. Income includes:
The answer is **a, b, c and d**.
 - a. **Money from working**
 - b. **Public benefits that provide cash assistance**
 - c. **Cash gifts**
 - d. **Tips**
 - e. Income tax
 - f. All of the above
5. Paycheck deductions may include:
The answer is **f**.
 - a. Withholding for federal income taxes
 - b. Social Security
 - c. Medicare
 - d. Health Insurance
 - e. None of the above
 - f. **All of the above**
6. Will garnishment of your wages increase or decrease your take-home pay?
The answer is **b**.
 - a. Increase
 - b. **Decrease**

continued on next page

Note to Instructor: There are no “right” or “wrong” answers to the remaining questions, which appear in the post-training survey and not in the pre-training survey.

About the Training

Check the box that best describes your agreement or disagreement with each of these statements.

	Completely agree	Somewhat agree	Somewhat disagree	Completely disagree
7. I would recommend this training to others.				
8. I plan to apply what was discussed in this training to my life.				
9. The instructor used engaging training activities that kept me interested.				
10. The instructor was knowledgeable and well prepared.				
11. The Participant Guide is clear and helpful.				

Money Smart for Adults Modules

Thank you for presenting this module. Consider providing training on other Money Smart for Adults modules, as shown below. Visit www.FDIC.gov/moneysmart.

Module Number	Module Name	Module Focus
1	Your Money Values and Influences	Internal values and goals, external influences, and their relationships to financial decisions
2	You Can Bank On It	Financial products, services, and providers
3	Your Income and Expenses	How to track income and expenses
4	Your Spending and Saving Plan	How to develop a spending and saving plan, and how to prioritize spending when money is short
5	Your Savings	Saving money for expenses, goals, and emergencies
6	Credit Reports and Scores	Credit reports and scores, building productive credit histories, and repairing and improving credit
7	Borrowing Basics	Options for borrowing money and the costs
8	Managing Debt	Different kinds of debt and ways to manage it
9	Using Credit Cards	How credit cards work and how to manage them
10	Building Your Financial Future	Ways to build assets, including buying a car and getting training and education
11	Protecting Your Identity and Other Assets	Ways to recognize, respond to, and reduce the risks of identity theft, along with strategies for protecting other assets
12	Making Housing Decisions	Different types of safe and affordable housing, including specific information on renting
13	Buying a Home	The home buying process, including mortgages
14	Disasters—Financial Preparation and Recovery	How to financially prepare for, and recover from, disasters

Visit the FDIC's website at **www.fdic.gov/education** for more information and resources on banking-related issues. For example, FDIC Consumer News provides practical hints and guidance on how to become a smarter, safer user of financial services. Also, the FDIC's Consumer Response Center is responsible for:

- Investigating all types of consumer complaints about FDIC-supervised institutions
- Responding to consumer inquiries about consumer laws and regulations and banking practices

**You can also call the FDIC for information and assistance at
877-ASK-FDIC (877-275-3342).**



MONEY SMART for Adults
INSTRUCTOR GUIDE
Module 3: Your Income and Expenses

September 2018
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