



# MODULE 4: Your Spending and Saving Plan

## PARTICIPANT 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 Participant Guide. For more information about our family of Money Smart products, visit [www.fdic.gov/moneysmart](http://www.fdic.gov/moneysmart).

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# Welcome

Welcome to the FDIC's Money Smart for Adults!

This is the Participant Guide for **Module 4: Your Spending and Saving Plan**. Use it during and after training. Mark it up, write in it, take notes—it is yours to keep.

## Module Purpose

This module helps you put together information about your income and expenses to develop a spending and saving plan.

This module also:

- Discusses how to increase income and decrease expenses
- Explores how to prioritize spending when there isn't enough money to pay all bills in full and on time

# Section 1: Making a Monthly Spending and Saving Plan

We will discuss how to create a spending and saving plan and then we'll talk about ways to increase income and decrease expenses.



## Key Takeaway



Use a monthly spending and saving plan to guide how you use your money.

## Building Blocks of a Spending and Saving Plan

A spending and saving plan helps you:

- Compare your income and expenses
- Understand where your money is going
- Make adjustments so you can use your money to meet your goals

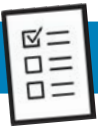
Spending and saving plans bring together two money topics:

- Income: money you receive
- Expenses: how you use your income



**INCOME**

**EXPENSES**



## Apply It: Making My Spending and Saving Plan

This blank spending and saving plan has three sections:

- My Net Income
- My Expenses
- Comparison of My Total Net Income and My Total Expenses

Steps to fill it out:

1. Complete the column called "Past Monthly Amount"
2. Complete the column called "Planned Monthly Amount for \_\_\_\_ (Month)" and fill in the month
3. Compare your total net income and total expenses
4. If needed, make changes to the income and expenses you have in the Planned Monthly Amount column so that your income covers your expenses.

You may have to do some math to get monthly amounts if you receive income or pay expenses on a schedule other than monthly. See the *Table for Calculating Monthly Amounts* below the spending and saving plan for help.

When you compare your income and expenses, you will have three possible outcomes.

<b>If the Difference is:</b>	<b>That means:</b>	<b>And so:</b>
<b>Zero (0)</b>	Your income is the same as your expenses.	You should have just enough income to cover your expenses.
<b>A positive number</b>	You have more income than expenses.	You should have enough income to cover your expenses.
<b>A negative number</b>	You have more expenses than income.	You would likely not have enough income to cover your expenses. You will need to increase your income, decrease your expenses, or incur debt to make it possible to pay your expenses.

**Please Note:** If you have already completed *Apply It: My Monthly Income Log* from *Module 3: Your Income and Expenses*, you can use those numbers for the "Past Monthly Amount" column in My Net Income.

Likewise, if you have already completed *Apply It: My Monthly Expense Log* from *Module 3*, you can use those numbers for the "Past Monthly Amount" column in My Expenses.

### Apply It: Making My Spending and Saving Plan *continued*

You can create your own spending and saving plan using the blank one below after today's training. Use it to determine if you need to adjust your income and/or expenses to better meet your financial goals.

## My Spending and Saving Plan

### My Net Income

Item	Past Monthly Amount	Planned Monthly Amount for _____ (Month)
Net (Take-Home) Pay Job 1		
Net (Take-Home) Pay Job 2		
Net (Take-Home) Pay Job 3		
Net Self-Employment Income		
Public Benefit 1:		
Public Benefit 2:		
Public Benefit 3:		
Public Benefit 4:		
Interest		
Dividends		
Child Support		
Alimony		
Gifts		
Other:		
Other:		
Other:		
<b>My Total Net Income</b> (add up rows above)		

## Apply It: Making My Spending and Saving Plan *continued*

### My Expenses

Item	Past Monthly Amount	Planned Monthly Amount for _____ (Month)
------	---------------------	--

### My Saving

Saving Toward: Emergency Fund		
Saving Toward:		
Saving Toward:		

### My Sharing

Sharing with Family and Friends		
Charitable Contributions		
Other:		
Other:		

### My Spending

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		



### Apply It: Making My Spending and Saving Plan *continued*

#### My Expenses (continued)

Item	Past Monthly Amount	Planned Monthly Amount for _____ (Month)
Public Transportation		
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:		
Other:		
<b>My Total Expenses</b> (add up rows above)		

### Apply It: Making My Spending and Saving Plan *continued*

#### Comparison of My Total Net Income and My Total Expenses

Item	Amount
<b>My Total Net Income</b> (from last row of the My Net Income section in the Planned Monthly Amount column)	
<b>My Total Expenses for _____ Month</b> (from last row of the My Expenses section in the Planned Monthly Amount column)	
<b>Difference</b> (My Total Net Income minus My Total Expenses)	

#### Table for Calculating Monthly Amounts

Frequency: How often you receive the income or pay the expense	Do this first Then enter into the Plan
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



## Try It: Making a Spending and Saving Plan

Read the scenario. Use Shelley and Walter's Spending and Saving Plan to complete the table on page 12. Then answer the questions on page 12.

### Scenario: Shelley and Walter Make a Spending and Saving Plan

Shelley and Walter recently moved to a new city eight months ago. They both have jobs. Walter also does freelance work on the weekends to bring in some extra cash. Their total net income is \$3,100 per month. They are trying to save money toward an emergency fund, but their savings account is actually decreasing each month. That's because they are withdrawing money to cover expenses. They also would like to start a college fund for their granddaughter.



They have tried to figure out where to save money, but everything seems non-negotiable. The utility bills have surprised them – especially gas in the winter and electric in the summer in their new climate. Shelley's car keeps needing unexpected repairs. And they can't seem to make much headway on paying down their credit card debt. Other costs are stable from month to month, but are essential. For example, the service animal expenses are necessary because Walter is blind.

To better understand their income and expenses, Shelley and Walter completed income and expense logs last month. They used those to complete their spending and saving plan.

## Shelley and Walter's Spending and Saving Plan

### Their Net Income

Item	Past Monthly Amount	Planned Monthly Amount for April
Net (Take-Home) Pay Job 1	\$2,000	\$2,000
Net (Take-Home) Pay Job 2	\$1,000	\$1,000
Net (Take-Home) Pay Job 3		
Net Self-Employment Income	\$100	\$100
Public Benefit 1:		

### Try It: Making a Spending and Saving Plan *continued*

#### Their Net Income (continued)

Item	Past Monthly Amount	Planned Monthly Amount for April
Public Benefit 2:		
Public Benefit 3:		
Public Benefit 4:		
Interest		
Dividends		
Child Support		
Alimony		
Gifts		
Other:		
Other:		
Other:		
<b>Their Total Net Income</b>	\$3,100	\$3,100

#### Their Expenses

Item	Past Monthly Amount	Planned Monthly Amount for April
------	---------------------	----------------------------------

#### Their Saving

Saving Toward: Emergency Fund	\$0	\$25
Saving Toward: <i>College Fund for Granddaughter</i>	<i>\$0</i>	<i>\$25</i>
Saving Toward:		

#### Their Sharing

Sharing with Family and Friends		
Charitable Contributions	\$15	\$15
Other:		
Other:		

### Try It: Making a Spending and Saving Plan *continued*

#### Their Expenses (continued)

Item	Past Monthly Amount	Planned Monthly Amount for April
<b>Their Spending</b>		
Rent / Mortgage Payment	\$600	\$600
Property Taxes / Insurance		
Water	\$15	\$15
Electric	\$75	\$75
Gas / Oil	\$75	\$75
Trash Collection	\$20	\$20
Telephone (Cell and Land-Line)	\$75	\$75
Internet	\$65	\$65
Cable / Satellite / TV Viewing Services	\$125	\$125
Car/Truck Payment	\$200	\$200
Car/Truck Insurance	\$150	\$150
Car/Truck Maintenance and Repair	\$250	\$250
Car/Truck Fuel	\$100	\$100
Public Transportation		
Health Insurance (portion not covered by employer or taken out of gross pay)		
Other Healthcare Expenses	\$50	\$50
Student Loan Payments		
Credit Card Debt Payments	\$150	\$150
Other Debt Payments		
Personal Care Attendant		
Eldercare		

### Try It: Making a Spending and Saving Plan *continued*

#### Their Expenses (continued)

Item	Past Monthly Amount	Planned Monthly Amount for April
Childcare / Child Support Payments		
Groceries and Household Supplies	\$300	\$300
Eating Out or Take-Out	\$200	\$200
Service Animal Expenses	\$200	\$200
Pet Care		
Personal Expenses	\$150	\$150
Entertainment	\$300	\$300
Other:		
Other:		
Other:		
<b>Their Total Expenses</b> (add up rows above)	\$3,115	\$3,165

### COMPLETE THIS TABLE:

#### Comparison of Their Total Net Income and Their Total Expenses

Item	Amount
<b>Their Total Net Income</b>	<i>Fill In:</i>
<b>Their Total Expenses for April</b>	<i>Fill In:</i>
<b>Difference</b> (Their Total Net Income minus Their Total Expenses)	<i>Calculate:</i>

### ANSWER THESE QUESTIONS:

Does Shelley and Walter's spending and saving plan show that their income will cover their expenses?

Yes    No

What is the difference? \$ \_\_\_\_\_

We will come back to Shelley and Walter's spending and saving plan in a little while to try to find ways they can adjust their income and expenses. We are not doing that in this "Apply It" right now.



## Apply It: Using My Spending and Saving Plan

There are several ways to actively use your spending and saving plan throughout the month to gain control over how you use your money.

Check the daily, weekly, and monthly spending and saving activities you want to try. If you have other ideas, add them.



### Daily

- Record your saving, sharing, and spending.** Saving your receipts is a good first step. In addition to using receipts to track your uses of income, you can also use them when you review your monthly statements.
- Collect your change.** Drop your spare change into a jar. This can help you build savings and keep your pockets or purse free of loose change.
- My other ideas:**

<ul style="list-style-type: none"><li>▪</li> <li>▪</li> <li>▪</li> <li>▪</li> <li>▪</li> <li>▪</li></ul>
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**Apply It: Using My Spending and Saving Plan *continued*****Weekly**

- Putting limits on spending using the envelope system.** Label envelopes for categories of spending that you want to limit. Using your spending and saving plan, estimate how much you will need for each category for a week. Put those amounts in your envelopes at the beginning of each week. Use only what is in the envelopes for your spending.

The spending and saving plan represents a full month. You can estimate weekly amounts for types of spending by multiplying the monthly amount by 12 (months in a year) and then dividing that number by 52 (weeks in a year). Or, for a quick estimate, divide the monthly amount by four.

- Establish a weekly money check-in.** Set aside a convenient time and day of the week for you and other members of your household to review your actual spending against your spending and saving plan. Adjust your spending and/or your plan for the next week. You can also use this time to pay your bills.

- My other ideas:**

<ul style="list-style-type: none"><li>▪</li> <li>▪</li> <li>▪</li> <li>▪</li> <li>▪</li></ul>
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**Apply It: Using My Spending and Saving Plan *continued*****Monthly**

- Conduct a monthly review.** Review records of your spending for the past month using an app, receipts, or your own log of spending to compare how your spending and saving plan did and did not reflect what you actually spent. Reflect on what you want to do differently next month and create a spending and saving plan for next month that is realistic and aligns with how you want to use your money.
- Have a monthly goal-setting session.** Have each family or household member write one or more goals for their spending and saving in the coming month. Be sure to also review progress toward the previous months' goals.
- Celebrate successes.** Declare a family or household member to be Money Manager of the Month based on the person's success at saving money or spending less during the month.
- Prepare for taxes.** At the end of the month, identify expenses that may be important for tax time. Make sure to save the evidence of these expenses, such as receipts, invoices, or screenshots of online payments.
- My other ideas:**

<ul style="list-style-type: none"><li>▪</li> <li>▪</li> <li>▪</li> <li>▪</li> <li>▪</li></ul>
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## Increasing Income

Write down ideas for increasing income that might work for you.



## Decreasing Expenses

Write down ideas for decreasing expenses that might work for you.

## Making Adjustments

A spending and saving plan does not stay the same every month. It has to change to reflect your reality. That's why it can be a really useful tool. It can help you decide where you may need to change things. Adjusting it doesn't mean you have a bad plan.



### Try It: Adjusting a Spending and Saving Plan

Using the scenario and spending and saving plan from *Try It: Making a Spending and Saving Plan* on page 9, answer the questions.

**How can Shelley and Walter increase their income?**

**How can Shelley and Walter decrease their expenses?**



### Remember the Key Takeaway

Use a monthly spending and saving plan to guide how you use your money.

## Section 2: When Money Is Short

We will discuss what to do when you don't have enough money to pay all of your bills in full and on time.



**Key Takeaway** 

**Prioritize which bills to pay first when money is short.**

### How Does It Happen and What Can I Do?

Even with careful planning, money can run short.

**Why might people not have enough money to pay bills?** You can take notes from the discussion here.

**What can you do when money is short?** You can take notes from the discussion here.

## **Prioritizing Based on What Might Happen**

Prioritizing means making choices about which bills you will pay in full, pay partially, or pay late.

You still need to pay all of your bills, but the order you pay them can sometimes help you make it through the month.

Examining the consequences of not paying certain bills in full and on time is the first step to prioritizing. Think about what might happen if you don't pay.

Pay particular attention to consequences that:

- Prevent you from earning income
- Jeopardize your shelter
- Impact your or your family's health or ability to live independently
- Could result in loss of your assets



## Apply It: Prioritizing My Expenses

When your income is less than usual or you've had an unexpected expense, your regular bills and living expenses don't stop.

### First:

- Try to find ways to increase income or reduce expenses.
- Contact your creditors. They may give you extra time to pay or otherwise work with you.
- Reach out for help, not only from family and friends, but also from community-based organizations and public agencies.

### Then:

**If you still can't pay all of your bills in full when they are due, prioritize which to pay first. You can use the table on the next page.**

Step 1: List all of your bills and other expenses. Indicate if you've talked to your creditor(s) or asked for help from others.

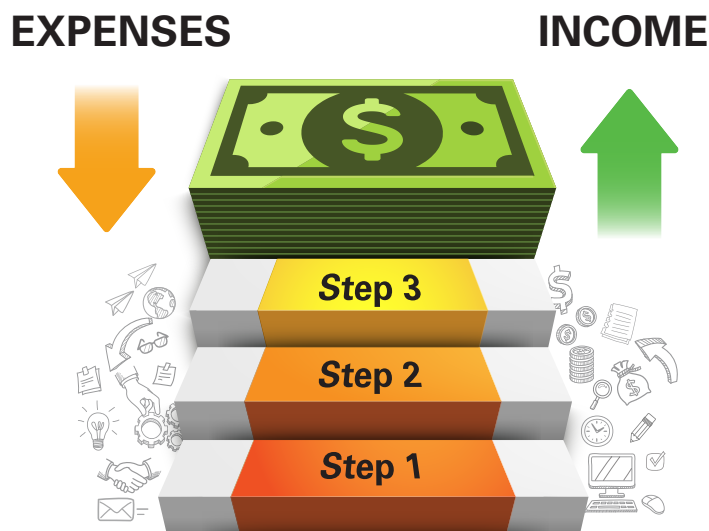
Step 2: Write down what will happen if you don't pay.

Step 3: Complete the Priority Number column. Put a "1" in that column for the bill or expense that has the most serious consequences if you don't pay it in full and on time. Next, put a "2" for the bill with the second most serious consequences. Continue until you have assigned a priority to each one.

The expense marked "1" is your highest priority expense. Pay it in full and on time if you can. The expenses with the higher numbers are those with less serious consequences if you do not pay them in full now.

### Keep in mind:

All of your bills are your responsibility. Plan to pay them as soon as you are able to do so.



**Apply It: Prioritizing My Expenses *continued***

Bills and Expenses	Amount Due	Date Due	Spoke to Creditor? (Y/N)	Asked for Help? (Y/N)	What Will Happen If I Don't Pay in Full When Due?	Priority Number
Example: <b>Phone bill</b>	<b>\$50.00</b>	<b>1/5/19</b>	<b>Yes</b>	<b>No</b>	<b>Late fee or service might be cut off, but not until bill is unpaid for 2 months</b>	<b>4</b>



**Remember the Key Takeaway**

**Prioritize which bills to pay first when money is short.**

# Module Closing

## ★ Remember the Key Takeaways

Section	Key Takeaway
1: Making a Monthly Spending and Saving Plan	Use a monthly spending and saving plan to guide how you use your money.
2: When Money Is Short	Prioritize which bills to pay first when money is short.

## Take Action

You are more likely to take action if you commit to **taking action now**. One way to commit is to think about what you plan to do because of what you learned today. Then write it down.

### What will I do?

### How will I do it?



**Will I share my plans with anyone? If so, who?****Where to Get More Information or Help**

Using a local workforce development program might help you develop skills to fill high-demand jobs and increase your income over the long term. To find workforce development programs, start by visiting **[www.careeronestop.org](http://www.careeronestop.org)**.

For more information about public benefits and eligibility requirements, visit **[www.benefits.gov](http://www.benefits.gov)**.

You may be eligible for various tax credits that can increase your net income. Consider getting free tax preparation assistance through the Volunteer Income Tax Assistance Program or VITA. Go to **[www.irs.gov](http://www.irs.gov)** and search for "VITA."

For help with your energy bills, find assistance in your state and community by visiting **<https://liheapch.acf.hhs.gov/help>**.

Community action agencies are a potential source of help when money is short. Many agencies have programs offering help covering expenses, such as rent assistance. Visit **[www.communityactionpartnership.com/find-a-cap](http://www.communityactionpartnership.com/find-a-cap)** to find an agency near you.

*Your Money, Your Goals* includes a booklet of practical tools to help with the common challenges of paying bills. Visit **[consumerfinance.gov](http://consumerfinance.gov)** and search for "Behind on Bills."

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If you have a question about a banking product, ask a customer service representative at the financial institution for help.

If you have a concern, explain to the customer service representative what happened and what you would like them to do to correct the situation. If that does not help, consider contacting the federal regulator for that financial institution.

To find out who regulates the financial institution, call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342) or visit **[www.fdic.gov/consumers/assistance/filecomplaint.html](http://www.fdic.gov/consumers/assistance/filecomplaint.html)**.

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# Pre-Training Survey

Your instructor may ask you to complete this pre-training survey before the training begins.

Please answer these questions:

- |  | True | False |
|--|------|-------|
| 1. Thinking about your spending and saving plan is all it takes to manage your money.                          |      |       |
| 2. A spending and saving plan:   |      |       |
| a. Records the value of your assets  |      |       |
| b. Tells you which bills to pay first if you can't afford to pay them all                                      |      |       |
| c. Lists your income and expenses  |      |       |
| d. Should not include gifts that you receive or give to others   |      |       |
| e. All of the above  |      |       |
| f. None of the above   |      |       |
| 3. When you don't have enough money to pay all of your bills on time:  |      |       |
| a. Prioritize which bills to pay in full, in part, or late based on what will happen if you don't pay the bill |      |       |
| b. Ignore the people you owe until you are able to pay   |      |       |
| c. Hold off on paying any of your bills until you can pay them all   |      |       |
| d. All of the above  |      |       |
| e. None of the above   |      |       |
| 4. If you spend more than your income can support, look for ways to:   |      |       |
| a. Increase your income  |      |       |
| b. Decrease your expenses  |      |       |
| c. Increase your expenses  |      |       |
| d. Decrease your income  |      |       |
| e. None of the above   |      |       |
| f. Both a and b  |      |       |

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# Post-Training Survey

Your instructor may ask you to complete this post-training survey after the training ends.

Please answer these questions:

- |  | True | False |
|--|------|-------|
| 1. Thinking about your spending and saving plan is all it takes to manage your money.                          |      |       |
| 2. A spending and saving plan:   |      |       |
| a. Records the value of your assets  |      |       |
| b. Tells you which bills to pay first if you can't afford to pay them all                                      |      |       |
| c. Lists your income and expenses  |      |       |
| d. Should not include gifts that you receive or give to others   |      |       |
| e. All of the above  |      |       |
| f. None of the above   |      |       |
| 3. When you don't have enough money to pay all of your bills on time:  |      |       |
| a. Prioritize which bills to pay in full, in part, or late based on what will happen if you don't pay the bill |      |       |
| b. Ignore the people you owe until you are able to pay   |      |       |
| c. Hold off on paying any of your bills until you can pay them all   |      |       |
| d. All of the above  |      |       |
| e. None of the above   |      |       |
| 4. If you spend more than your income can support, look for ways to:   |      |       |
| a. Increase your income  |      |       |
| b. Decrease your expenses  |      |       |
| c. Increase your expenses  |      |       |
| d. Decrease your income  |      |       |
| e. None of the above   |      |       |
| f. Both a and b  |      |       |

Continued on next page

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

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Visit the FDIC's website at [www.fdic.gov/education](http://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**

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**September 2018**

**[www.fdic.gov/education](http://www.fdic.gov/education)**