

MONEY SMART FOR YOUNG ADULTS



MODULE 4

Your Spending and Saving Plan

Instructor Guide



FDIC-016-2022

The Federal Deposit Insurance Corporation is an independent agency created by 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 **[fdic.gov/moneysmart](https://www.fdic.gov/moneysmart)**.

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Welcome

Welcome to the FDIC's Money Smart for Young Adults!

This is the instructor guide for Module 4: Your Spending and Saving Plan.

Module Purpose

This module helps participants put together information about their income and expenses to develop a spending and saving plan. Participants will be able to:

- Create and use a spending and saving plan
- List ways to increase income and decrease expenses
- Prioritize which bills to pay first based on what might happen if bills are not paid in full and on time

Module at a Glance

We estimate you will need a little more than an hour to cover the entire module, not including breaks. You can cover all the sections or select sections based on the time you have available and the needs of participants.

SECTION	SUBSECTIONS AND ACTIVITIES	ESTIMATED TIME (MINUTES)
Module Opening	<ul style="list-style-type: none">▪ Welcome Participants as They Arrive▪ Pre-Training Survey (Optional)▪ Parking Lot and Participant Guide	10
Section 1: Making a Monthly Spending and Saving Plan	<ul style="list-style-type: none">▪ Building Blocks of a Spending and Saving Plan▪ Apply It: Making My Spending and Saving Plan▪ Try It: Making a Spending and Saving Plan▪ Apply It: Using My Spending and Saving Plan▪ Increasing Income▪ Decreasing Expenses▪ Making Adjustments▪ Try It: Adjusting a Spending and Saving Plan	35
Section 2: When Money Is Short	<ul style="list-style-type: none">▪ How Does It Happen and What Can I Do?▪ Prioritizing Based on What Might Happen▪ Apply It: Prioritizing My Expenses	20
Module Closing	<ul style="list-style-type: none">▪ Remember the Key Takeaways▪ Take Action▪ Post-Training Survey (Optional)	10

The FDIC created Real-Life Money Situations for Young Adults to strengthen the financial knowledge, skills, and self-efficacy of young adults ages 16 to 24. The five scenarios can be used with the Money Smart for Young Adults financial education curriculum, with other financial education curricula, or as stand-alone activities. Each scenario features a young adult facing realistic financial decisions. Young adults reflect on the scenarios and consider how they might respond in similar situations. The scenario titled Makayla Starts a Job features financial decisions that relate to the content of this module. Search fdic.gov for Real-Life Money Situations for Young Adults.

Module Opening

Time estimate for this section: 10 minutes

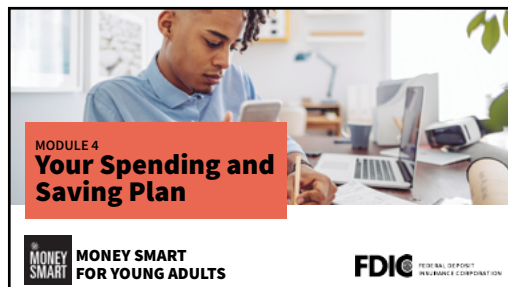
Welcome Participants as They Arrive

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 that any requested reasonable accommodations are in place and make any necessary adjustments



Pre-Training Survey (Optional)

See page 22 in the participant guide.

Note to Instructor: Before training starts, you can ask participants to complete the pre-training survey in the back of the participant guide. Give participants copies of the survey so they do not have to tear pages out of their guides. The questions are repeated in the post-training survey.

The answer key is at the end of this instructor guide, but do not share the answers now.

Using the pre- and post-training surveys allows you to estimate knowledge gains and get other feedback on the training. You may decide to compare pre-training surveys to post-training surveys to estimate knowledge gains of the entire group or for individual participants. To estimate by participant, ask them to write their name or some other unique identifier on both their pre- and their post-training surveys.

SHOW SLIDE 2



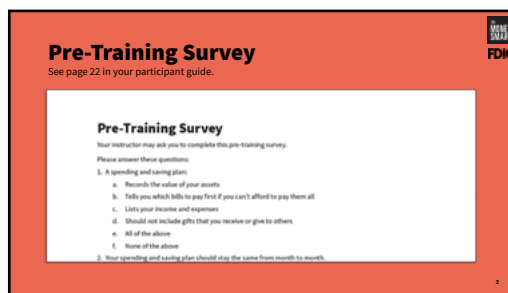
SAY

- Thank you for coming to this Money Smart training on “Your Spending and Saving Plan.”
- Please complete the pre-training survey on page 22 of your participant guide.
- It should take less than five minutes to complete.



DO

- Collect the completed surveys.



Parking Lot and Participant Guide



- I will use a parking lot to capture questions, ideas, and other thoughts. We can add items anytime during the training. Time permitting, I will address them during breaks or at the end of training.
- You have a participant guide. You can write in it. It is yours to keep.

Section 1: Making a Monthly Spending and Saving Plan

Time estimate for this section: 35 minutes

See page 2 in the participant guide.

Participants will be able to:

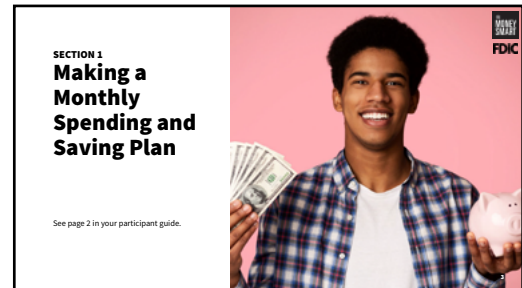
- Create and use a spending and saving plan
- List ways to increase income and decrease expenses

SHOW SLIDE 3



SAY

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



SHOW SLIDE 4



SAY

- The key takeaway for this section is: Use a monthly spending and saving plan to guide how you use your money.



Building Blocks of a Spending and Saving Plan

Present information (2 minutes)

See page 2 in the participant guide.

SHOW SLIDE 5



SAY

- A spending and saving plan helps you compare your income and expenses, understand where your money is going, and adjust how you use your money to meet your goals.
- Some people call this a budget. We are using the phrase “spending and saving plan” so it’s clear we are planning for how we spend, and save, money.
- Spending and saving plans bring together two money topics:



- Income, which is money you receive, including:
 - » Earned income.
 - » Income from assets and investments.
 - » Public benefits or entitlements that pay money.
 - » Other income, such as gifts, child support, and alimony.
- Expenses, which is how you use your income (for example, saving money, sharing money, and spending money).
- Thinking about your income and expenses can be stressful, especially if you are worried about making ends meet.
- We're going to talk about and practice putting income and expenses into a monthly plan. The process empowers you to make choices and equips you to make changes, if needed.
- Eventually, it helps reduce stress about money.



Apply It: Making My Spending and Saving Plan

Present information (5 minutes)

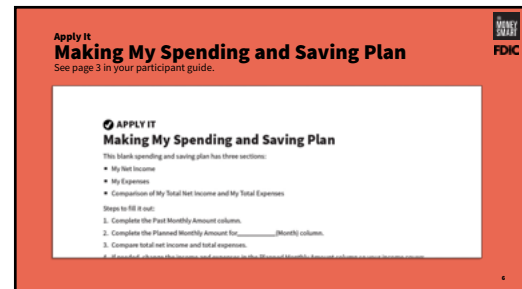
See page 3 in the participant guide.

SHOW SLIDE 6



SAY

- Turn to “Apply It: Making My Spending and Saving Plan” on page 3 in your participant guide.
- Creating a spending and saving plan takes time.
- We'll work on an activity using a completed spending and saving plan. It provides an opportunity to find ways to increase income and decrease expenses.
- But first, let's look at the blank spending and saving plan that starts on page 3 in your participant guide. You can complete this one with your own information after today's training.



SHOW SLIDE 7



SAY

- The spending and saving plan has three parts:
 - Net Income. Net income is sometimes called your “take home pay.” It is the money that you actually get from your paycheck and other sources of income, rather than the gross amount you get paid before taxes and other payroll deductions. Using net income in this spending and saving plan means that taxes on your income do not need to be included as an expense.
 - Expenses. Expenses are how you use your income. Expenses may be paid weekly, monthly, quarterly, annually or on a one-time basis.
 - Comparing Income and Expenses. A comparison of net income from all sources and total expenses to determine if your income covers your expenses.
- Your participant guide provides detailed instructions for filling out the spending and saving plan.
- Here’s how you will fill it out:
 - First, complete the Past Monthly Amount column. Record your net income and your expenses based on past months. The column will be most accurate if it reflects at least one month of income and expenses.
 - Next, complete the Planned Monthly Amount column. It includes a space for you to write which month you are planning. Fill in income and expenses using the Past Monthly Amount column as a reminder of your recent income and expenses.
 - » Don’t just copy those amounts—think about whether you need to adjust your income or expenses from last month.
 - » For example, you may want to put more money into your Saving for Emergencies fund. You may be able to cut back spending on Groceries and Household Supplies to make that change.
 - » You may be able to cut out an expense altogether. For example, maybe you spend less money on Cable/Satellite/TV Viewing Services by switching to a different plan or canceling it altogether, and use that money to pay down debt instead.
 - » Be sure the amount you cut back or eliminate is realistic for you.
 - » Generally, only include income you can depend on.
 - Finally, compare your total net income and your total expenses. This helps you see if your income covers your expenses. If not, look at ways to adjust your income and expenses.
- If you receive income or pay expenses on a schedule other than monthly, use the Table for Calculating Monthly Amounts below the plan to convert those numbers into their monthly equivalents.



SHOW SLIDE 8



SAY

- When you compare your total net income and your total expenses, you have three possible outcomes. Look at the Comparison of My Total Net Income and My Total Expenses section. If the Difference is:
 - Zero, your income is the same as your expenses. Your income just covers your expenses.
 - A positive number, your income is greater than your expenses. You should have enough income to cover your expenses. You can plan to share, spend, or save your extra income.
 - A negative number, your expenses are greater than your income. You likely do not have enough income to cover your expenses. You need to increase your income, decrease your expenses, or incur debt to pay your expenses.
 - You can create your own spending and saving plan using this Apply It after today's training. Use it to determine if you need to adjust your income and expenses to better meet your financial goals.
- Now we will practice on a sample spending and saving plan.

When You Compare

My Total Net Income MINUS My Total Expenses

IF YOUR DIFFERENCE IS:

- 0** Zero – your income equals your expenses
- +** Positive – you have more income than expenses
- Negative – you have more expenses than income

Note to Instructor: Scripting continues on page 13, after the Apply It as shown in the participant guide.

Apply It: Making My Spending and Saving Plan, as Shown in the Participant Guide



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 Past Monthly Amount column.
2. Complete the Planned Monthly Amount for _____ (Month) column.
3. Compare total net income and total expenses.
4. If needed, change the income and expenses in the Planned Monthly Amount column so your income covers your expenses.

If you receive income or pay expenses on a schedule other than monthly, use the Table for Calculating Monthly Amounts below the plan to convert those numbers into their monthly equivalents. When you compare your income and expenses, you have three possible outcomes.

If the Difference is:	That means:	And so:
Zero 0	Your income is the same as your expenses.	You should have just enough income to cover your expenses.
A positive number +	You have more income than expenses.	You should have enough income to cover your expenses. You can plan to share, spend, or save your extra income.
A negative number -	You have more expenses than income.	You likely do not have enough income to cover your expenses. You need to increase your income, decrease your expenses, or incur debt to pay your expenses.

Please Note: If you have completed “Apply It: My Monthly Income Log” from Module 3: Making the Most of Your Income, you can use those numbers for the Past Monthly Amount column in My Net Income. Likewise, if you have completed “Apply It: My Monthly Expense Log” from Module 3, you can use those numbers for the Past Monthly Amount column in My Expenses.

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

My Spending and Saving Plan

MY NET INCOME

ITEM	MONTHLY AMOUNT	
	Past	Planned _____
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:		
Total Net Income (Add rows above)		

MY EXPENSES

My Savings

ITEM	MONTHLY AMOUNT	
	Past	Planned _____
Saving for Retirement		
Saving for Emergencies		
Other:		
Other:		
Total Savings (Add rows above)		

My Sharing

ITEM	MONTHLY AMOUNT	
	Past	Planned _____
Charitable Contributions		
Other:		
Other:		
Total Sharing (Add rows above)		

Apply It: Making a Spending and Saving Plan *continued*

My Spending ITEM	MONTHLY AMOUNT	
	Past	Planned _____
Property Taxes not paid as part of mortgage payment (escrowed), if applicable. (Not applicable for renters)		
Insurance payments not paid as part of mortgage or rental payment (escrowed), such as private mortgage insurance, homeowner's/renters' insurance, or flood insurance.		
Water		
Electric		
Heating Gas/Oil		
Trash Collection		
Cellphone		
Landline Telephone		
Internet		
Cable/Satellite/TV Viewing Services		
Car/Truck Payment		
Car/Truck Insurance		
Car/Truck Maintenance and Repair		
Car/Truck Fuel or EV Charge		
Public Transportation or Ridesharing		
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		
Elder Care		
Child Care		
Child Support Payments		
Groceries and Household Supplies		
Eating Out or Take-Out		



Apply It: Making a Spending and Saving Plan *continued*

My Spending ITEM	MONTHLY AMOUNT	
	Past	Planned _____
Service Animal Expenses		
Pet Care		
Personal Expenses		
Entertainment		
Other:		
Other:		
Total Spending (Add rows above)		

MY TOTAL EXPENSES

ITEM	MONTHLY AMOUNT	
	Past	Planned _____
Total Expenses (Add total saving, total sharing, and total spending from the sections above.)		

COMPARISON OF MY TOTAL NET INCOME AND MY TOTAL EXPENSES

Item	Amount
My Total Net Income (From last row of the My Net Income section in the Planned Monthly Amount column)	
My Total Expenses (From last row of the My Expenses section in the Planned Monthly Amount column)	
Difference (My Total Net Income minus My Total Expenses)	

TABLE FOR CALCULATING MONTHLY AMOUNTS

Frequency: How often you receive the income	Do this first, then enter the result into the log
Annual (once per year)	Divide by 12
Semiannual (twice per year)	Divide by 6
Quarterly (four times per year)	Divide by 4
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

Lead activity (6 minutes)

See page 7 in the participant guide.

SHOW SLIDE 9



DO

- Ask participants to turn to “Try It: Making a Spending and Saving Plan” on page 7 in their participant guide.
- Read this scenario to participants or ask for a volunteer to do so.



Scenario: Luis and Ariana Make a Spending and Saving Plan

Luis and Ariana graduated from community college several months ago. They live together in a city and both have jobs. Ariana also makes deliveries on the weekends to bring in extra income. Their total net income is \$3,100 per month. They want to save money so they can buy another car. They also want to save so Ariana can obtain a nursing degree.

Their savings account balance has gone down during prior months because they are withdrawing money to cover expenses. Their utility bills have surprised them—especially gas in the winter and electric in the summer. They had to pay for unexpected repairs on their shared car four times. Their other expenses are fairly constant each month and are for things they consider important. They aren’t paying down their credit card debt.

To better understand their income and expenses, Luis and Ariana completed income and expense logs last month. They used those to make a spending and saving plan for the coming month.



SAY

- In pairs, take three minutes to review Luis and Ariana’s spending and saving plan. Then complete the table on page 10 and answer the questions on page 10 in your participant guide.
- Let me know if any terms in the spending and saving plan are unfamiliar to you and I’ll explain them.

Note to Instructor: The only part participants need to complete is the table, Comparison of Their Total Net Income and Their Total Expenses. The rest is already filled out for them. The answers to that table and the questions are on page 13.

Try It: Making a Spending and Saving Plan – Answer Key

Luis and Ariana's Spending and Saving Plan

THEIR NET INCOME

Item	Past Monthly Amount	Planned Monthly Amount for April
Net (Take-Home) Pay Job 1	\$1,700	\$1,700
Net (Take-Home) Pay Job 2	\$1,000	\$1,000
Net (Take-Home) Pay Job 3		
Net Self-Employment Income	\$400	\$400
Public Benefit 1:		
Public Benefit 2:		
Public Benefit 3:		
Public Benefit 4:		
Interest		
Dividends		
Child Support		
Alimony		
Gifts		
Other:		
Other:		
Total Net Income (Add rows above)	\$3,100	\$3,100

Their Expenses

THEIR SAVINGS

Item	Past Monthly Amount	Planned Monthly Amount for April
Saving for a New Car	\$0	\$25
Saving for Nursing School	\$0	\$25
Saving for Emergencies		
Other:		
Other:		
Total Savings (Add rows above)	\$0	\$50

THEIR SHARING

Item	Past Monthly Amount	Planned Monthly Amount for April
Sharing With Family and Friends		
Charitable Contributions	\$15	\$15



Item	Past Monthly Amount	Planned Monthly Amount for April
Other:		
Other:		
Total Sharing (Add rows above)	\$15	\$15

THEIR SPENDING

Item	Past Monthly Amount	Planned Monthly Amount for April
Housing – Rent + Renter’s Insurance/Mortgage Payment (including taxes and insurance)	\$600	\$600
Property Taxes		
Water	\$15	\$15
Electric	\$50	\$50
Heating Gas/Oil	\$100	\$100
Trash Collection	\$20	\$20
Cellphone	\$75	\$75
Landline Telephone		
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 or EV Charge	\$100	\$100
Public Transportation or Ridesharing		
Health Insurance (portion not covered by employer or taken out of gross pay)		
Other Healthcare Expenses	\$50	\$50
Student Loan Payments	\$200	\$200
Credit Card Debt Payments	\$150	\$150
Other Debt Payments		
Personal Care Attendant		
Elder Care		
Child Care		
Child Support Payments		
Groceries and Household Supplies	\$300	\$300

Item	Past Monthly Amount	Planned Monthly Amount for April
Eating Out or Take-Out	\$200	\$200
Service Animal Expenses		
Pet Care		
Personal Expenses	\$150	\$150
Entertainment	\$300	\$300
Other:		
Other:		
Total Spending (Add rows above)	\$3,100	\$3,100

THEIR TOTAL EXPENSES

Item	Past Monthly Amount	Planned Monthly Amount for _____ (Month)
Total Expenses (Add total saving, total sharing, and total spending from the sections above.)	\$3,115	\$3,165

COMPARISON OF THEIR TOTAL NET INCOME AND THEIR TOTAL EXPENSES

Item	Amount
Their Total Net Income	\$3,100*
Their Total Expenses for April	\$3,165*
Difference (Their Total Net Income minus Their Total Expenses)	- \$65*

* This value is missing in the participant guide. Participants calculate this amount as part of the Try It activity.



DO

- After three minutes, ask participants whether Luis and Ariana's spending and saving plan show that their income will cover their expenses? What is the difference?
- Share the correct answers: Luis and Ariana's spending and saving plan shows that their income will not cover their planned expenses. The difference is a negative \$65. That means their expenses are \$65 more than their income.
- Review the calculations, if necessary.



SAY

- We will come back to Luis and Ariana's spending and saving plan in a little while to find ways they can adjust their income and expenses.



Apply It: Using My Spending and Saving Plan

Present information (5 minutes)

See page 11 in the participant guide.

SHOW SLIDE 10



SAY

- Turn to “Apply It: Using My Spending and Saving Plan” on page 11 in your participant guide.
- Let’s talk about ways to actively use your spending and saving plan throughout the month to gain control over how you use your money.
- Different solutions work for different people. Some ideas are things you can do daily, others are things you can do once a week or once a month.



SHOW SLIDE 11



SAY

- Daily ideas include:
 - Recording your saving, sharing, and spending. Saving your receipts is a good first step. Besides using receipts to track uses of your income, you can use the receipts to check debit and credit card statements. There are also several apps and websites that can help you track spending.
 - Collecting your change. Drop your spare change into a jar at home. This can help you build savings and keep your pockets or purse free of loose change.



ASK

- Do you have other ideas for using your spending and saving plan daily?



DO

- Write participant responses on a flip chart or whiteboard.
- Invite participants to add those ideas to the checklist in their participant guide.



SAY

- Weekly ideas include:
 - Putting limits on spending using the envelope system. Label envelopes for categories of spending you want to limit, such as Groceries and Household Supplies, and Eating Out or Take-Out. Using your spending and saving plan, estimate how much you 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. When the cash in an envelope runs out, wait until next week’s allotment of cash before spending more.

- » 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.
- » If you have cash left over in your envelopes at the end of the week, consider putting the money into savings.
- » If you run out of cash before the week-end, wait until the next week before spending more money.
- » Some items in your spending and saving plan are fixed, such as your rent. They do not change from month to month.
- » Other items are variable, such as groceries and household supplies, eating out, and entertainment expenses.
- » The envelope system works well for variable expenses because you have control over how much you spend on those items.
- Establishing a weekly money check-in. Set aside a convenient time each week for you and members of your household to review actual spending against your spending and saving plan. Adjust your spending or your plan for the next week.
 - » Compare how much you spent with how much you planned to spend for the month. Is the remaining amount enough for the rest of the month? If it looks like you will overspend in a category, can you cut back now?
 - » Look at your variable expenses. You can likely change spending for these items to get back on track.
 - » Use this time to pay bills and make other financial decisions.

ASK

- Do you have other ideas for using your spending and saving plan weekly?

DO

- Write participant responses on a flip chart or whiteboard.
- Invite participants to add those ideas to the checklist in their participant guide.

SHOW SLIDE 12

SAY

- Monthly ideas include:
 - Conducting a monthly review. Review your spending records for the past month using an app, receipts, or a spending log. Compare your spending and saving plan with what you actually spent. Reflect on what you want to do differently and create a realistic spending and saving plan for next month that aligns with how you want to use your money.



- Having 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. Also, review progress toward the previous months' goals.
- Celebrating successes. There are many ways to celebrate success. For example, you could declare a family or household member Money Manager of the Month based on the person's success at saving money or spending less during the month.
- Preparing for taxes. At the end of the month, identify expenses that may be important for tax time. Save the confirmation of these expenses, such as receipts, invoices, or screenshots of online payments.

? ASK

- Do you have other ideas for using your spending and saving plan monthly?

✓ DO

- Write participant responses on a flip chart or whiteboard.
- Invite participants to add those ideas to the checklist in their participant guide.



Increasing Income

Present information (5 minutes)

See page 14 in the participant guide.

SHOW SLIDE 13

○ SAY

- You may be able to increase your income, which helps cover expenses or increases the money you can save, spend, or share.
- Some activities, such as selling items in a garage sale, provide more income once or occasionally.
- Some activities, such as taking on a part-time second job, provide more income.
- Some activities are long-term— meaning you may have to devote some time before the strategy generates income. For example, participating in a local workforce development program may help you develop skills to fill high-demand jobs and increase your income over the long-term.

? ASK

- Can you think of ways to increase income?

✓ DO

- Write participant responses on a flip chart or whiteboard.
- Invite participants to add those ideas on page 14 in their participant guide.
- Add the following if not contributed:

- Selling unused items online
- Using your talents or hobbies to make items to sell online
- Getting a second job
- Getting a seasonal job—outdoor work in the summer or retail work during the winter holiday season
- Doing odd jobs, such as providing child care, doing yard work, making deliveries, or running errands
- Renting a room in your home if you have extra space and doing so is allowed in your community
- Screening for additional public benefits
- Filing taxes to get additional federal or state tax credits
- Getting on-the-job training
- Going back to school for a certificate or degree



Decreasing Expenses

Lead discussion (5 minutes)

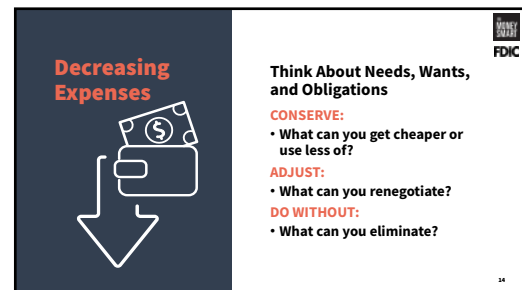
See page 14 in the participant guide.

SHOW SLIDE 14



SAY

- You may be able to decrease your expenses, which frees up income.
- To decrease expenses, think carefully about your needs, wants, and obligations.
 - Needs are things you must have to live.
 - Wants are things you desire and can live without.
 - Obligations are debts you owe because you:
 - » Borrowed money, such as a car loan or student loans.
 - » Made another type of agreement to pay them, such as for rent.
 - » Were ordered to make them, such as child support.
- Then think about three strategies:
 - Conserve – What can you get cheaper or use less of?
 - Adjust – What can you renegotiate over a longer term?
 - Do without – What can you eliminate, either right away or over the long term?



ASK

- What are ways to conserve to reduce expenses?



DO

- Write participant responses on a flip chart or whiteboard.
- Invite participants to add those ideas on page 14 in their participant guide.
- Add the following if not contributed:

- If you frequently eat out, pack lunch instead or prepare meals in advance and eat at home for dinner.
- Conserve energy to cut utility costs. For example:
 - » Turn off lights and unplug electronics that use power even when powered down.
 - » Adjust the thermostat. Try to use less heat and air conditioning.
 - » Raise your and your family's awareness about ways to use less water, such as fixing leaky faucets quickly.
- Shop carefully.
 - » Compare prices before buying (especially for costly items, like cars and large appliances).
 - » Coupons or sales may not save you as much money as you expect. For example, they won't save you money if they lead you to purchase more costly brands or items you rarely buy, or cause you to avoid comparison shopping. However, if something you regularly buy is on sale and costs less than what you normally pay, consider buying more than you usually buy. But do that only if you have space to store the extra amount and it will not spoil before you can use it.
 - » Consider store brands and buying in bulk to reduce food costs. But do not overbuy items in bulk. This creates food waste if it expires before you use it.
 - » Make shopping lists to avoid impulse buying. Buy only what you need, not what you may want.
- Make sure you're not overpaying for financial services. If you have an account at a financial institution, understand the rules of the account.
 - » Use automated teller machines (ATMs) in your financial institution's network.
 - » Consider how you can reduce the risk of paying overdraft fees.

ASK

- What are ways to adjust expenses? Some of your expenses might be fixed now, but perhaps you can adjust them.

DO

- Write participant responses on a flip chart or whiteboard.
- Add the following if not contributed:
 - Consider adjusting your cell phone plan by using less data or switching carriers when your current contract ends.
 - Consider a less costly way to watch television. Compare online viewing, cable, satellite, streaming services, antennas, and other alternatives.
 - Explore federal student loan repayment options if you have student loans you are struggling to pay.
 - Move to a less expensive housing.

ASK

- Can you name expenses that might be eliminated? Remember that some might be difficult choices, but still possible.

DO

- Write participant responses on a flip chart or whiteboard.

- Add the following if not contributed:
 - Pay your bills on time to avoid late fees and other costs of paying late.
 - Eliminate check cashing fees by opening an account at a financial institution and setting up direct deposit.
 - Borrow books at the library instead of buying them.
 - Cut unnecessary or unused subscriptions, such as magazines, online video streaming services, cable, or satellite television.
 - Cut unnecessary or unused memberships, such as gym memberships or organizational memberships.
 - Review your credit card and checking account statements for expenses charged on a recurring basis. Consider the value from each product or service. For products and services that you value, can you negotiate a better deal with the merchant, or switch providers?



SAY

- Here are a few additional tips to decrease expenses.
 - Avoid shopping “for fun” unless you have strong self-control.
 - Track your spending on paper or on a mobile app.



Making Adjustments

Present information (1 minute)

See page 14 in the participant guide.

SHOW SLIDE 15



SAY

- A spending and saving plan does not stay the same every month. It changes to reflect your reality. That’s why it can be a useful tool. It helps you decide where to change things.
- Adjusting it doesn’t mean you have a bad plan.
- Let’s return to Luis, Ariana and their spending and saving plan.
- When we compared their monthly income and expenses, their net income did not cover their expenses.
- Let’s consider ways they can adjust their spending and saving plan by increasing income and decreasing spending.
- You may not know if your ideas will work for Luis and Ariana. But make suggestions given their priorities.

Making Adjustments
MONEY SMART
FDIC

- Your spending and saving plan should change to reflect your reality
- It helps you decide where to change things
- Making adjustments doesn't mean you have a bad plan

15



Try It: Adjusting a Spending and Saving Plan

Present information (6 minutes)

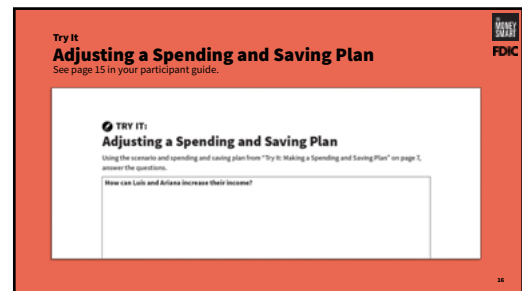
See page 15 in the participant guide.

SHOW SLIDE 16



SAY

- Turn to “Try It: Adjusting a Spending and Saving Plan” on page 7 in your participant guide.
- Take four minutes in pairs and answer the questions.
- Use the same scenario and spending and saving plan you used before. Turn back to “Try It: Making a Spending and Saving Plan” on page 15 in your participant guide.



DO

- After four minutes, ask: How can Luis and Ariana increase their income?
- Write participant responses on a flip chart or whiteboard.
- Add the following if not contributed:
 - Work more hours at their regular jobs, if available
 - Get a second job to earn money
 - Sell things you don't need



ASK

- How can Luis and Ariana decrease their expenses?



DO

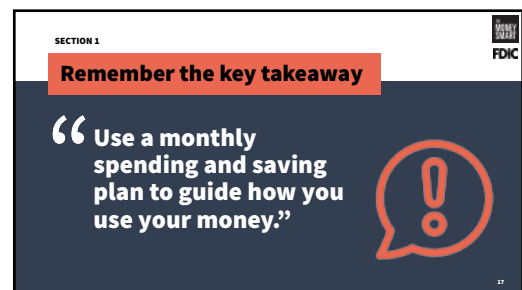
- Write participant responses on a flip chart or whiteboard.
- Add the following if not contributed:
 - They might save money from unexpected expenses by trading in their car for a more reliable vehicle. If reliable public transportation is available in their area, they may consider using public transportation to save on fuel costs and prevent wear and tear on their car.
 - They could adjust the thermostat to conserve energy and decrease utility costs—especially when they are not at home.
 - They could decrease the amount spent on entertainment or eating out.

SHOW SLIDE 17



SAY

- Remember the key takeaway: Use a monthly spending and saving plan to guide how you use your money.



Section 2: When Money Is Short

Time estimate for this section: 20 minutes

See page 16 in the participant guide.

Participants will be able to:

- Prioritize which bills to pay first based on what might happen if bills are not paid in full and on time

SHOW SLIDE 18



SAY

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

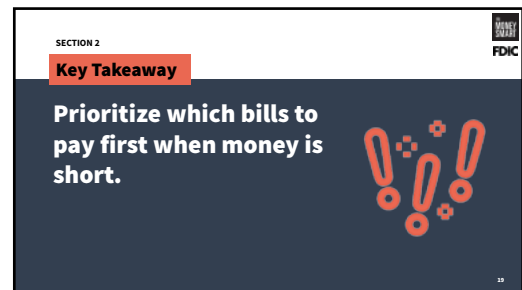


SHOW SLIDE 19



SAY

- The key takeaway for this section is: Prioritize which bills to pay first when money is short.



How Does It Happen and What Can I Do?

Lead discussion (6 minutes)

See page 16 in the participant guide.

SHOW SLIDE 20



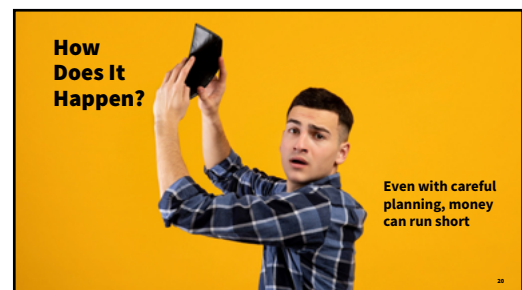
ASK

- What are reasons people might not have enough money to pay bills, even if they regularly use a monthly spending and saving plan?



DO

- Write participant responses on a flip chart or whiteboard.
- Let participants know they can take notes on page 16 in their participant guide.



- Add the following if not contributed:
 - They may have to pay unexpected health or medical expenses for an illness or injury. Or, their income may be reduced if they miss work.
 - They lose their job or work fewer hours than expected.
 - They have to replace or repair something they need, such as a car they drive to work or a hearing aid.
 - A family member has an emergency and they give them money they planned to use to pay bills.
 - They lose household income due to a death of a household member or through a divorce.
 - Back-to-school costs are more than expected.
 - They pay their car insurance or water bill twice a year and lose track of the payment due date.
 - A severe storm means they have to evacuate and they incur expenses, such as for transportation or dining out since they can't cook at home.
 - They don't earn enough money to cover all of their expenses.



SAY

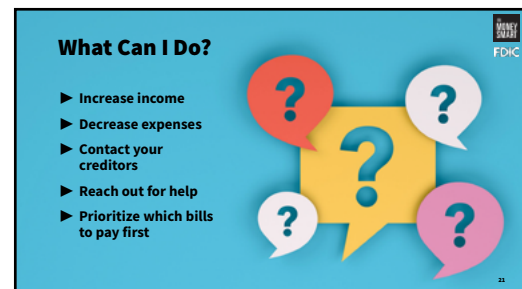
- Even if you plan carefully, you can run into situations where there isn't enough money to pay bills.
- The list we brainstormed includes situations that affected income, giving you less money to pay for what you need.
- The list we brainstormed also includes situations that affect expenses.
 - Some of these are unexpected costs.
 - Others are expenses you pay every few months or once a year but may have forgotten about or are higher than expected.

SHOW SLIDE 21



SAY

- When your income is less than usual or you have an unexpected expense, your regular bills and living expenses do not stop.
- When coming up short to pay bills and living expenses, there are a few things you can do. You can take notes on page 16 in your participant guide as we discuss them.
 - You can try to increase income or decrease expenses.
 - You can also contact your creditors to discuss your situation. They may give you extra time to pay or otherwise work with you. They may change the due date for payments to a date closer to when you receive income.
 - You can reach out for help, not only from family and friends, but also from community-based organizations and public agencies. These organizations and agencies may have programs to help with your situation.
- If you try these things but still can't pay all your bills in full when they are due, prioritize which to pay first based on what might happen if you don't pay them.





Prioritizing Based on What Might Happen

Lead discussion (12 minutes)

See page 17 in the participant guide.

SHOW SLIDE 22



SAY

- Prioritizing means making choices about which bills you will pay in full, pay partially, or pay late.
- You still need to pay all 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 cause loss of your assets, including things you own that act as a security for debts.
- Let's think about some common payments.

Prioritizing Based on What Might Happen
MONEY SMART
FDIC

- Make choices about which bills to pay in full, pay partially, or pay late
- Pay attention to consequences that:
 - Prevent you from earning income
 - Jeopardize your shelter
 - Impact health or ability to live independently
 - Could cause loss of your assets
 - Your spending and saving plan should change to reflect your reality
 - It helps you decide where to change things
 - Making adjustments doesn't mean you have a bad plan

22



ASK

- What are consequences of not paying your rent?



DO

- Write participant responses on a flip chart or whiteboard.
- Add the following if not contributed:
 - Late fees
 - Eviction
 - Strained relationship with landlord
 - Stress
 - Possible issues in renting your next place if the landlord reports late payments to the credit reporting agencies



ASK

- What are consequences of not paying your car payment?

**DO**

- Write participant responses on a flip chart or whiteboard.
- Add the following if not contributed:
 - Late fees
 - Repossession (loss) of car
 - Problems getting to work and the other places you and your family need to go, if you lose your car
 - Negative information on your credit reports and drop in your credit scores

**ASK**

- What are consequences of not paying an annual fee for a license related to your profession? Assume you are a self-employed electrician and can't legally work without the license.

**DO**

- Write participant responses on a flip chart or whiteboard.
- Add the following if not contributed:
 - Loss of income
 - Time and effort to regain the license
 - Damage to your professional reputation if you cannot perform the work you agreed to perform

**ASK**

- What are consequences of not paying your share for a monthly book club? Your friend who hosts the book club at her home uses the money to buy food and drinks for each month's monthly book club meeting.

**DO**

- Write participant responses on a flip chart or whiteboard.
- Add the following if not contributed:
 - You may miss one or more meetings of the book club.
 - Strain on relationships with your friends in the book club.
 - You may get a reputation for not following through on your financial commitments.



Apply It: Prioritizing My Expenses

Present information (2 minutes)

See page 18 in the participant guide.

SHOW SLIDE 23



SAY

- Turn to “Apply It: Prioritizing My Expenses” on page 18 in your participant guide.
- You can use this worksheet after today’s training when money is short and you have to choose which expenses to pay first.
- The Apply It includes an example. A cell phone bill for \$50 is due January 5. This person cannot pay it on time and in full this month, so they call the creditor, the phone company. They find out they may be charged a late fee and their phone service might be cut off, but not until the bill is unpaid for two months.
- That information helped them prioritize this bill as number 4. Presumably, they have three other bills with more serious consequences for nonpayment. They have to pay this phone bill eventually, but perhaps not this month. They did not have to contact a second creditor for help, so they put “No” in the “Asked for Help?” column.



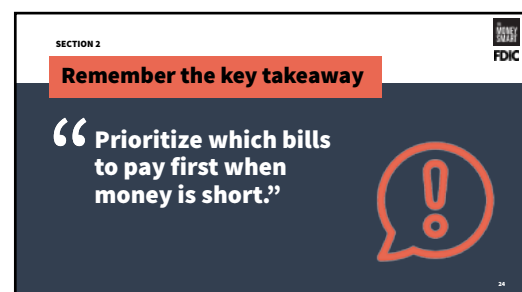
Bills and Expenses	Amount Due	Date Due	Spoke to Creditor? (Y/N)	Asked for Help? (Y/N)	What Happens if I Do Not Pay in Full When Due?	Priority Number
Example: Cell phone bill	\$50	1/5/22	Yes	No	Late fee or service might be cut off, but not until bill is unpaid for two months	4

SHOW SLIDE 24



SAY

- Remember the key takeaway: Prioritize which bills to pay first when money is short.



Module Closing

Time estimate for this section: 10 minutes

Remember the Key Takeaways

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 20 in your participant guide. Let me know if you have questions about any of them.

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


See page 20 in the participant guide.

SHOW SLIDE 25






SAY

- You are more likely to act if you commit to taking action now.
- Consider writing down what you intend to do based on today's training.
- Take a few minutes to answer the questions under "Take Action" on page 20 in your participant guide.



Take Action

See page 20 in your participant guide.

-  **After this training, what is one thing you will do?**
-  **Who will you tell about your planned action?**
-  **What additional information do you need?**

25



DO

- If time permits, ask a few participants to share what they wrote.
- 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 21 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.

Post-Training Survey (Optional)

See page 23 in the participant guide.

SHOW SLIDE 26



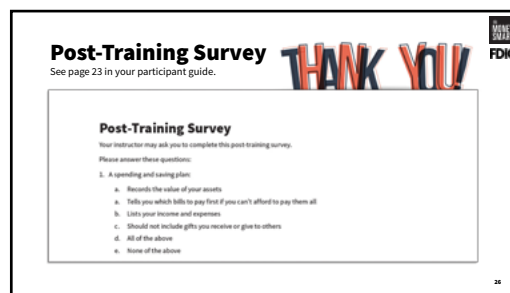
SAY

- Thank you for coming to this Money Smart training.
- Please complete the post-training survey on page 23 of your participant guide.
- It should take less than five minutes to complete.



DO

Collect the completed surveys.



Answer Key for the Pre- and Post-Training Survey

1. A spending and saving plan:

- Records the value of your assets
- Tells you which bills to pay first if you can't afford to pay them all
- Lists your income and expenses
- Should not include gifts you receive or give to others
- All of the above
- None of the above

The answer is **c. Lists your income and expenses.**

2. Your spending and saving plan should stay the same from month to month.

The answer is **false.**

3. When you don't have enough money to pay all of your bills on time:

- Prioritize which bills to pay in full, in part, or late based on what will happen if you don't pay the bill
- Ignore the people you owe until you can pay
- Hold off on paying any of your bills until you can pay them all
- All of the above
- None of the above

The answer is **a. Prioritize which bills to pay in full, in part, or late based on what will happen if you don't pay the bill.**

4. If you spend more than your income can support, look for ways to:

- Increase your income
- Decrease your expenses
- Increase your expenses
- Both a and b
- Both a and c

The answer is **d. Both a and b.**

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.