

MATERIALS NEEDED:

- Laptop computer
- PowerPoint Projector
- Instruction for Laptop/Projector Setup
 1. Make sure all cords are present:
 - Laptop power cord
 - Laptop to projector connector cord
 - Projector power cord
 - Extension cord (if needed)
- Presentation Outline and PP slide sheet
- Spending Plan Systems Fact Sheet handouts
- 3-4 Standard Envelopes (4" x 9")
- Check Register
- Calendar with Pockets
- Evaluation Sheet
- Candy (optional)

PRESENTATION:

Objectives:

At end of presentation, attendees should be able to:

- Identify what a spending plan is
- Identify why a spending plan is important
- Identify at least one expense tracking/planning system

1. Spending Plans: Ways to Control Your Budget

2. **Brought to you by SAFE: [hidden slide]**

- **Your on campus personal financial educators!: formed to give students in Family and Consumer Sciences, especially those in HDCF 342, an opportunity to learn financial counseling skills.**
- **Services Include:**
 - **Answers to questions: staff members available Monday-Friday hours are variable**
 - **Free and confidential one-on-one financial counseling to students**
 - **Presentations to classes and organizations**
 - **Information sheets**
 - **On-line and in-office resources**

3. Discussion Points

- What is a Spending Plan?
- Why are Spending Plans Important?
- Developing a Spending Plan
- Controlling Spending
- Things to Remember

4. What is a Spending Plan?

- Tool to Help People Manage their Money
 - An Estimate of Income and Expenses over a Specific Period of Time: **usually a month**
5. Why are Spending Plans Important?
- Spending Plans are a form of financial freedom
 - One knows they have XXX amount of money to spend on a specific item or activity
 - Eliminate nervousness/frustration of not having enough money: **one does not have to worry about how they are going to pay for something**
 - Help people meet financial goals: **go to college, purchase new car, buy new home, etc.**
 - Help people live within their means: **able to use the money one has for the items one needs**
 - Reduces the need for using credit, eliminating financial stress
6. Developing a Spending Plan
- Income
 - Fixed: income received in same amount each time, like a salary or allowance
 - Flexible: income received varies in amount and/or time, like hourly wages or gifts
 - Expense
 - Fixed: expense that is same amount each time, like rent or car payment
 - Flexible: expense varies in amount and/or time, like food or clothing
7. Developing a Spending Plan
- Plan
 - Set financial goals: **state what to do with money**
 - Determine record keeping format: **select categories of spending and make realistic estimates**
 - Track
 - Live out month: **implement spending plan/expense tracking system in daily living**
 - Record actual income and expenses
 - Evaluate
 - Determine if previous steps worked: **compare estimate with actual amounts listed on receipts**
 - Make adjustments for following month: **use new estimates for next month and repeat process**
8. Example Spending Plan: **point out the separate columns of “Planned”, “Actual”, and “Difference” in order for a person to identify spending habits**
9. Controlling Spending
- Identify and Track Expenses – **two examples of doing this are as follows:**
 - Record on check register at point of spending
 - Collect ALL receipts and record at end of day, week, or month
 - Implement a Spending System
 - Envelope System
 - Check Register System
 - Calendar System
10. Envelope System: **need envelopes with categories (like food, gas, entertainment, etc.) written on front of the envelope for demonstration**
- Create an envelope for each category of spending

- Put money budgeted for that category into envelope
 - Write beginning amount at top of envelope
 - As money is spent, take cash out of envelope, writing down when and how much taken
 - Once money is gone, its gone
 - CAUTION...if paying a bill, do not send cash!
11. Check Register System: **need check register split into columns with categories written at top of each column (like food, gas, entertainment, etc.)**
- Create columns in register and label for each category of spending
 - Write amount designated for each category under category name
 - Write amount spent in each category as spent and subtract from last amount written
 - When a category shows \$0.00, money is gone
12. Calendar System: **need a calendar with pockets for a place to keep bills**
- Purchase a calendar with pockets
 - Place calendar in central location at home
 - Place bill stubs or pay envelopes in pocket of calendar until they need to be paid
 - Mark on calendar when bill is due or needs to be mailed
13. Things to Remember
- Cut the things one wants first, not the things one needs: **the necessities of life, like food, are more important than the desires, like a CD**
 - Have 3-6 months wages in an emergency savings fund for unexpected things in life: **such as medical or auto emergency**
 - Become aware of bad spending habits and want to change them
14. Practice Making a Spending Plan
- The Bean Game
 - **Break people into groups of two or three, explain rules of game, pass out bags of beans and work packets to go with game**
 - **Give groups a few minutes to budget their beans**
 - **After they have them budgeted, explain someone just lost their job, broke a leg, got sick, or other issue that would reduce income, take 5-10 beans away, and re-budget.**
15. Conclusion
- Spending plans...
 - Help people manage money over a specific time period
 - Give individuals peace of mind
 - Help people control their money rather than their money controlling them
 - Without a spending plan you could be...
 - Forced to leave college due to financial difficulty
 - VERY stressed about financial issues
16. **[hidden slide]**
 We are Here for You! note address, phone number, and web information. Also include additional phone numbers and information as necessary.

Note: Please let the audience know ! This project is made possible by Montana State University and a grant from the Student Assistance Foundation to the Department of Health & Human Development

Source: Family Economics & Financial Education - May 2005 - Spending Plan Unit - Intro to Spending Plans <http://www.fefe.arizona.edu/>