

Budgeting Reach Activity

Budgeting Skills Training – Instructor Notes

Objectives

- Participants reflect on and share their attitudes and beliefs with respect to budgeting

Instructions

- Put up two signs on opposite sides of the room, one that reads, “True” and the other, “False”.
- Ask learners to stand in a line between the two signs.
- Tell them you will read statements about budgeting and money. Since everybody probably heard something about budgeting before, we want to get an idea where we all stand on budgeting before we start with our class.
- Ask participants to respond to the statements you read in the following manner:
 - If that statement describes them they should move toward the sign that says “TRUE” to the degree that they identify with the statement (they move all the way to the sign or just a little).
 - If they don’t agree with the statement, they should move towards the “FALSE” sign as far as they feel their degree of disagreement requires.
- Read the statements from the list below and for each statement allow participants to sort themselves – occasionally, ask for volunteers to briefly explain why they stand where they are standing.

List of Statements

- Budgets don’t work!
- I don’t have enough money to budget.
- I don’t need a budget – I know what my expenses are.
- I have a budget.
- I use my budget.
- I don’t have a budget because I want to buy what I want any time.
- I spend too much money.
- I save a lot of money.
- I don’t know how to budget.
- I don’t want to budget.
- I hope I learn something helpful in this lesson.

Talking Points

- Use the last statement – after participants sit back down – as transition into brief discussion of participants’ learning goals for the session. Use *handout* – **Pre Class Assessment**.

Goal Setting Review

Budgeting Skills Training - Instructor Notes

Objective

- Participants will reflect on how they currently deal with money
- Participants will identify money behaviors they have that they would like to change
- Participants will set financial goals they want to reach

Instructions

- **NOTE:** For participants who attended the Goal Setting Skills Training this will be review – ask them to reflect some more on the goals they started working on the previous week and to be more detailed if they can
- Briefly review the importance of setting goals – as a starting point to develop a plan and a way of measuring success (refer to instructor notes for Goal Setting Skills Training)
- Provide participants with the *Handout – What is Your Money Style* – facilitate a discussion about how participants currently deal with money
- Stress that it is never too late to change things about themselves that participants don't like – and that this session will help them prepare a plan to change the way they are currently dealing with money if they want to
- Refer to *Handout – Setting Financial Goals* and ask participants to formulate at least one short-term goal and one long-term goal they have with respect to their financial situation (stress that it could be as simple as paying bills on time, having enough money to buy some nice Christmas presents, or big things like buying a house or being debt-free)
- As additional tools for participants to work with on their own after class you could distribute the other handouts from the Goal Setting Skills Training, such as *handout – Personal Strength Inventory*, *handout – Asset Inventory Plan*, and the *handout – SMART Goals*

Talking Points

- Preparing a spending and savings plan – the objective of this skills training class – is like making a road map to success; but FIRST we need to know where we are going

Needs vs. Wants

Budgeting Skills Training – Instructor Notes

Objective

- Participants will be able to explain the difference between needs and wants.
- Participants will be able to identify needs they have

Instructions

- Stress that setting goals is really important to know what you want to work on.
- Ask participants to look at the financial goals they wrote down as part of the goal setting review section – would they say those goals are things they want or things they need? Ask participants to share their reflections.
- TEACH: Explain **needs** and **wants** concepts in the context of buying things and working towards your goals:
 - **Needs** – what you MUST have
 - **Wants** – what you would like to have
 - **Example:** we need clothes, but we might like fancy or expensive clothes
- Tell participants you have a list of things and would just ask them to decide whether each is a want or a need.
- Read the list, one by one, and wait for participants to decide – as a group.

List of Statements

- Health insurance
- Weekly trip to the nail shop
 - Latte at Starbucks
 - A place to live
 - Going out for lunch
 - Lottery tickets
- Retirement savings
 - A car
- Use *handout* – **Needs vs. Wants** to have participants work in small groups on deciding what constitutes a need and what a want for the Clarke family. Have the small groups share their results. Where appropriate, facilitate a brief discussion of why perceptions might be different.
- Then use reverse side of *handout* – **Needs vs. Wants** to have participants think about things they bought during the last week and classify them as needs and wants respectively.

Talking Points

- Stress that needs and wants are different for each person.
- Stress that it is important to reflect on your habits and to know yourself to decide what is a need and want for you.
- When you are tempted to buy something that you don't really need – remind yourself of your long-term goals

Budgeting Exercise

Budgeting Skills Training – Instructor Notes

Objective

- Participants will identify budgeting and savings strategies to implement in their own life by working through a hypothetical scenario (helping Rao and Sheila balance their budget)
- Participants will increase confidence in handling a budget through simulation

Instructions for Facilitator

- Hand out the budget exercise spread sheet to participants
- Introduce the budget and guide participants through it by asking questions such as:
 - How much money do Rao and Sheila bring home each month?
 - What is their highest expense each month?
 - Do Rao and Sheila have a balanced budget? (No, overspend by \$295 each month)
 - What is missing from their budget? (car registration, savings, emergency funds, insurance etc.)
- Facilitate a discussion of the following questions:
 - Are Rao and Sheila prepared for financial emergencies?
 - How are Rao and Sheila most likely paying for the extra expenses they have beyond their income every month? (hint: regular expenses lists **3** credit card accounts)
- Have participants work in pairs / small groups to try and adjust Rao and Sheila's budget. The objective is to balance the budget – but they cannot increase the monthly income to do so.
- Then bring the group back together to discuss their solutions and facilitate a discussion of the following points:
 - What changes did the groups make to the budget? **Why?**
 - What would you advice Rao and Sheila to do when they feel constraint by their tight budget?
 - What can Rao and Sheila do to prevent future overspending?
 - How might Rao and Sheila increase their income?
- Transition to discussion on prioritizing expenses

Talking Points

- Address the difference between **fixed** and **variable** expenses – especially in the context of making adjustments to a budget in order to balance it

Session Wrap Up

Budgeting Skills Training - Instructor Notes

Objective:

- participants review what they learned during the session
- participants provide feedback on the session
- participants receive information about the next skills training classes

Instructions

- Address any remaining questions
- Summarize for participants what you have covered during the session
- Use *handout – Roadmap to Financial Success* to encourage participants to apply what they learned during the session at home and to track their progress
- Ask participants to complete the *handout – Evaluation*
- Provide participants with a brief overview of the topics of the next skills training classes (credit management)

Bibliography

Many partner organizations have generously agreed to share the curriculum materials they use for review and inspiration. We would like to acknowledge the following organizations for providing us with valuable input that helped improve our curriculum:

The American Center for Credit Counseling Education for providing complimentary copies of their various course materials: **Check Wi\$e**, **Credit When Credit is Due**, and **Money in Motion**

FDIC for developing a great curriculum that is available to anybody free of charge at <http://www.fdic.gov/consumers/consumer/moneysmart/index.html>

Neighborhood House for sharing their **Money Matter\$** curriculum

Port Jobs for sharing their **Financial Tools for the Trades** curriculum

Project Money for allowing us to adapt their **Reach for Your Dreams: Start Saving Now** curriculum (find more information at www.projectmoney.org)

Solid Ground for sharing their **Take Control of Your Money** curriculum

Washington Mutual for sharing their entire financial literacy curriculum series

Washington Society of CPAs for sharing their curriculum materials as well as their educational games

Furthermore, a lot of great information is available online. Here is a list of sources that we found most helpful in developing our curriculum:

www.360financialliteracy.org (American Institute of CPAs)

www.ace.uiuc.edu/cfe/ (University of Illinois - Consumer and Family Economics Extension Program - *All My Money*)

www.bankrate.com

www.dontborrowtrouble.com/ (Freddie Mac)

www.fanniemaefoundation.org/publications/Growing_Your_Money.html (Fannie Mae)

www.mindyourfinances.com (INCharge Education Foundation)

www.mymoney.gov (US Financial Literacy and Education Commission)

www.practicalmoneyskills.com/english/index.php (VISA)

www.powerpay.org

www.thebeehive.org