Financial Wellness Curriculum

The Financial Wellness Curriculum provides students with information and financial tips for reducing personal debt and developing smart money management skills. The goal is to help students avoid defaulting on their student loan[s] and other obligations and, ultimately, plan for a lifetime of financial well-being.

The Financial Wellness Curriculum consists of several presentations that can be used individually or combined to cover a larger selection of topics. Ultimately, these presentations can be customized to meet the needs of your students, from freshmen to seniors.

Financial Wellness Curriculum Presentation Topics

1. Introduction to Financial Management
2. Understanding Financial Aid
3. The Budgeting Process
4. Time Management
5. Good Credit: Get It
6. Consolidation
This Financial Wellness Curriculum presentation called The Budgeting Process is designed especially for students in their last year of college. This presentation reviews the importance of having a budget and gives the soon-to-be graduate the information needed to help create a realistic budget. It is intended to stimulate audience participation and interaction.

The topics covered are:

- Budgeting misconceptions and truths
- Setting goals
- Realistic income vs. expenses
- Creating a budget

Objectives

- Teach students the basics about budgeting and arm them with tips and information to help them make smart, educated financial decisions.
- Convey the importance of creating and committing to a budget.

Using the Presenter's Guide

In this Presenter's Guide, you'll find notes to accompany each topic, sample questions, activities to engage the audience, information about online resources, and available handouts. Take advantage of the slide transitions as you move through the PowerPoint.

This presentation will take approximately 30 minutes.

Materials Needed

- Flip chart or white board
- Internet access
- An LCD projector

Resources Available to Enhance the Presentation

- YouCanDealWithIt.com
  - Budget Calculator
- Salary.com
Title Page (Slide 1)

- Explain that an important part of being financially successful is creating and sticking to a budget.
- Tell students that a budget is not restricting, but empowering. Budgets enable them to pay their bills and still save for the things they want.
- Explain that creating a budget gets us organized, and sticking to a budget keeps us organized.
- Remind students that it’s NEVER TOO EARLY to create and commit to a budget.

Slide Transition: Let’s look at today’s objectives.

Objectives (Slide 2)

- Review the topics that will be covered in this presentation.

Slide Transition: In order to understand the budgeting process, we first need to dispel some of the misconceptions about budgeting.

Budgeting Misconceptions (Slide 3)

- Review slide.
- Discuss bullet 1:
  - Budgets don’t mean you can’t enjoy life or spend money on “fun things.” Budgets do mean you can’t spend ALL your money on fun things.
  - Budgets reduce stress because the anxiety of overspending is diminished and, therefore, you are able to enjoy life more.
- Discuss bullet 2:
  - Realistic budgets empower you to have the things you want.
- Discuss bullet 3:
  - Budgets are not “set in stone.” A sensible budget is flexible. Budgets are meant to be reviewed often and changed as your situation does.
  - For example, maybe as part of your dream job, you need to play golf with the boss on Friday afternoons. This is an added expense that you will want to budget for.

Slide Transition: Now the truths about budgeting.
The Truths About Budgeting (Slide 4)

- Review slide.

- Discuss some additional truths:
  - A budget is an empowering tool that puts you in charge of managing your money and ultimately your financial success.
  - Creating and sticking to a budget sets you up to have the things you want and still be financially successful.

Activity
Ask students to name a few consequences of spending beyond their limits. Remind students that spending beyond their limit sets them up for consequences that can last a lifetime.

Examples---
- Negative credit
- High interest rates
- Bankruptcy
- Foreclosure

Slide Transition: Now that you are straight about budget truths, we are ready to identify and review the budgeting process.

The Budgeting Process: (Slide 5)
Three Steps

- Review slide.

Slide Transition: Let’s review and set financial goals.

The Budgeting Process: Goals (Slide 6)

- Review slide.

- Explain that step one is to define one’s goals.

Activity
Have students give examples of some of their financial goals and identify whether it is a short-term or long-term goal.

- Short-term goals may include moving to a great apartment or having money for a Saturday night date.
- Long-term goals may take 2--5 years or much longer. They include buying a house, starting a family, going on a dream vacation, getting a dream job, making investments, or even planning retirement.
Activity
Ask students to write down three major expenses they expect to incur in the next 6 months, including one special item they are hoping to save enough money to purchase.

➢ Instruct students to keep these goals in mind as they move forward with creating their budget.

Slide Transition: Now that you’ve defined your goals, you need to evaluate monthly income.

The Budgeting Process: Income (Slide 7)

➢ Review slide.

Activity

Option A---If the class has internet access, go to salary.com and have students get free salary information, based on job type and location.

Option B---If the class does not have access to the internet, choose three to five popular majors from your school and have the salary information available to share with them.

Activity

➢ Ask students to write down how much they expect to earn yearly after graduation.
➢ Ask students to write down how much they expect to receive each pay period.

Explain that a job with a base salary of $30,000 a year is equal to $900 biweekly [the amount after taxes]. This does not include any additional withholding, such as pension, 401K, or insurance.

Point out that dividing the total salary by 52 or 26 paychecks will not give the correct amount of disposable income. Taxes can account for up to 25% or more, depending on the gross amount.

Creating a budget will determine if you need more income to meet your expenses as well as your goals.

Slide Transition: Now that you have a realistic expectation of how much income to expect, let’s look at expenses.

The Budgeting Process: Expenses (Slide 8)

➢ Review slide.

➢ Tell students they must look at where their money is going if they want to achieve their financial goals.

➢ Ask students to name any other expenses they may have.
Activity
Distribute the "Determining Your Financial Priorities" worksheet [found at the end of this presentation] and ask a volunteer to keep a tally of the responses for the group.

- What are the results?
- Was anyone surprised by their response?
- Did the group choose to eat out, play, or pay their debt?

This is a great activity to get you thinking about what is important to you and how you spend their money.

Slide Transition: Because your expenses are sure to change after graduation, it’s important to keep track of your spending.

The Budgeting Process: Expenses (Slide 9)

- Review slide.

- Ask the group how many of them throw away their receipts from the ATM. Of those who raised their hand, ask if they can account for ALL of their money.

Activity

- Ask students to stand up if they’ve used the ATM within the past 2 days.
- Ask those who have spent the entire amount to sit down.
- Ask those who have spent more than half of the amount to have a seat.

  o Depending on the audience size, you can continue reducing the amount until a majority of the students are seated.

Note what percentage of the class spent all or most of their money. Can they account for every dollar or even every penny?

- Ask for a volunteer or two from the group of students who sat first [those that spent the entire amount in 2 days] to tell you how much they took out and to account for how they spent it. Are they able to account for the full amount?
- Ask the students to name some of the items they spent their money on that fall into the “just because I want it” [needless spending] category.
- Take a quick poll of how many students would be willing to give up some of the needless “wants” to reach the goals they identified in the beginning of the presentation.

This is a good exercise to get the group thinking about how much and how often they spend money. In addition, it forces them to identify how easy it is to forget if they don’t track their expenses.

Note: Most individuals who do not track their spending are surprised by the amount of money they cannot account for. This unaccounted spending can easily be turned into savings.

Handout
Distribute the “Expense Tracker” located at the end of this presentation.
Challenge students to begin keeping all of their receipts for 1 month, including all cash, debit, and credit card purchases, as well as ATM transactions.

Explain that by tracking expenses, they will be able to identify money that is being spent needlessly and could be used to save for their short-term or long-term goals.

**Slide Transition:** Now that you understand the purpose of a budget and have evaluated your income and expenses, you are ready to create your budget.

**Create a Budget (Slide 10)**

- Review slide.
- Poll the audience to find out how many of them have and use a budget.
  - Among those who do budget, probe for input on how budgeting has worked for them.

**Activity**

- Refer students to their goal list made earlier in the presentation.
  - Ask a few volunteers to share one of their short-term or long-term goals.
  - Now ask how they plan to make it happen.
- How they plan to make it happen is the beginning of their budget. Planning allows them to pay their bills and save money over time, which is more manageable.

**Discussion**

- Is anyone planning to make a large purchase or take a vacation after graduation?
- Do you have enough money saved to pay for this expense?

Review the following textbook example: Suppose you and your friends decided to go to Cancun, Mexico. The trip costs $933.

You begin planning in September and the trip needs to be paid in full by March 1. This gives you 6 full months to plan and save.

Is it easier to come up with?

- **A:** $933 all at once
- **B:** $155 once a month
- **C:** $77.75 every 2 weeks
- **D:** $38.88 every week

For most, it is easier to manage small amounts over time, which is what a budget is all about.

While budgeting and saving this money may limit your spending now, the reward of traveling to Cancun with your friends will be worth it!
Slide Transition: Once you have your plan and all the information you need, you’re ready to create your budget.

Create a Budget (Slide 11)
Budget Calculator

- Review slide.
- Point out where to input the money needed for savings, expenses, and income.
- Suggest that students visit YouCanDealWithIt.com to take advantage of the site’s easy-to-use online Budget Calculator.

Activity

**Option A** --- Use one or two volunteers to complete the Budget Calculator on YouCanDealWithIt.com.

**Option B** --- Use the Budget Calculator to talk them through the items to consider when creating a budget.

- **Savings**: 5% --- Students should pay themselves first. This is how students save for their goals.
- **Emergency fund**: 5% --- Students should put aside at least 3--6 months’ worth of expenses that are easy to access in case of an emergency. This is not for impulse spending, but for real emergencies, like car repairs, lay offs, and medical expenses.
- **Investments/retirement fund**: 10% --- Many students feel retirement is so far into the future it is almost inconceivable to them. Ask them if they would prefer to play now and work forever, or work harder now and be able to play forever. If they plan now, they could retire by the time they are 50 and play for 35 or 40 years, or they could just keep working until the end, because they didn’t plan. It’s never too early to think about the future.

Some of the items such as a car payment and rent are static and will be very easy to fill in. Students will need to estimate some expenses such as groceries and clothing because they fluctuate.

Most estimate expenses too low and income too high. Recommend that once students track their expense for a month, they then go back and update their budgets with the actual amounts spent.

Now for the reality:

- Have students subtract their expenses from their income.
- Are they in the RED or BLACK?
- Do they need to adjust their spending in order to reach their goals?

Explain there are only two choices if money is tight:

- Increase income
- Decrease spending

Slide Transition: After doing your budget, you may realize you need to save a few extra dollars a day to meet your goals. Let’s look at some ways you can make that happen.
Create a Budget (Slide 12)

Budgeting 101

- Review slide.
- Explain that eating in yields savings.

Activity

Ask students to share their ideas on how they can increase their income and decrease their spending.

Examples---

- If their housing cost is too high, they may need to consider a roommate or live at home a few months until they can afford an apartment.
- Take on a second or part-time job, if only for a few months, until they are able to pay off some debt. Remind them not to add any additional debt.

Slide Transition: Recap

Objectives (Slide 13)

- Review slide.
- Ask for questions.
DETERMINE YOUR FINANCIAL PRIORITIES

Read each pair of words. If you had $50, check the item or activity you would prefer to spend your money on.

Savings Or Your Personal Appearance
Clothing Or Social Activities
Sports Or Eating Out
Eating Out Or Savings
Paying a Debt Or Clothing
Social Activities Or Church/Charity
Hobbies Or Paying a Debt
Your Personal Appearance Or Sports
Church/Charity Or Hobbies
Social Activities Or Savings
Hobbies Or Clothing
Your Personal Appearance Or Sports
Church/Charity Or Eating Out
Savings Or Paying a Debt
Clothing Or Social Activities
Sports Or Hobbies
Eating Out Or Your Personal Appearance
Paying a Debt Or Church/Charity

Tally your choices below.

Church/Charity _________
Clothes _________
Eating Out _________
Hobbies _________
Paying a Debt _________
Your Personal Appearance _________
Savings _________
Social Activities _________
Sports _________

What did you find your priorities to be? Were you surprised? Do you want to make any changes in the final order? Maybe you would like to spend less on eating out and more on savings, or you would like to decrease you debt and cut down on social activities. Maybe you are content with your priorities. The important thing is to understand them.

Source: National Endowment for Financial Education
EXPENSE TRACKER

Track your expenses for at least a month in order to get an accurate accounting of how you spend your money. Use the EXPENSE TRACKER to write down each and every time you spend money. **INCLUDE EVERYTHING!** At the end of the month, add up your spending and replace any estimates in your budget with accurate figures. You may find that you have created a costly habit, as shown in the examples below.

Is your spending keeping you from reaching your goals like Steve and Sarah?

**SAMPLE 1. Steve’s Expenses**

Steve withdraws $20 from the ATM on Monday. Tuesday evening he needs an additional $20 to pay for dinner. By Thursday, he is back at the ATM for another $40 thinking this will cover him for the weekend. Unfortunately, Saturday night he is unable to go out with his friends because his cash is gone and his account is empty. Steve is unable to account for the $80 he spent. He doesn’t know where all his money goes.

Do you know how and where you spend your money?

**SAMPLE 2. Sarah’s Expenses**

Sarah spends $106 per month on her morning café latte, but replacing her special morning brew with regular coffee and splurging just once a week on a latte could save her a lot. Or better yet, if she bought a coffee pot and made her own coffee she’d save even more!

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<th>BUDGET CATEGORY</th>
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<td>Food</td>
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</table>

START TRACKING YOUR SPENDING TODAY AND START SAVING!
YOUR PERSONAL TRACKER

| DATE | DESCRIPTION | AMOUNT | BUDGET CATEGORY | ADDED TO BUDGE |