



**FINANCIAL  
FOUNDATIONS**

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A Financial Beginnings Financial Education Program

**BUDGETING  
Presenter's Guide**

Presented by







### **Our Mission**

Financial Beginnings empowers youth and adults to take control of their financial future. We provide educational programs that incorporate all aspects of personal finance to give individuals the foundation they need to make informed financial decisions.

### **Our Vision**

Financial Beginnings is the pathway to a financially literate nation. In a financially literate nation, individuals cease to see finances as a barrier and instead view them as a tool to realize their dreams. In a financially literate nation, individuals are vested in and contribute to a healthy economic system nationally, regionally, and in their own neighborhood.

# Welcome to Financial Foundations!



Financial Foundations is Financial Beginnings' Financial Literacy Program for high school participants and young adults. Financial Foundations is Financial Beginnings' largest program serving approximately 30,000 participants each year. This is a full-service program in which Financial Beginnings provides all of the materials and presenters to deliver the program.

The curriculum is broken down into five subjects which specifically focus on a different area of personal finance and include:

- Banking
- Budgeting
- Credit
- Investing
- Risk Management

Each of the five subjects is taught in 2-one hour classes or 1-1 1/2 hour block period. Educators are given the flexibility to choose the subjects that best fit into their class (though most choose to have all five).

This **Presenter's Guide** will walk presenters through how to deliver the lessons and utilize the accompanying participant **Resource Guides**, **PowerPoint slides** and additional **online resources** to provided an impactful lesson. The goal of this Presenter's Guide is to help you deliver the lessons and effectively utilize the information provided by Financial Beginnings.

Thank you for partnering with Financial Beginnings to provide this valuable financial education program to our community's youth and young adults.

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# Using this Presenter's Guide

This Presenter's Guide is just one tool that Financial Beginnings provides you to help you deliver the Financial Foundations programs for high school students and young adults. Below outlines the Financial Foundations resources available for your use:

**Volunteer Website**— <http://financialbeginnings.org/volunteers/> You have to be an active volunteer in order to gain access to the website. All of the materials for all of Financial Beginnings' programs are available under the *Classroom Materials* page of the Volunteer Website. In addition, there are supplemental videos available to be viewed on the *Videos* page of the Volunteer Website. Before presenting it is always good to go to the Volunteer Website to ensure that you have the most up to date materials.

**Resource Guides**— Each of the five subjects has a corresponding booklet, called the Resource Guide. Each participant is provided with a Resource Guide for the corresponding subject taught. You can obtain hard copies of the Resource Guides from the Financial Beginnings office or download pdf files from the Volunteer Website. The Resource Guides were developed to serve as an on-going reference guide for participants to save and refer back to in the future.

**PowerPoint Slides**— Each subject has a set of corresponding slides and presenter's notes. The slides can be downloaded from the Volunteer Website as well as a pdf file showing the notes pages. Volunteers can modify the PowerPoint Slides to provide up to date relevant information to enhance the presentation.

**Presenter's Guide**— Provides volunteers with detailed directions on how to deliver the Financial Foundations program. The guide is meant to provide an overview off all of the resources and how they work together to make a smooth lesson plan.

We want to provide our volunteers with flexibility in how they present the lessons, but to ensure program consistency and quality we ask that you meet the course objectives and use as many of the activities as possible. A good rule of thumb to follow for program consistency is to stick to the *80/20 Rule*. Make sure that you are using at least 80% of the provided curricula.

This Presenter's Guide is based on the **Financial Foundations Resource Guides Rev. 7**, Last revised September 2016.

# Meeting Standards

Increasing individual financial capability remains at the forefront of our nation. Executive Order 13530 established the President's Advisory Council on Financial Capability. The Council was tasked with identifying new approaches to increase capability through financial education and financial access.

Increasing the financial education opportunities available to youth was identified as one of the Council's three major focus areas. A resource guide published by the Council further emphasized the importance of curriculum that is age-appropriate and aligns with each year of K-12 instruction.

Financial Beginnings' Financial Footings program provides age-appropriate curriculum on all areas of personal finance for elementary school students. The partnership between COUNTRY Financial, Financial Beginnings and the Financial Footings program represents a proactive effort to advance these national strategies to increase financial education among youth.

In addition to furthering a national agenda to increase financial capability and stability, the Financial Footings program also meets or exceeds the standards set forth by the individual states, in regards to financial education.

# Budgeting

Budgeting is the foundation of personal financial planning. Budgeting allows us to manage our money by tracking our income and expenses. Since every person is different, it is important to know how to create a budget to use for our own specific needs.

By the end of this session, participants will:

- Understand the primary components of a budget and how to create and maintain a budget,
- Understand the different types of income and how taxes apply,
- Understand some useful budgeting concepts such as fixed and variable expenses,
- Understand how short-term and long-term financial goals are set and utilized, and
- Learn tips to keeping a budget relevant.



## Budgeting Overview & Timeline

Activity (Time)	Objective	Summary of Activity
Icebreaker (10 Minutes)	Introduce the topic and encourage classroom discussion.	Engage participants with a fun icebreaker and introduce participants to the lesson objectives.
Lesson 1 (5 Minutes)	Understand the uses of a budget and why it is an essential component of good money management.	Lead participants through a discussion introducing the topic.
Lesson 2 (30 Minutes)	Understand the key components of a budget.	Lead participants through a discussion and engage them with the <b>Case: Cheryl Activity</b> .
Lesson 3 (15 Minutes)	Learn how to construct an effective budget that they will utilize.	Introduce participants to the basics of constructing a budget and refer them to the <b>Monthly Payment Schedule</b> and <b>Budget Worksheet</b> as resources available.
Conclusion (10-30 Minutes)	Review the lesson with a final activity. Answer any remaining questions.	Answer any remaining questions participants have and emphasize key takeaways from the lesson. If time allows wrap up with the <b>Budget Management Activity</b> .

### Resource Guide

#### **Activities:**

Page 2- Case: Cheryl

Page 10- Budget Management

#### **Appendices:**

Page 8- Appendix A: Monthly Payment Schedule

Page 9- Appendix B: Budget Worksheet

### PowerPoint Slides

Slides can be found on the Financial Beginnings Volunteer Website under Classroom Materials.

## Budgeting Understanding Your Audience

Before beginning any presentation it is helpful to think back to when you were first introduced to the subject. The more that you can understand and relate to your audience, the better your presentation will be because it will allow you to make the information relevant to the participants.

Below are some generalities about attitudes and understanding of young adults relating to budgeting:

- Many have likely never been introduced to a budget.
- They may be familiar with many of the basic terms, but not sure how they apply in real life.
- Some may already have poor spending habits.
- They may shy away from math and/or numbers.
- Most likely want to utilize technology to manage their lives.

# Budgeting Icebreaker

**Time:** 10 Minutes

**Objective:** Introduce the topic and encourage classroom discussion.

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## Resource Guide

**Page #:**

1- Session Objectives

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## PowerPoint Slides

**Slides:**

- What if you won the lottery?
  - What are we doing today?
- 

## Discussion

We have all dreamed at one time or another about what we would do if we won millions in the lottery. This warm-up exercise is great to get the participants excited about what they would do if they won the lottery.

*“What would you do if you won millions in the lottery?”*

Common responses are:

- Buy a house
- Buy a car
- Go to college
- Invest the money
- Help out family members
- Donate
- Travel
- Start a business

You will likely notice one answer that does not appear with younger participants, but probably will be listed if you are presenting to a crowd over 18...pay off debt! That is one of the great aspects of the Financial Foundations program and this lesson. We can help participants learn to budget and limit the amount of debt they accrue.

*“Is there any reason you cannot do these things anyway?”*

One-by-one you can discuss the list and explain how all of these things can be achieved without winning the lottery and budgeting is a key to making it happen.

# Budgeting Lesson 1

**Time:** 5 Minutes

**Objective:** Understand the uses of a budget and why it's an essential component of good money management.

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## Resource Guide

**Page #:**

2- What is a budget and a financial plan?

2- Why develop a budget?

---

## PowerPoint Slides

**Slides:**

- What is a budget? Who uses budgets?
  - Basics of Budgets
- 

## Discussion

*"What is a budget?"*

*"Who uses budgets?"*

*"Why develop a budget?"*

Many times participants understand the basic components of a budget, but they may not necessarily understand how budgeting applies to their lives.

Participants usually understand that their school, our government, businesses or their parents utilize budgets.

Explain to participants that as they get older their income and expenses will grow, in terms of both dollars and complexity. Large expenses like purchasing a car, going to college or buying a house cannot be made spontaneously, they require a plan to pay for them. A budget provides a plan for one's money so they can attain their goals.

# Budgeting Lesson 2

**Time:** 30 Minutes

**Objective:** Understand the key components of a budget.

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## Resource Guide

**Page #:**

2- Case: Cheryl

3- Budgeting Framework

4- Typical items in a budget

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## PowerPoint Slides

**Slides:**

- Income
- Expenses
- Taxes
- Factoring taxes into your budget
- Needs vs. Wants
- Maslow's Hierarchy of Needs
- Responsibility
- Where can I cut expenses?
- Case Study: Cheryl

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## Discussion

### **BUDGETING FRAMEWORK**

Teach participants about the basics components of a budget.

$$\text{Income} - \text{expenses} = \text{Net Income/Loss}$$

If income is greater than expenses then it is a *Net Income*.

If expenses are greater income then it is a *Net Loss* and they are going into debt!

Share some examples of the different forms of income including:

- Earned Income- job, consulting, operating a business
- Portfolio Income- stock returns, bond returns, rental income
- Gifted and Loaned- birthday, Christmas, student loans while in school or parents' support

*"What are some of your expenses?"*

*"If you need to cut back on expenses which is easier to cut, fixed or variable expenses?"*

It can be fun to have participants write on the board things they have spent money on in the last week. After getting a list of common expenses explain the difference between fixed versus variable expenses. Referring back to some of their expenses written on the board, ask if they are fixed or variable.

Explain to participants it is harder to change fixed expenses because it would mean moving to a cheaper place or refinancing their car, whereas variable expenses are more easily adjusted because you can choose to work towards driving or eating out less.

Discuss the different forms of taxes and how they factor into a budget:

- Income- federal, state, city, FICA
- Sales- general purchases, luxury items, food purchases
- Excise- gas, travel
- Asset- real estate, stock sales

### ACTIVITY

Prior to class you can tape up a piece of paper on one side of the room that says NEED and another on the opposite side of the room that says WANT or on **PowerPoint Slides** it will provide arrows directing towards needs or wants.

Have participants stand up in the middle of the room. Tell participants one end of the room represents something they need and the other something they would just want. Let them know they are likely going to be somewhere in-between for each of the items you are going to list. Tell them to stand in the place they feel their needs and wants are for the items you mention.

Items:

- Morning coffee
- Professional hair cut
- A fancy car
- Many pairs of shoes
- Name-brand jeans
- An awesome game system

### EXPENSES

Discuss the emotions that drive some of our spending habits. Utilizing Maslow's Hierarchy of Needs can help us to put our needs into perspective.

- Physiological- covers absolute needs like water and food
- Safety- provides protection, like shelter and an income
- Love, Belonging- the need to be loved and belong to a group
- Self-esteem- needing to feel respected by others and feel achievement
- Acceptance- realizing your potential

Other things that may factor into your budget are your economic, social and environmental responsibility.

*"Is it important to you to shop local or support small business?"*

*"Is it important that you buy American-made products or shop at retailers that have similar beliefs to yours?"*

*"Is it important that you purchase organic, locally sourced or biodegradable products?"*

*"What are some ideas for cutting expenses?"*

- Save money on food?
- Cut back on transportation costs?
- Save money on entertainment?

Refer participants to **page 2** of the **Resource Guide** to work through the **Case: Cheryl**. Have participants work this out independently or together as a group.

### Case: Cheryl

Cheryl, a single parent, has two children, ages five and nine. She works as a receptionist and makes \$26,000 a year. Cheryl pays \$700 a month in rent for her two-bedroom apartment.

Cheryl was unemployed for a few months before she found her job, and during that time she rang up \$2,200 in credit card debt. Her credit card APR is 24.99%. Even though it's a struggle to pay the credit card bill, Cheryl always pays it on time.

Cheryl's kids have two good friends in the neighborhood, Danny and LaTonya, and when they come over Cheryl often ends up feeding all the children dinner and taking care of Danny and LaTonya until their parents get home from work.

Cheryl's office is in a downtown shopping area, and she likes to stop in at her favorite clothing store during her lunch break. While she usually waits until items she likes are on sale, sometimes she makes an impulse buy using her credit card, even though the item may not be on sale.

Cheryl is planning to take her kids on vacation in three months to visit their grandparents in another state. She needs to save about \$1,200 for the plane tickets and travel costs.

***What are some ways that Cheryl can cut down on her expenses so that she can afford to take the vacation with her family?***

Here are some things for Cheryl to consider:

- Cheryl seems to have good credit because she pays her bills on-time. She could call the credit card company to see if they would lower her interest rate or explore other cards with a lower interest rate.
- Maybe Danny and LaTonya's parents would pay Cheryl for watching their kids after school.
- Cheryl should stop shopping on her lunch break.

# Budgeting Lesson 3

**Time:** 15 Minutes

**Objective:** Learn how to construct an effective budget that they will utilize.

## Resource Guide

**Page #:**

4- How to construct a budget

6- How to forecast and track items in a budget

6- Tools to help manage your budget

A goal setting template can be found on **page 5** of the **Resource Guide**.

An example of this type of goal-setting (for both short-term and long-term items) is shown below.

Item	When	Cost	Cost Coverage Plan
<b>Short-Term Goals</b>			
1) Vacation	1 year	\$2,000	\$50/wk. from salary to vacation account
2) New TV	2 years	\$1,500	Withdraw from savings
<b>Long-Term Goals</b>			
1) College	3 years	\$9,000/yr.	Yearly contributions to college fund Secure financial aid
2) Condo Down Payment	5 years	\$20,000	Sell shares of ABC mutual fund XYZ corp bond matures in 4 years

*What are some of your short-term goals?*

Short-term goals	When?	Cost	Savings plan

**Appendices:**

8- Appendix A: Monthly Payment Schedule

9- Appendix B: Budget Worksheet



# PowerPoint Slides

## Slides:

- How to start a budget
  - Budget killers
  - Goals
  - Tracking
  - Net worth
- 

## Discussion

### STARTING A BUDGET

Walk participants through the basics of how to establish a budget.

- Pick a time period
- Project income and expenses
- Ensure expenses are not greater than income

Items that can kill a budget:

- Unexpected expenses
- Unrealistic budget line items
- Lack of adjustments when necessary
- Not tracking to budget
- Not factoring “what if” scenarios

Refer participants to **Appendix A: Monthly Payment Schedule** on **page 8** of the **Resource Guide**. This is a helpful worksheet to keep track of when your expenses are due.

### GOAL SETTING

Discuss the importance of goal setting and how it relates to budgeting. It is important to make goals and then make a plan to attain them.

Short-term goals- Less than a year

Intermediate-term goals- 1-5 years

Long-term goals- over 5 years

Ask participants for examples of short, intermediate and long-term goals?

Refer participants to **page 5** of the **Resource Guide** to list three short-term goals and work out a savings plan to obtain the goals. Come back together as a group and review the plans they have to attain their goals.

### BUDGETING TOOLS

Introduce participants to different budgeting tools to use to track their budget. The best budgeting tracking tool is one they will actually use! Good tools include Excel, mint.com or Quicken. Refer participants to **Appendix B: Budget Worksheet** on **page 9** of the **Resource Guide**. This can be used to help to develop their own budget. It may be easy to develop a budget, but unless actual expenses are compared to the budget it will not be useful.

Explain to participants what:

Net Worth is:  $\text{Assets} - \text{Liabilities} = \text{Net Worth}$

It is not uncommon for someone to have a negative net worth when they are young, but as they get older it is important that the net worth grows.

A **Monthly Payment Schedule** can be found on **page 8** of the **Resource Guide**.

# APPENDIX A: Monthly Payment Schedule

Month: \_\_\_\_\_

Income	Expenses/Bills	Pay or Due Date	Amount Due	Paid

- Transfer your income sources and amounts from the Budget Worksheet to the income column on the Monthly Payment Schedule.
- Record the date the income amount is expected.
- Transfer your expenses, the date due, amount due and the date paid into the appropriate columns of the Monthly Payment Schedule.
- Use different colored ink for income and expenses.

**Appendix B: Budget Worksheet** can be found on **page 9** of the **Resource Guide**.

# APPENDIX B: Budget Worksheet

In order to complete this worksheet, you will have to track your spending for a month. When you have the information, fill in the worksheet and compare the amount you spend to your monthly income. This will let you know if you are earning enough to cover your expenses. If you are spending more than you earn, you have a deficit, and you have to look for ways to cut back or to earn more income.

<u>Expenses</u>	<u>Average Monthly Cost</u>
<b>Housing</b>	
Rent or mortgage payment	\$ _____
Utilities (if paid separately)	\$ _____
Property taxes (if you own a home)	\$ _____
Renter's or homeowner's insurance	\$ _____
<b>Non-Housing</b>	
Groceries	\$ _____
Eating out	\$ _____
Daycare/tuition	\$ _____
Car payment	\$ _____
Car insurance	\$ _____
Gas	\$ _____
Car repairs	\$ _____
Other transportation	\$ _____
Health care	\$ _____
Clothing	\$ _____
Personal grooming	\$ _____
Entertainment	\$ _____
Telephone	\$ _____
Vacations	\$ _____
Taxes	\$ _____
Credit card payment	\$ _____
Student loan payment	\$ _____
Other loan payment	\$ _____
Bank fees	\$ _____
Savings	\$ _____
Other:	\$ _____
<hr/>	
<b>Total expenses:</b>	\$ _____
<b>Monthly income:</b>	\$ _____
<b>Difference:</b>	\$ _____

# Budgeting Conclusion

**Time:** 10-30 Minutes

**Objective:** Review the day's lesson with a final activity. Answer any remaining questions.

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## Resource Guide

**Page #:**

7- Budgeting Session Summary  
11- Survey: Budgeting

**Activity:**

10- Budgeting Activity: Budget Management

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## PowerPoint Slides

**Slides:**

- Budgeting Activity
  - Takeaways
  - Got it?
- 

## Discussion

Wrap up the day with some key takeaways:

- Maintain a net income
- Create goals
- Maintain a current budget

Answer any remaining questions participants have regarding budgeting.

If time allows refer participants to the **Activity: Budget Management** on **page 10** of the **Resource Guide** or engage participants with the other activities.

Please allow a few minutes at the end of the course for participants to fill out the survey on **page 11** of the **Resource Guide**. Collect the surveys and deliver or send to Financial Beginnings.

**Budget Management Activity** can be found on **page 10** of the **Resource Guide**.

## ACTIVITY: Budget Management

Tony is an 18-year-old high school graduate who makes about \$15,000 per year (after taxes) working as a cashier at a local drug store. Tony does not have a budget but seems to have problems making ends meet. After attending a personal finance class, he decided to track his expenses for a month and then develop a budget.

Monthly Expense	Amount
Rent	\$1,000
Food	\$200
Utilities (heat, electric, etc)	\$200
Cell phone	\$50
Car payment	\$150
Car insurance	\$75
Entertainment	\$150
Clothes	\$200
Gym membership	\$50
Miscellaneous	\$50

- 1) Use the following worksheet to the LEFT to determine Tony's net available after each expense.
- 2) List the expenses in order of priority.

Description	Expense	Income	\$ Available
Salary		\$1,250	\$1,250
Rent	\$1,000		\$250

Description	Expense	Income	\$ Available
Salary		\$1,250	\$1,250

3) How is Tony getting by? How does he cover his expenses?

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4) What options do you see for Tony to balance his monthly budget?

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5) Use the worksheet to the RIGHT (above) to put together a budget that works for Tony

## Survey (Optional)

The final page of the student workbook is an optional retrospective survey designed to measure knowledge gained by the participants from this program. This is essentially a combined pre- and post-program survey taken at the end of the module. Results will be used to make improvements in how we deliver our programs, for marketing purposes, and to share with donors and stakeholders as appropriate.

Please set aside about **5-10 minutes** at the end of class to administer the survey. Your role will be to introduce the surveys to participants, ask them to complete the surveys, answer any questions, and then collect the surveys when they have been completed.

Below is a suggested script to use when administering the survey. Please feel free to modify as you see fit.

*"We want to know what you learned today. On the last page of your workbook is a short survey. Please spend 5-10 minutes filling this out, and tear it off when you finish.*

*"This test is separated into two sections. The first section asks about what you now know after this class. The second section asks you to think back before you had this class, and to answer about what you knew then. This survey helps us determine how effective are programs are. It will also help us improve the program and the results will be shared with our supporters and other teachers and schools. Thank you for taking the survey seriously and for your help in making this program effective for you."*

Please mail or drop off completed surveys to:

Financial Beginnings,  
9600 SW Capitol Hwy.  
Suite 150,  
Portland OR 97219.

If you have any questions about the survey, its protocols, or use of results don't hesitate to contact us at [programs@financialbeginnings.org](mailto:programs@financialbeginnings.org) or via phone at 800-406-1876.



