



# **MONEY SMART FOR YOUNG ADULTS**



## **MODULE 4**

# **Your Spending and Saving Plan**

**Participant Guide**



FDIC-017-2022

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# Contents

<b>Welcome .....</b>	<b>1</b>
Module Purpose .....	1
<b>Section 1: Making a Monthly Spending and Saving Plan .....</b>	<b>2</b>
Building Blocks of a Spending and Saving Plan .....	2
Apply It: Making My Spending and Saving Plan .....	3
Try It: Making a Spending and Saving Plan .....	7
<i>Scenario: Luis and Ariana Make a Spending and Saving Plan .....</i>	<i>7</i>
Apply It: Using My Spending and Saving Plan .....	11
Try It: Adjusting a Spending and Saving Plan .....	15
<b>Section 2: When Money Is Short .....</b>	<b>16</b>
How Does It Happen and What Can I Do? .....	16
Prioritizing Based on What Might Happen .....	17
Apply It: Prioritizing My Expenses.....	18
<b>Module Closing .....</b>	<b>20</b>
Remember the Key Takeaways.....	20
Take Action .....	20
Where to Get More Information or Help .....	21
Pre-Training Survey.....	22
Post-Training Survey .....	23
<i>About the Training.....</i>	<i>24</i>

# WELCOME

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

This is the participant guide for **Module 4: Your Spending and Saving Plan**. Use it during and after training. You can write in it. It is yours to keep.

## Module Purpose

This module will help you put together information about your income and expenses to develop a spending and saving plan. By the end of this module, you 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

## SECTION 1:

# Making a Monthly Spending and Saving Plan

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



### KEY TAKEAWAY

**Use a monthly spending and saving plan to guide how you use your money.**

## Building Blocks of a Spending and Saving Plan

A spending and saving plan helps you:

- Compare your income and expenses
- Understand where your money is going
- Make adjustments so you can use your money to meet your goals

Spending and saving plans bring together two money topics:



**Income:** Money you receive



**Expenses:** How you use your income



## ✓ 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:
<b>Zero</b> <b>0</b>	<b>Your income is the same as your expenses.</b>	<b>You should have just enough income to cover your expenses.</b>
<b>A positive number</b> <b>+</b>	<b>You have more income than expenses.</b>	<b>You should have enough income to cover your expenses. You can plan to share, spend, or save your extra income.</b>
<b>A negative number</b> <b>-</b>	<b>You have more expenses than income.</b>	<b>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.</b>

**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:		
<b>Total Net Income</b> (Add rows above.)		

### MY EXPENSES

#### My Savings

ITEM	MONTHLY AMOUNT	
	Past	Planned _____
Saving for Retirement		
Saving for Emergencies		
Other:		
Other:		
<b>Total Savings</b> (Add rows above.)		

#### My Sharing

ITEM	MONTHLY AMOUNT	
	Past	Planned _____
Charitable Contributions		
Other:		
Other:		
<b>Total Sharing</b> (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:		
<b>Total Spending</b> (Add rows above)		

### MY TOTAL EXPENSES

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

### COMPARISON OF MY TOTAL NET INCOME AND MY TOTAL EXPENSES

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

Read the scenario. Use Luis and Ariana's Spending and Saving Plan to complete the table on pages 8-10. Then answer the questions on page 10.

## 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 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. And 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 logs to make a spending and saving plan for the coming month.



## 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:		
<b>Total Net Income</b> (Add rows above)	<b>\$3,100</b>	<b>\$3,100</b>

## Their Expenses

### THEIR SAVING

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

### THEIR SHARING

Item	Past Monthly Amount	Planned Monthly Amount for April
Sharing With Family and Friends		
Charitable Contributions	\$15	\$15
Other:		
Other:		
<b>Total Sharing</b> (Add rows above)	<b>\$15</b>	<b>\$15</b>

## Try It: Making a Spending and Saving Plan *continued*

### 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
Eating Out or Take-Out	\$200	\$200
Service Animal Expenses		
Pet Care		
Personal Expenses	\$150	\$150
Entertainment	\$300	\$300
Other:		
Other:		
<b>Total Spending</b> (Add rows above)	<b>\$3,100</b>	<b>\$3,100</b>



## Their Total Expenses

Item	Past Monthly Amount	Planned Monthly Amount for April
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	
Their Total Expenses for April	
Difference (Their Total Net Income minus Their Total Expenses)	

### ANSWER THESE QUESTIONS:

Does Luis and Ariana's spending and saving plan show that their income will cover their expenses?

☐ Yes ☐ No

What is the difference?

## ✓ APPLY IT:

# Using My Spending and Saving Plan

There are several ways to actively use your spending and saving plan throughout the month to gain control over how you use your money.

Check the daily, weekly, and monthly spending and saving activities you want to try. If you have other ideas, add them.



## Daily

- ☐ **Record 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 when you review your monthly statements.
- ☐ **Collect 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.

**My other ideas:**



## Weekly

- ☐ **Put limits on spending using the envelope system.** Label envelopes for categories of spending you want to limit. 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.

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,

- ☐ **Establish a weekly money check-in.** Set aside a convenient time each week for you and your household members to review actual spending against your spending and saving plan.

**My other ideas:**



## Monthly

- ☐ **Conduct a monthly review.** Review your spending records for the past month using an app, receipts, or a spending log to 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.
- ☐ **Have 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.
- ☐ **Celebrate successes.** 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.
- ☐ **Prepare 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.

**My other ideas:**



## Increasing Income

Write down ideas for increasing income that might work for you.



## Decreasing Expenses

Write down ideas for decreasing expenses that might work for you.

## Making Adjustments

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 really useful tool. It helps you decide where to change things. Adjusting it doesn't mean you have a bad plan.



 **TRY IT:**

## Adjusting a Spending and Saving Plan

Using the scenario and spending and saving plan from “Try It: Making a Spending and Saving Plan” on page 7, answer the questions.

**How can Luis and Ariana increase their income?**

**How can Luis and Ariana decrease their expenses?**

**Remember the Key Takeaway**

**“ Use a monthly spending and saving plan to guide how you use your money.”**

## SECTION 2:

# When Money Is Short

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



### KEY TAKEAWAY

**Prioritize which bills to pay first when money is short.**

## How Does It Happen and What Can I Do?

Even with careful planning, money can run short.

**Why might people not have enough money to pay bills? You can take notes from the discussion here.**

**What can you do when money is short? You can take notes from the discussion here.**

# Prioritizing Based on What Might Happen

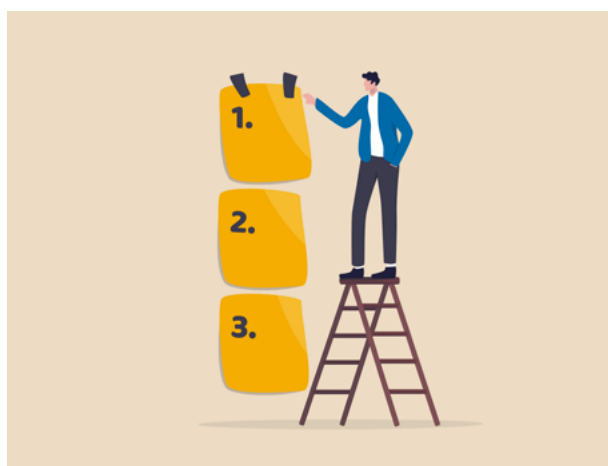
Prioritizing means making choices about which bills you will pay in full, pay partially, or pay late.

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



## ✓ APPLY IT:

# Prioritizing My Expenses

When your income is less than usual or you've had an unexpected expense, your regular bills and living expenses don't stop.

### FIRST:

- Try to find ways to increase income or reduce expenses.
- Contact your creditors. They may give you extra time to pay or otherwise work with you.
- Reach out for help, not only from family and friends, but also from community-based organizations and public agencies.

**THEN:** If you still can't pay all of your bills in full when they are due, prioritize which to pay first. You can use the table on pages 18-19.

**Step 1:** List all of your bills and other expenses. Indicate if you've talked to your creditor(s) or asked for help from others.

**Step 2:** Write down what happens if you don't pay in full when due.

**Step 3:** Complete the Priority Number column. Put a "1" in that column for the bill or expense that has the most serious consequences if you don't pay it in full and on time. Next, put a "2" for the bill with the second most serious consequences. Continue until you have assigned a priority to each one.

The expense marked "1" is your highest priority expense. Pay it in full and on time if you can. The expenses with the higher numbers are those with less serious consequences if you do not pay them in full now.

**KEEP IN MIND:** All of your bills are your responsibility. Plan to pay them as soon as you are able.

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
			Yes	No	Yes	No		
Example: <i>Cell phone bill</i>	<i>\$50</i>	<i>1/5/22</i>	<i>X</i>			<i>X</i>	<i>Late fee or service might be cut off, but not until bill is unpaid for two months</i>	<i>4</i>

### Apply It: Prioritizing My Expenses *continued*

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
			Yes	No	Yes	No		

#### Remember the Key Takeaway

**“Prioritize which bills to pay first when money is short.”**

# MODULE CLOSING

## Remember the Key Takeaways

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

You are more likely to act if you commit to **taking action now**. One way to commit is to think about what you plan to do because of what you learned today. Then write it down.

**What will I do?**

**How will I do it?**

**Will I share my plans with anyone? If so, who?**

## Where to Get More Information or Help

Using a local workforce development program might help you develop skills to fill high-demand jobs and increase your income over the long term. To find workforce development programs, start by visiting **[careeronestop.org](https://careeronestop.org)**.

For more information about public benefits and eligibility requirements, visit **[benefits.gov](https://benefits.gov)**.

You may be eligible for various tax credits that increase your net income. Consider getting free tax preparation assistance through the Volunteer Income Tax Assistance Program or VITA. Go to **[irs.gov](https://irs.gov)** and search for “VITA.”

For help with your energy bills, find assistance in your state and community by visiting **[benefits.gov/benefit/623](https://benefits.gov/benefit/623)**.

Community action agencies are a potential source of help when money is short. Many agencies have programs offering help covering expenses, such as rent assistance.

Visit **[communityactionpartnership.com/find-a-cap](https://communityactionpartnership.com/find-a-cap)** to find an agency near you.

Your Money, Your Goals includes a booklet of practical tools to help with the common challenges of paying bills. Visit **[consumerfinance.gov](https://consumerfinance.gov)** and search for “Behind on Bills.”

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If you have a question about a banking product, ask a customer service representative at the financial institution for help.

If you have a concern, explain to the customer service representative what happened and what you would like them to do to correct the situation. If that does not help, consider contacting the federal regulator for that financial institution.

To find out who regulates the financial institution, call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342) or visit **[fdic.gov/consumers/assistance/filecomplaint.html](https://fdic.gov/consumers/assistance/filecomplaint.html)**.



# Pre-Training Survey

Your instructor may ask you to complete this pre-training survey.

Please answer these questions:

1. A spending and saving plan:
  - a. Records the value of your assets
  - b. Tells you which bills to pay first if you can't afford to pay them all
  - c. Lists your income and expenses
  - d. Should not include gifts that you receive or give to others
  - e. All of the above
  - f. None of the above
2. Your spending and saving plan should stay the same from month to month.  
☐ True      ☐ False
3. When you don't have enough money to pay all of your bills on time:
  - a. Prioritize which bills to pay in full, in part, or late based on what will happen if you don't pay the bill
  - b. Ignore the people you owe until you are able to pay
  - c. Hold off on paying any of your bills until you can pay them all
  - d. All of the above
  - e. None of the above
4. If you spend more than your income can support, look for ways to:
  - a. Increase your income
  - b. Decrease your expenses
  - c. Increase your expenses
  - d. Both a and b
  - e. Both a and c

# Post-Training Survey

Your instructor may ask you to complete this post-training survey.

Please answer these questions:

1. A spending and saving plan:
  - a. Records the value of your assets
  - a. Tells you which bills to pay first if you can't afford to pay them all
  - b. Lists your income and expenses
  - c. Should not include gifts you receive or give to others
  - d. All of the above
  - e. None of the above
2. Your spending and saving plan should stay the same from month to month.  
☐ True      ☐ False
3. When you don't have enough money to pay all of your bills on time:
  - a. Prioritize which bills to pay in full, in part, or late based on what will happen if you don't pay the bill
  - b. Ignore the people you owe until you can pay
  - c. Hold off on paying any of your bills until you can pay them all
  - d. All of the above
  - e. None of the above
4. If you spend more than your income can support, look for ways to:
  - a. Increase your income
  - b. Decrease your expenses
  - c. Increase your expenses
  - d. Both a and b
  - e. Both a and c.

## About the Training

Please answer the following questions about the training.

1. The trainer:

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| Shared information in a way that was clear and easy to understand. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Made the training engaging.  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Encouraged participation and discussion.                           | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Showed respect for all participants.                               | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Created a good learning environment.                               | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

2. Do you feel better able to make decisions related to the topic of this training?

- ☐ True      ☐ False      ☐ I do not know

3. Did the training provide information that you can use immediately?

- ☐ True      ☐ False      ☐ I do not know

4. What were strengths of the training materials?

What could be improved?

5. What were strengths of how the instructor led the training?

What could be improved?

6. What else would you like to learn about this topic or other money topics?