

FINANCIAL LITERACY WORKSHOP 1

Budgeting and Saving
1 Facilitator Needed
Estimated Time: 1hr 50 min

Things to Prepare BEFORE WORKSHOP

ITEM	APPENDIX #	PAGE # USED
Flip Chart 1-1	A-1-1	1-2,1-3
Flip Chart 1-2	A-1-1	1-4
Handout 1-1 <i>Money Management Novela</i>	A-1-2	1-3
Handout 1-2 <i>Budgeting & Savings Pamphlet</i>	A-1-3	1-4
Handout 1-3 <i>Blank Budget Form</i>	A-1-4	1-5
Evaluation form	Trainer's Section	1-6

Activity	Page	Time	Materials
Introduction <ul style="list-style-type: none"> Introduction of facilitator, participants, icebreaker Review Workshop Objectives 	1-2	15 min 5 min 20 min	<input type="checkbox"/> Blank Flip Chart/Markers <input type="checkbox"/> Flip Chart 1-1 Workshop Objectives
Learning Activity 1: Money Management <ul style="list-style-type: none"> Money Management Novela Novela Discussion 	1-3	25 min 5 min 25 min	<input type="checkbox"/> Blank Flip Chart/Markers <input type="checkbox"/> Handout 1-1 Novela: Money Management
Break		15 min	
Learning Activity 2: Key Concepts <ul style="list-style-type: none"> Budgeting Tips Key Points Discussion 	1-4	10 min 5 min 15 min	<input type="checkbox"/> Blank Flip Chart/Markers <input type="checkbox"/> Flip Chart 1-2 Key Concepts <input type="checkbox"/> Handout 1-2 Budget & Savings Pamphlet
Learning Activity 3: Budget Preparation <ul style="list-style-type: none"> How to prepare a Budget 	1-5	25 min 25 min	<input type="checkbox"/> Blank Flip Chart/Markers <input type="checkbox"/> Handout 1-3 Blank Budget Sheet
Wrap-up <ul style="list-style-type: none"> Workshop Evaluation 	1-6	10 min 10 min	<input type="checkbox"/> Evaluation Form

Introduction

Time 20 min

Materials Need: Blank Flip Chart, Flip Chart 1-1, Markers.

Reminder: The Trainer's role is always to *educate*, not to provide *advice*.

- **Introduction of Facilitator and Participants**

- Welcome the participants and introduce yourself to the group.
- Ask the participants to introduce themselves and conduct one icebreaker selected by the facilitator from the icebreaker list.
- Tell the group that this session will focus on preparing a monthly budget and the importance of savings habits.

- **Workshop objectives.**

- Refer to Flip Chart 1.1 Objectives and review it with participants.
- Hang the Flip Chart so that it is visible to the entire group.

Learning Activity 1 - Money Management:

Time 35 min

Materials Need: Novela, Hand-out 1-1, Flip Chart 1-1, Markers

- **Novela Reading**

- Distribute Handout 1-1 Money Management Novela.
- Ask for volunteers to read the roles of each of the characters and the narrator (total of four volunteers). Read the Novela as a group.
 - During the reading make sure that every one is following and understanding it.

- **Novela Discussion**

- Ask the group: What they learned from the novela?
 - Be prepared with a blank flip chart and write down all the answers that you receive from the audience.
 - Once done, refer back to Flip Chart 1-1 and mention that the main points of the novela were the same as the workshop objectives.
 - Try to clarify any questions the group may have before this activity is over.
 - If you cannot answer a particular question, write it down along with the information of the contact person who asked it. Contact the person later with the answer.

-----15 min BREAK-----

Learning Activity 2: Key Concepts

Time 15 min

Materials Need: Hand-out 1-2 Flip Chart 1-2, Markers

- **Key Concepts: Budgeting Tips**

- Distribute Handout 1-2 and refer to Flip Chart 1-2 Key Concepts.
 - Read the main topic headings that will be covered in the pamphlet and try to give examples for each.
These are:
 - Financial Literacy
 - Financial Goals
 - Budget
 - Saving towards your Goals
 - Earned Income Tax Credit
 - Pay Yourself First
 - Credit Card Trap

Learning Activity 3: Budget Preparation

Time 25 min

Materials Need: Hand-out 1-3 (two copies), Flip Chart, Markers

- **Budget Preparation**

- Distribute Hand-out 1-3 Budget Forms (*2 copies per participant*).
- After having briefly discussed the pamphlet concepts, tell them that next activity will show them how to prepare a budget. The budget tool will help them have greater control over how they spend their money.

- **Budget Example**

- As a group, develop a monthly budget for a **fictional family** that earns \$1,200 per month (after taxes). Fill in the housing, food and utility costs first. Explain that many families do not know where all of their money goes each month, and that if this is the case, they might try writing down every penny they spend for one month. People are often surprised at the results. For more practice, vary the amounts in different categories to address how everything could change with just small changes. Tell the group to take the other blank budget sheet home to work on their personal budgets.

WRAP UP

Time 10 min

Materials Need: Evaluation Form

- **Workshop Evaluation**

- Distribute Evaluation Forms.
- Ask the group to please take a few minutes to complete the Evaluation Form.
- Let them know that their comments are important to further improve the module.
- Thank them for taking the time to attend this workshop and ask them if they have any questions.
- If you cannot answer a particular question, write it down along with the contact information for the person who asked the question. Contact them later with an answer.

Flip Chart 1-1: Workshop Objectives.

- ❑ Setting Financial Goals
- ❑ Developing a Budget
- ❑ Saving for Your Goals
- ❑ Earned Income Tax Credit
- ❑ Paying Yourself First
- ❑ Staying out of the Credit Card Trap

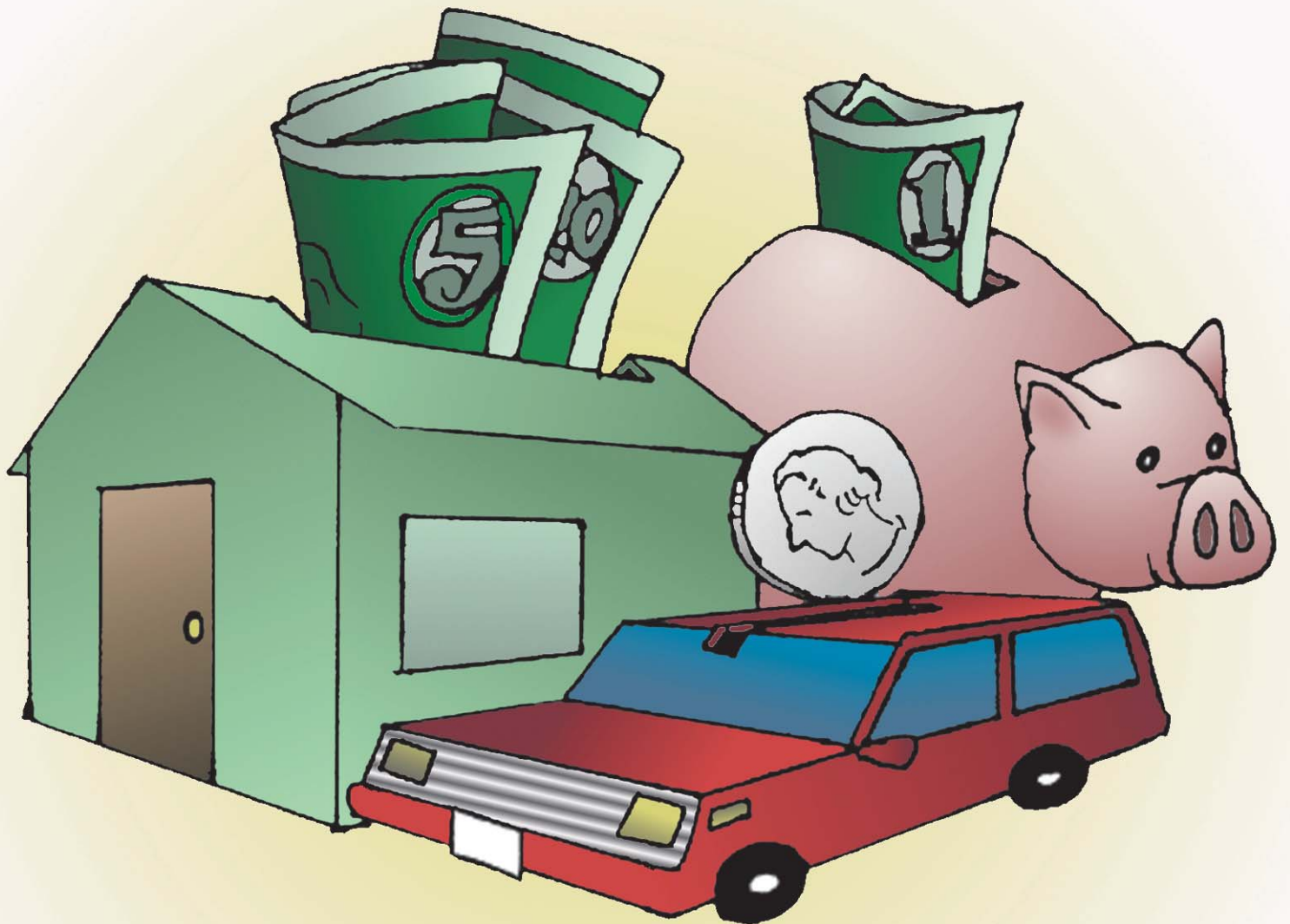
Flip Chart 1-2: Key Concepts

(Refers to Budgeting & Savings Novela 1-1)

- Financial Literacy
- Financial Goals
- Budget
- Saving towards your Goals
- Earned Income Tax Credit
- Pay Yourself First
- Credit Card Trap

MONEY

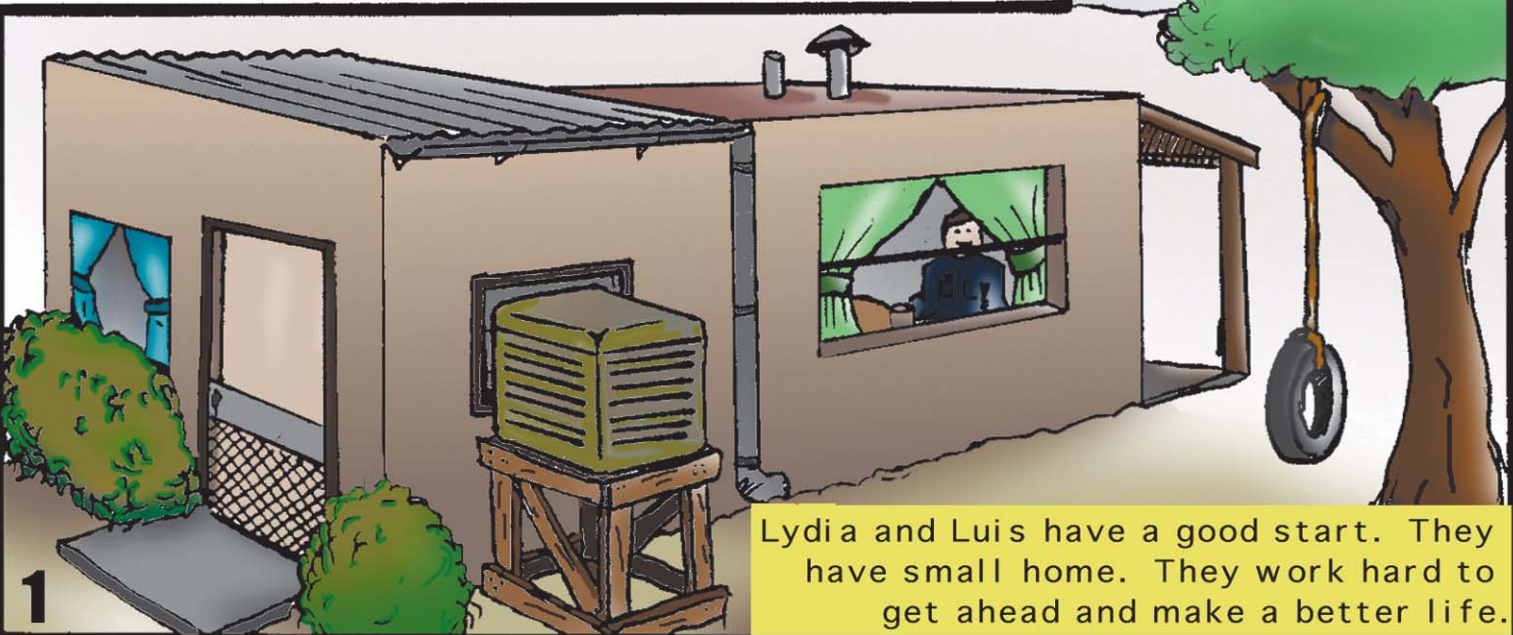
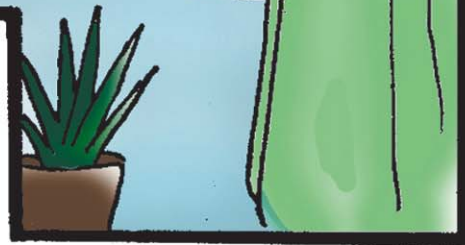
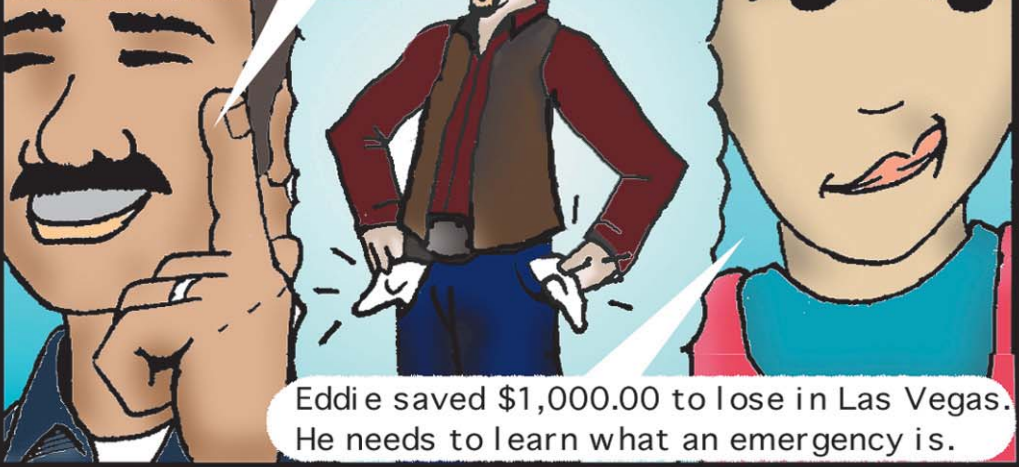
MANAGEMENT



Lydia and Luis have been in the United States for only 10 years. During those 10 years they have struggled financially.



Remember when my cousin Eddie saved \$1,000.00 for emergencies but went to Las Vegas?



Luis works full-time at a manufacturing plant.

Work...work...work... that's the only way to get ahead in life.

Lydia attends nursing assistant classes at the local community college. She hopes to finish school, and work part-time now that Marina and Robert are in school.

Only a few more classes to go... then I can start looking for a job.

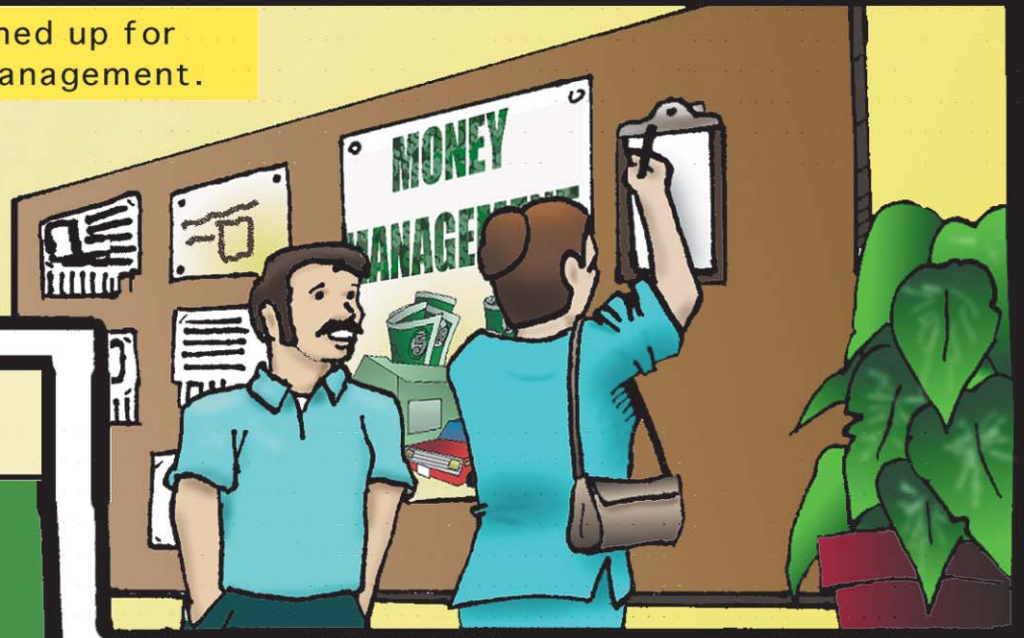
Luis is always thinking of ways to get ahead in life.

I'm thinking of getting a second job.

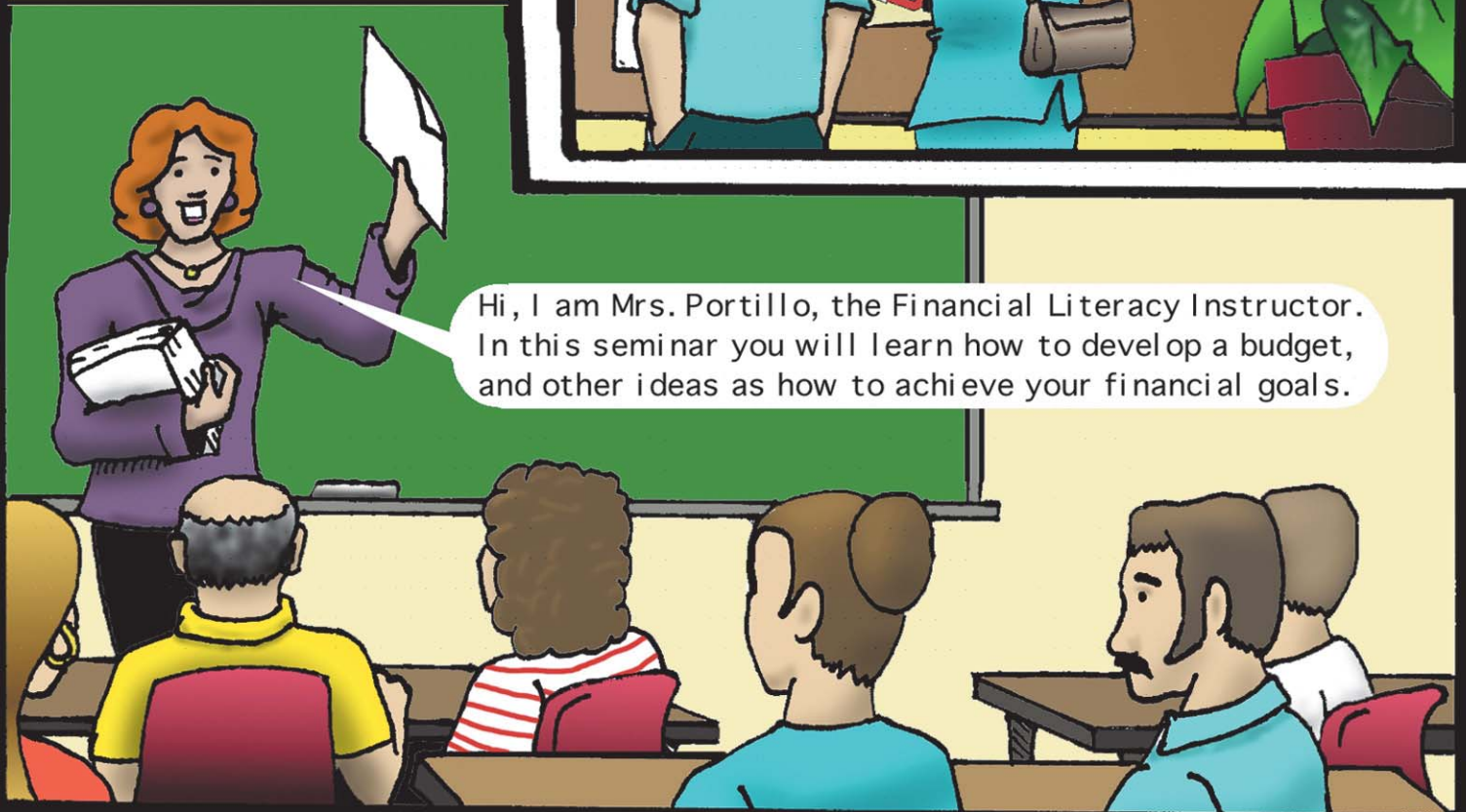
Remember the announcements in last weeks' church bulletin about the new money management classes?

Oh..No! Then you won't be able to spend enough time with the family.

Lydia and Luis have signed up for the seminar on Money Management.



Lets look in on them as the seminar begins.



Hi, I am Mrs. Portillo, the Financial Literacy Instructor. In this seminar you will learn how to develop a budget, and other ideas as how to achieve your financial goals.

Determine all sources of income.

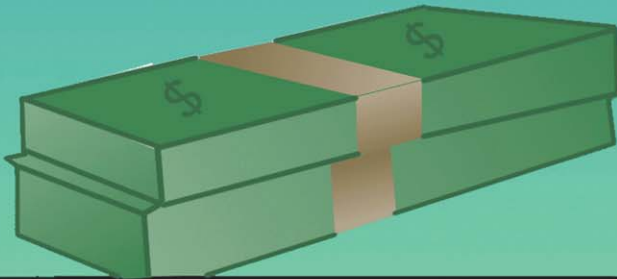


Gross.	\$280.00	Net.	
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Luis earns \$7.00 an hour, \$280.00 a week, and nets \$220.00 after taxes.



Set realistic goals and the time it will take to achieve them. Calculate the cost of each goal. Estimate the number of months to reach each goal. Divide cost of goal by number of months.



SAVINGS PASSBOOK



Here's an example of how to calculate cost and time to reach a goal.

Goal: Save \$5,000
in 10 years

10 years = 120 months
Divide \$5,000 by 120
months = \$41.67

This means we have to
save \$41.67 for 120
months (10 years).

Before deciding on more goals, make sure you can afford them.

Add all of your monthly bills to create a monthly budget and subtract your expenses from your net monthly income.



Where does the money go?

- House _____
- Electricity _____
- Gas _____
- Water _____
- Phone _____
- Cable _____
- Car Gasoline _____
- Car Insurance _____
- Daycare _____
- Clothes _____
- Food _____
- Saving towards goal _____



Review your budget from time to time to see if you need to make changes. A good time to review your budget is when you experience an increase or decrease in income, expenses, or family size.



Lydia and Luis learned the principles of Money Management and feel confident to plan for their future.



What they learned in the seminar led them to open their first savings account.

CREDIT UNION



During the seminar Lydia and Luis remembered the Volunteer Income Tax Assistance (VITA) Program, which provides free income tax preparation.



I.R.S.



Each year Lydia and Luis receive a refund of approximately \$3,500 from the Internal Revenue Service (I.R.S.). Their refund includes the "Earned Income Tax Credit" which is additional money from the federal government for low-income wage earners.

We should save \$3,000 a year from our tax return.



And spend the remaining \$500 on what the family needs.

Lydia expects to be working within 12 months and plans to increase their monthly savings.



Luis, the key to financial stability is knowing how to manage your money.

The money management seminar taught us how to plan wisely for our future.

Mrs. Portillo gave us good tips that we can use by saving monthly towards our goal and...



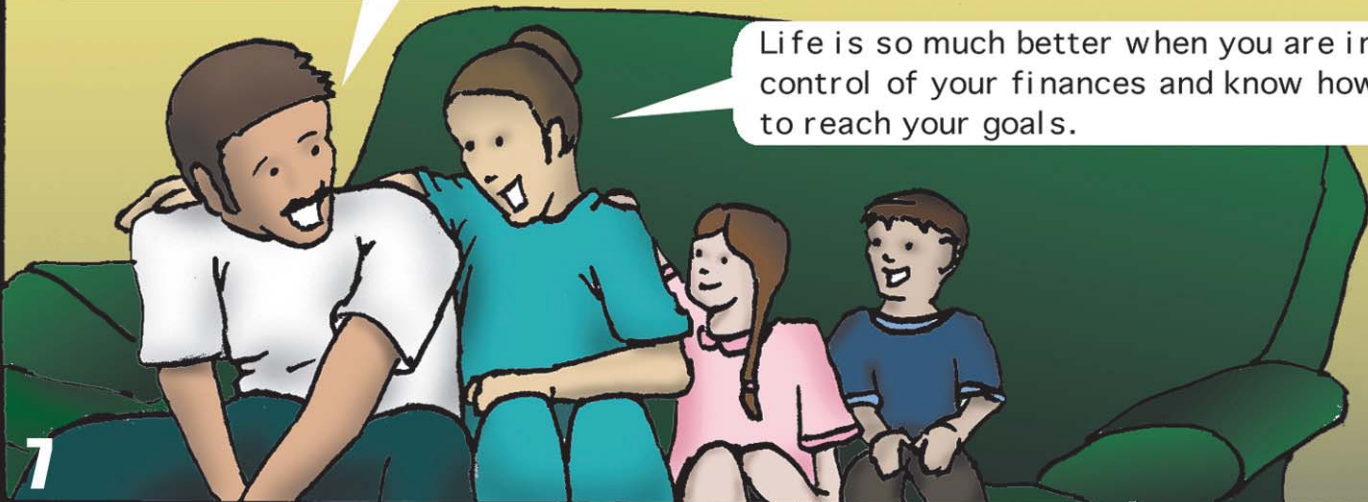
PAY OURSELVES FIRST!!

Although, credit cards are extremely tempting, and lenders often send out pre-approved offers, I like the idea of saving our OWN money for emergencies instead of getting into debt.



I feel so relieved now that we learned how to handle our money.

Life is so much better when you are in control of your finances and know how to reach your goals.



WHERE DOES MY MONEY GO?

SAVINGS \$ _____

RENT \$ _____

ELECTRICITY \$ _____

GAS \$ _____

WATER \$ _____

TELEPHONE/CELLUAR \$ _____

CABLE \$ _____

CAR PAYMENT #1 \$ _____

CAR PAYMENT #2 \$ _____

GAS/MAINTENANCE/BUS \$ _____

CAR INSURANCE \$ _____

OTHER INSURANCE \$ _____

CREDIT CARD #1 \$ _____

CREDIT CARD #2 \$ _____

TOTAL OTHER PAYMENTS \$ _____

FOOD/GROCERIES \$ _____

EATING OUT \$ _____

CHILD CARE/OR SUPPORT \$ _____

CLOTHING \$ _____

MEDICAL/DENTAL \$ _____

LAUNDRY/DRY CLEANING \$ _____

HOUSEHOLD SUPPLIES \$ _____

FUN/ENTERTAINMENT \$ _____

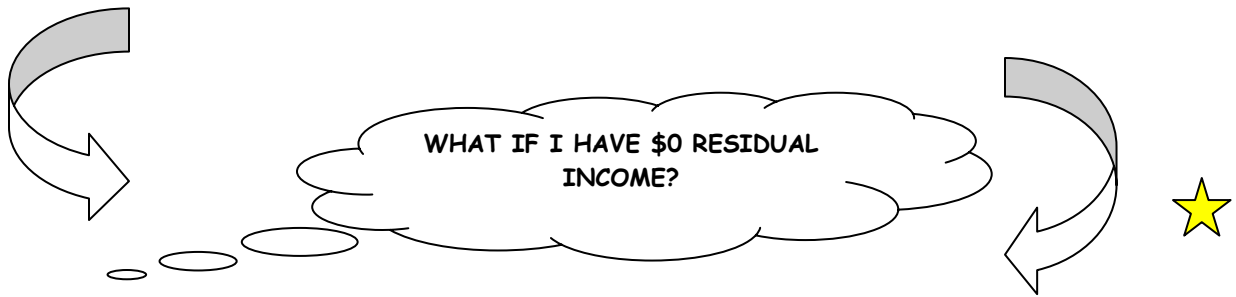
SUPPORT FOR A RELATIVE \$ _____
MONTHLY EXPENSES \$ _____

DO I HAVE MONEY LEFT FOR THE SAVINGS?

RESIDUAL INCOME

MONTHLY INCOME	\$ _____	
MONTHLY EXPENSES	- \$ _____	

	=	
RESIDUAL INCOME	\$ _____	(SAVINGS FOR HOME OR BUSINESS)



IF YOUR MONTHLY RESERVE IS \$0, THEN IT'S TIME FOR CUTBACKS...

**SPENDING MONEY?
LOTTERY TICKETS?
FAST FOOD? COFFEE?
LONG DISTANCE?
CABLE?
EXTRA BEVERAGES: BEER/WINE...?**

**FINGER NAILS?
HAIR?
COSMETICS?
CELL PHONE?
PAGERS?
CLOTHES?**

IF YOU HAVE A LARGE AMOUNT OF RESIDUAL INCOME, BUT IN REALITY DON'T HAVE THAT MUCH LEFT OVER EACH MONTH, EITHER YOUR EXPENSES WERE NOT CORRECTLY ESTIMATED, OR YOU DON'T REALLY KNOW WHERE YOUR MONEY GOES.

This chart is taken from *Finding Paths to Prosperity*. The National Endowment for Financial Education, the Corporation for Enterprise Development and the Fannie Mae Foundation collaborated to develop *Finding Paths to Prosperity*.

How Does My Cash Flow?

	January	February	March	April	May	June
Income				Income Tax Refund		
Expenses						
	July	August	September	October	November	December
Income						Year-end Bonus
Expenses			Back to School Shopping			Holiday Gifts

Look at the chart and try to anticipate any additional income you expect to receive or expenses you will have. Some ideas to consider:

- Car insurance premiums
- Property taxes
- Scheduled vehicle maintenance such as tune-ups
- Vehicle registration and/or inspections

This chart is taken from *Finding Paths to Prosperity*. The National Endowment for Financial Education, the Corporation for Enterprise Development and the Fannie Mae Foundation collaborated to develop *Finding Paths to Prosperity*.

Debt Reduction Worksheet

Use one copy of this worksheet for each creditor.

List how much you owe that creditor and how much you will pay each month. Fill it in monthly. Soon, if you make steady payments, you'll see the amount owed go down. Put your worksheets in order, starting with the highest interest rate to the smallest. When one debt is eliminated, consider putting that money to work on other debts by making extra payments on them.

Owed to	Principal	Interest Rate	Payment Due Date	Amount Paid	Check or Money Order No.	Date Paid	Balance Due

This chart is taken from *Finding Paths to Prosperity*. The National Endowment for Financial Education, the Corporation for Enterprise Development and the Fannie Mae Foundation collaborated to develop *Finding Paths to Prosperity*.

Can you make your dreams real? Goals are statements of what you want to achieve. Goals can help you reach your dreams.

MY GOALS

Goal	Cost or Amount	Number of Months to Save	Monthly Savings	Weekly Savings

To obtain more information about money management, look for classes in your area



Credits:

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After stabling financial goals pay yourself first

A savings concept whereby you put aside a set amount of savings before bill paying.

Decide how much you saving each month and deposit it into your savings account. Then, pay your other bills as usual.

What if I can't?

If you find that you do not have enough money to cover all the expenses, write down how much you need to come up with - try to raise it. If this means you have to recycle cans, switch to an off-brand cereal, work a few extra hours, or cancel your magazine subscriptions - do it.

Take these good Tips!

Stay Out of the Credit Card Trap!

Based on the principle of “buying now and paying later”, the credit card trap snares people without their realizing what is happening.

- Would you like to take the family out?
Use the credit card.
- Do the kids need some new clothes?
Again, no cash but the credit card is handy.

And what's the problem? – You're working and can pay for it...and, the monthly payments are small. Are you reaching the maximum limit on the card...it will be easy to get another one...

Get the picture!

Little by little, without thinking, you could accumulate a large amount of debt. You'll sleep better knowing that you are in control of your money.

For information about Free Income tax Preparation and Money Management Classes in your area pleas call: _____

Budgeting and Savings



Handout 1-2

A-1-3

Budgeting Tips

What Are Financial Goals?

Financial goals are future plans to buy something or save money. Example, buying a house, new refrigerator, saving for school, or retirement.

Do you have financial goals?

Think about your financial goals. If you have a spouse, discuss them together.

Identify them as:

- **Short term (less than a year)**
- **Medium term (1 to 3 years)**
- **Long term (5 or more years)**

Determine how much you would have to save each month to achieve that goal. Be realistic. Many people cannot save for each of their goals at once. **Prioritize them and begin to save for those that are most important to you and your family.**

Saving will become a powerful tool that will help you to achieve your financial goals.

Saving Towards your Goals

A **Budget** is another word for a **spending plan**. When you plan how you will spend your money, you are in control of your financial situation.

Preparing a Personal BUDGET

Preparing a budget means writing down your income (after taxes) and then subtracting each of your monthly expenses.

1. Write down the amount you will put into savings each month (even if the amount is small).
2. Include your land or house payment, installment loans (loans with a set monthly payment) and auto insurance.
3. Write in any credit card debt you may have.
4. Write in the average amount you need each month for food, utilities, and gasoline.

5. Include the amount you normally spend on meals eaten out, entertainment, allowances, donations, etc.

These items can be reduced if your budget shows that you are spending more than you are earning or you are unable to save

Earned Income Tax Credit

- Is a federal program that provides additional money a cash payment to eligible low-to-moderate income workers. who qualify
- The federal EITC is claimed by filing a federal tax return with the Internal Revenue Service.
- EITC can offer substantial sums to low income workers, especially those who care for children.
- It is worthwhile to see if you may claim the EITC.
- Ask your employer about this credit. If you qualify, you may receive additional dollars in your pay, instead of one large amount included with your Income Tax Refund.
- Many communities have begun campaigns to inform workers about this credit.

Some sites offer free income tax preparation.

Handout 1-3
BUDGET FORM

MY MONTHLY NET INCOME IS...

IF YOU ARE PAID (Select one)

WEEKLY
 \$ _____ X 52 ÷ 12
 \$ _____ MONTHLY INCOME

TWICE A MONTH:
 \$ _____ X 2
 \$ _____ MONTHLY INCOME

EVERY TWO WEEKS:
 \$ _____ X 26 ÷ 12
 \$ _____ MONTHLY INCOME

SPOUSE'S MONTHLY NET INCOME

IF YOU ARE PAID (Select one)

WEEKLY:
 \$ _____ X 52 ÷ 12
 \$ _____ MONTHLY INCOME

TWICE A MONTH:
 \$ _____ X 2
 \$ _____ MONTHLY INCOME

EVERY TWO WEEKS:
 \$ _____ X 26 ÷ 12
 \$ _____ MONTHLY INCOME

OTHER INCOME

REGULAR OVERTIME
 \$ _____

CHILD SUPPORT
 \$ _____

SSI
 \$ _____

SECOND JOB
 \$ _____

OTHER
 \$ _____

TOTAL MONTHLY NET INCOME
 \$ _____

EXPENSES

- SAVINGS \$ _____
- RENT \$ _____
- ELECTRICITY \$ _____
- GAS \$ _____
- WATER \$ _____
- TELEPHONE/CELLUAR \$ _____
- CABLE \$ _____
- CAR PAYMENT #1 \$ _____
- CAR PAYMENT #2 \$ _____
- GAS/MAINTENANCE/BUS \$ _____
- CAR INSURANCE \$ _____
- OTHER INSURANCE \$ _____
- CREDIT CARD #1 \$ _____
- CREDIT CARD #2 \$ _____
- TOTAL OTHER PAYMENTS \$ _____
- FOOD/GROCERIES \$ _____
- EATING OUT \$ _____
- CHILD CARE/OR SUPPORT \$ _____
- CLOTHING \$ _____
- MEDICAL/DENTAL \$ _____
- LAUNDRY/DRY CLEANING \$ _____
- HOUSEHOLD SUPPLIES \$ _____
- FUN/ENTERTAINMENT \$ _____
- MONEY SENT TO RELATIVES \$ _____

MONTHLY EXPENSES
 \$ _____