

A. Money Management

Advanced

With assistance, knows how to make out a monthly budget covering regular expenses for independent living	“I’m Getting Ready” M-8, M-9, M-10 FDIC Money Smart Program
Knows how to read monthly bank statements, compare balances, make adjustments as necessary	“I’m Getting Ready” M-13-1 PAYA Module 1 pg. 86 FDIC Money Smart Program
Knows how to comparison shop using unit pricing information	“Unit Pricing” Worksheet “Hungry? Eat Healthy” I-4a FDIC Money Smart Program
Knows how to modify a budget for “unexpected emergencies”	PAYA Module 1 pg. 64-66 FDIC Money Smart Program
Understands buying on credit, loans, interest and late payment penalties	“Money Matters” A-4, A-5, A-5a FDIC Money Smart Program
Knows how to balance a checking account	PAYA Module 1 pg. 86-88 FDIC Money Smart Program
Knows how to create a savings plan	“Money Matters” I-8 FDIC Money Smart Program



MAKE A \$\$ PLAN FOR BEING ON YOUR OWN

BUDGET STEPS:

#1 Figure your income.

Source	Per month	Per Year	Available
once			
Take home pay full-time job			
Take home pay part-time job			
Savings			
Allowance			
Gifts			
Scholarships			
Loans			
Government subsidies			

#2 Figure your expenses.

FIXED EXPENSES	
Rent	
Credit card payments	
Car payment	
Insurance(medical, car, renter, life)	
Day care for children	
Savings	
Other	
FLEXIBLE EXPENSES	
Gas/electricity	
Heat	
Telephone	
Food	
Clothing	
Personal care	
Laundry/dry cleaning	
Health care/supplies	
Car expenses	
Bus, taxi, other	
Entertainment	
Gifts	
Donations	
Other:	
Other:	
TOTAL EXPENSES	\$ _____

#4 Figure how to cut your expenses.

- Make lists of ways to save money. Research ways by:
- looking on the Internet
 - looking in a library
 - talking with appropriate people including family members
 - looking in magazines

When making this list remember to include the principle of "Opportunity Cost" to avoid overspending. (Ask yourself the question, "If I buy this, what else will I not have the opportunity to buy? You may prefer spending your money in a different way.)

Now create a pamphlet of money saving ideas. You might even like to sell this pamphlet to others. This would be a great way to make extra \$\$ (You may want to work with someone else while doing this and start your

#5 Create a budget method

Plan how you will keep track of your spending and how you will pay your bills. (You might like to try an "envelope method" of figuring what expenses you have each month. You'd put money in labeled envelopes to use for paying bills when

#3 FIGURE IF YOU'VE BALANCED YOUR INCOME & EXPENSES

Total fixed expenses	\$ _____
Plus total flexible expenses	+\$ _____
TOTAL EXPENSES	= \$ _____
Total Income	\$ _____
Minus total expenses	- \$ _____

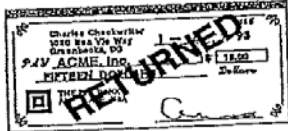


#6 Evaluate your spending. Make any changes you feel are necessary.

AVOID "BOUNCING

THEY COST TOO MUCH!

THEY RUIN YOUR CREDIT!!!



REMEMBER that checks can bounce more than once if you've spent more money than you deposited in your account (overdrawn). Fees add up fast! Avoid "bouncing" checks! Carefully record all transactions. Do it right away!

1. Record checks written and deposits made IMMEDIATELY in your Check Register.
2. Carefully subtract the amount of the check from the balance of money you have in your account.
3. Make sure your balance is correct.
4. Balance your bank statement when it arrives.

FIRST BANK		Account # 315 5678	
JOHN DOLLAR 13908 NORTH AVENUE PHOENIX AZ 22202		Page number: 1 of 1 Statement date: 01/30/02	
CHECKING ACCOUNT SUMMARY FOR 01-01 THRU 01-30-02			
OPENING BALANCE	+ DEPOSITS	WITHDRAWALS AND CHECKS	= CLOSING BALANCE
144 42	245 00	262 50	161 92
-----CHECKS-----		... BALANCE CHANGES -----	
<u>POSTED</u>	<u>CHECK</u>	<u>AMOUNT</u>	<u>DATE</u>
1/08	101	22.50	1/04
1/09	102	145.00	1/08
1/18	104*	60.00	1/10
			1/10
			BALANCE
			389.42
			366.92
			221.92
			161.92
-----DEPOSITS/CREDITS-----			
<u>POSTED</u>	<u>AMOUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
1/04	245.00	1/04	

HOW TO BALANCE YOUR ACCOUNT
(this is usually found on the back of a statement)

- TO BALANCE YOUR CHECKBOOK WITH THIS STATEMENT:**
1. SORT THE RETURNED CHECKS BY NUMBER OR DATE AND CHECK THEM OFF IN YOUR CHECKBOOK REGISTER
 2. SUBTRACT FROM YOUR CHECKBOOK BALANCE ANY CHECKS OR PAID ITEMS WHICH YOU HAVE NOT ALREADY RECORDED
 3. SUBTRACT ANY SERVICE CHARGES FROM YOUR CHECKBOOK BALANCE.
 4. CHECK OFF THE DEPOSITS SHOWN ON THE STATEMENT AGAINST THOSE IN YOUR CHECKBOOK
 5. COMPLETE THE FORM ON THE RIGHT
 6. THE FINAL BALANCE IN THE FORM AT THE RIGHT SHOULD AGREE WITH YOUR CHECKBOOK BALANCE, IF IT DOESN'T, CHECK HINTS GIVEN BELOW.

HINTS FOR FINDING DIFFERENCES:

- Have you matched the amount of each transaction of this statement to the amount recorded on your register?
- Have you corrected any addition or subtraction errors?
- Is the balance you carried over from page to page on your register correct?
- Are all of your deposits recorded? Recorded correctly? Recorded twice?
- Are any checks recorded as deposits?
- Have you subtracted service charges, if you have any?

STATEMENT BALANCE (List amount on other side)		\$
ADD DEPOSITS MADE SINCE ENDING DATE ON STATEMENT		
SUB TOTAL		\$
LIST CHECKS NOT RETURNED WITH THIS OR PRIOR STATEMENTS		
NUMBER	AMOUNT	
TOTAL CHECKS NOT RETURNED		
SUBTRACT TOTAL CHECKS NOT RETURNED FROM SUB TOTAL ABOVE		\$
BALANCE		\$

Independent Living Skill Module I

You will find your checking account statement from the Boston Bank below. It covers your transactions (all deposits and checks cashed) for the month of May, the same transactions listed in the previous activity. Notice that one check did not reach the bank before the statement was printed. Notice also that you have been charged a service charge for using the bank's services.

Boston Bank PO Box 333 Boston, MA 01234			ACCT # 0034-7654	
PERSONAL CHECKING ACCOUNT			Your Name	
Statement Period: May 1- 30, 2005			Street Address	
Tax ID# 033-34-6676			Town, MA Zip Code	
DATE OF POSTING	TRANSACTION	AMMOUNT	BALANCES	
			Checking	Loan
1-May	Previous Balance		116.42	
5-May	Check Paid #101	45.00	71.42	
7-May	Check Paid #102	26.15	45.27	
12-May	Check Paid #103	29.68	15.59	
15-May	Checking Deposit	96.33	111.92	
18-May	Check Paid #104	36.17	75.75	
22-May	Check Paid #105	52.76	22.99	
25-May	Checking Deposit	20.00	42.99	
29-May	Service Chage	5.00	37.99	
30-May	NEW BALANCE		37.99	

CHECK SERIAL RECAP

DATE	SERIAL	AMOUNT	DATE	SERIAL	AMOUNT	DATE	SERIAL	AMOUNT
6-May	101	45.00	7-May	102	26.15	12-May	103	29.68
18-May	104	36.17	18-May	105	52.76			

CHECKING ACTIVITY:	CHECKS 5	DEPOSITS 2	DEPOSITED 2 Items
-----------------------	-------------	---------------	----------------------

Calculating Unit Pricing

1. What is the unit price (price per pound) of a 10-pound bag of potatoes that costs \$2.60?
2. What is the unit price (price per serving) of a 5-count package of hotdogs that costs \$2.50?
3. What is the unit price (price per ounce) of a 3-ounce jar of cinnamon that is on sale for 99 cents?

Look at information to compare products in the examples below. Can you find the best buy?

4. There are three brands of White Rice. One is packed in a box. The other two comes in a bag. Read the labels on all three. Which is the best buy? _____



**Minute Instant
White Rice 28 oz**

Price: \$4.19

Unit Price: \$.15/oz



**Goya White Rice
5lb**

Price: \$ 5.99

Unit Price: \$.06/oz





**Stop & Shop
White Rice 32oz**

Price: \$1.99

Unit Price: \$.06/oz

Unit Pricing Worksheet

	<p>Which is the better buy?</p>	
<p>Tropicana Orange Juice 48 oz Price: \$3.59</p>		<p>Tropicana Orange Juice 64 oz Price: 3.39</p>

5. You can buy the same brand of orange juice in single servings or a large carton. The label says it contains 6, 8oz single servings of juice. There are 8, 8oz servings in the large carton. Which is the best buy? _____

Item Price \$1.99	Unit Price 31.1 Per oz
Crunchy Pretzels 6.4-oz	

Item Price \$2.39	Unit Price 19.9 Per oz
Crispy Pretzels 12-oz	

6. You are trying to decide whether to buy Crunchy or Crispy pretzels. Check the unit pricing tags. Which is the better buy? _____

Unit Pricing Worksheet

Which of these is not a reliable way to compare products?

- a. the price per unit
- b. the size of the package
- c. the weight information on the label
- d. prices from store ads

What information does the unit price tag not include?

- a. the cost of the product
- b. the name of the product
- c. the price per unit
- d. the freshness of the product

A store advertises 24 cans of soda for \$5.99. Twelve cans of the same soda cost \$3.99. What information will help you identify the better buy?

- a. the price per can
- b. the total weight
- c. the brand name
- d. the store's location

Milk at the store next to your house sells for \$3.29 a gallon. Another store, 10 miles away, sells milk for \$3.24 a gallon. Why is the \$3.29 milk a better choice?

- a. It's not; the other milk is 5 cents cheaper.
- b. The gas to go to the other store costs more than 5 cents.
- c. It costs less per unit.
- d. Milk that costs more is always fresher.

A 32-ounce bag of potato chips costs less per ounce than a 12-ounce one. You should buy the 32-ounce bag:

- a. because the bag is bigger.
- b. even if you don't like that brand of potato chips.
- c. only if you will use it all.
- d. because you should always buy what's on sale.

SUPER SHOPPER SCAVENGER

Ever been on a grocery store scavenger hunt? Here's a list of what you need to find. Fill in the blanks.

(Hint: If you can draw a floor plan of the store where you'll be hunting, you'll find things much faster. Make a picture of the aisles and the location of the special departments such as bakery, produce, meat.)

Time I began my hunt _____ Time I finished my hunt _____

1. Name of an advertised coupon or newspaper ad item _____ Cost: _____
2. Name of an equal product that costs less _____ Cost: _____
- Brand names of 14.5 oz cans of creamed corn:

Generic brand name _____	Grade _____	Cost _____	Unit price _____
Name brand name _____	Grade _____	Cost _____	Unit price _____
House brand name _____	Grade _____	Cost _____	Unit price _____
Economy brand name _____	Grade _____	Cost _____	Unit price _____
3. Name of a juice that is 100% juice _____ Unit price _____
 Name of a "juice drink" _____ %Amount of juice _____ Unit price _____
4. Brand names of packages of corn flakes:

Brand name _____	Cost _____	Unit price _____
Brand name _____	Cost _____	Unit price _____
Brand name _____	Cost _____	Unit price _____
Brand name _____	Cost _____	Unit price _____
5. Compare measurements for unit pricing for toilet paper

Brand name _____	Cost _____	Unit price _____
Brand name _____	Cost _____	Unit price _____
Brand name _____	Cost _____	Unit price _____
Brand name _____	Cost _____	Unit price _____
6. Find dates on the following containers:

Can of peas _____	Loaf of bread _____	Hot dogs _____	Hamburger _____
Milk _____	Cottage cheese _____	Eggs _____	
7. A product that has "LIGHT" on label _____ Amount of calories _____
8. A product that has "GOOD SOURCE" on label _____ What nutrient is considered the "Good Source"? _____ How much of this nutrient is there in the product? _____
9. Find nutrient content of a cola drink _____ Unit price _____
 Find nutrient content of a diet soda _____ Unit price _____
 Find nutrient content of milk _____ Unit price _____
10. Compare prices on the following foods:

1 lb white potatoes _____	1 lb potato chips _____	Difference _____
1 lb frozen chicken breasts _____	1 lb fresh chicken breasts _____	Difference _____
1 lb lean hamburger _____	1 lb extra lean hamburger _____	Difference _____
1 lb apples _____	16 oz can applesauce _____	Difference _____
16oz package of frozen green beans _____	1 lb of fresh green beans _____	Difference _____
package of 8 hamburger buns: brand name _____	fresh bakery _____	Difference _____
11. Find name of a food sale item that is outdated _____
12. Find name of a fresh meat product that shows cooking instructions _____
13. What are two extra services available at the store. _____

Independent Living Skills Module I

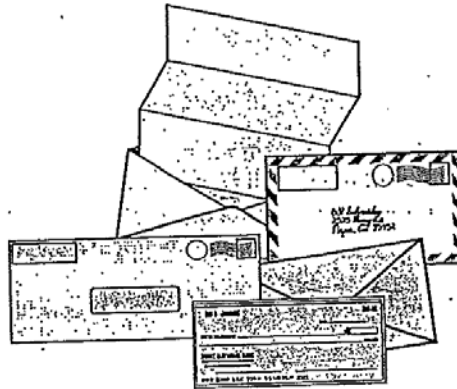
key to greater financial success and a better standard of living. For further information about the opportunities of education and the job market, refer to Module III.

FOLLOWING YOUR BUDGET

Sticking to your budget might be difficult for many of you, but it is necessary for financial survival. Although there might be a little room to be flexible on some budgetary items, you will basically have to keep within your budget's limits in order to not end up with empty pockets before the end of the month.

What consequences could straying away from your budget have for you?

Throughout your life, you will have to be prepared to deal with many situations which might tempt you to ignore your budget. Giving in to these temptations will only lead you into a financial crisis.



Consider the following:

Your friend calls you in the middle of a crisis. He tells you that he needs to borrow \$100 for an emergency. He promises that he will give the money back to you within a few days. However, this friend has not always been particularly reliable and the only money you have has already been set aside for next month's rent, which is due in three days. You really want to help your friend but are afraid that you'll get evicted if you don't pay the rent in three days.

What would you do?

Independent Living Skills Module I

It is Friday and you have \$20.00 left for grocery shopping. Your refrigerator is empty and it will be another four days until your next paycheck. Your friends stop by and ask you to go out with them for dinner and the movies. You really don't feel like sitting around your apartment by yourself but by the time you paid for dinner and the movie, there would be no money left for food.

What would you do?

You have lost your monthly bus pass and you are thinking about purchasing a new one. You have no money budgeted for this extra expense although you may be able to use some of the money you set aside for recreation. You aren't sure that you want to use your recreation funds, but you don't want to walk 4 miles to and from work each day either.

What would you do?

You've met a guy/girl through work that you really like, but you only work together once a week. You really want to talk to him/her every day on the phone, but he/she lives in another town and the calls are billed as long distance. You haven't budgeted for the extra expense and know that you can't afford it.

What would you do?

Independent Living Skills Module I

You went clothing shopping and bought a great outfit you had been hoping to find for quite some time. When you arrived home, you found a bill from you dentist in the mailbox which you hadn't expected. The only way you could possibly pay the bill would be to return the outfit you've just bought
What would you do?

Can you think of additional situations that would make it difficult for you to follow your budget? If so, please describe.

Develop strategies with your social worker, foster parent, or staff that would help you to stick with your personal budget.



CREDIT IS NOT FREE!

**CREDIT IS A LOAN . . . and you have to pay someone to loan you the money!
YOU PROMISE TO PAY IT BACK WITH INTEREST !!!**

Here are letters from "TEEN TALK . . . Advice for Teens". How would you answer them?

First consider how you would answer the questions. Next combine your answers with another person. Write your combined answers to the questions asked and share them with the class or others.

"I've received ten credit card applications in the mail since I'm finishing my senior year of high school. I am tempted over and over again to use them. There are so many things that I want. What advice can you give me? Should I fill out the applications? How can I choose between them? Waiting to hear, *Mildred Appleby.*"

"I've been turned down! I applied for a credit card and the application was rejected. Why did this happen? I have a good job! What can I do so it won't happen again? I'm confused, *George*"

"I've just purchased a 'cool' futon for my new apartment. The futon cost me \$250.00 plus 5% tax. I made a down payment of \$75.00 and will make 12 easy payments of \$19.00 per month. I know I can afford the payments. Now I'm wondering if I should have waited until I had the cash to pay for it. What did I pay for the use of credit? How can I figure the total amount I will be spending for the futon? Did I make a wise choice? Signed, *Wish I'd studied my math!*" *

"I want to buy a beautiful Harley that my friend will sell to me. I'm needing a loan since it will cost \$1500.00. How can I get a loan? I have only \$500.00 in my savings account. I don't have a job now, but could get one easily. I don't own anything that I can use as collateral. Oh, I'd hate to lose that motorcycle! Any suggestions? Sincerely, *Butch*"

NOW MATCH TERMS TO SEE WHAT HAPPENS IF BILLS AREN'T PAID!

- | | |
|--------------------------------------|---|
| 1. ___ independent collection agency | a. A contract clause allowing creditor to claim entire amount of payment or to reclaim property under certain conditions. |
| 2. ___ wage assignment | b. Allows creditor to seize item or property put up for collateral |
| 3. ___ acceleration clause | c. An agency that increases pressure to pay |
| 4. ___ repossession | d. Allows creditor to get court order for creditor to take portion of payment from paycheck. |
| 5. ___ wage garnishment | e. Written permission given to employer to withhold part of wages |
| 6. ___ foreclosure | f. Lender starts process of taking over piece of property |
| 7. ___ late penalties | g. Extra agreed upon charges are made if bills are overdue |

- *To figure credit costs:
1. Multiply amount of each payment by number of payments you'll make
 2. Add down payment to your answer
 3. Subtract this amount from the cash price, including sales tax. This amount equals what you pay for credit.



HOW TO REMIND YOURSELF OF BILL PAYMENT TIMING

1ST : SAVE ENOUGH MONEY SO YOU CAN PAY YOUR BILLS WHEN THEY BECOME DUE. This requires a good money plan (budget).

2ND : PLAN IN WRITING WHEN BILLS ARE COMING DUE. Try It!
 (Here are forms for two months. Make extra copies to plan all 12 months.)
 Then go to the next page and plan payments made just a couple of times/year.

When Will Bills Be Due?							
List when bills will be due each month and what you expect to pay.							
MONTH:							
Week #	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday

When Will Bills Be Due?							
List when bills will be due each month and what you expect to pay.							
MONTH:							
Week #	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday



NOW PLAN FOR A WHOLE YEAR

A CALENDAR OF PAYMENTS for SIX MONTHS

Write in the payments not due every month that you expect to make once or twice a year. There may be a lot of payments clustered together in a time period. Try to rearrange to pay them at a more convenient time.

AMOUNT DUE

	January	February	March	April	May	June	TOTALS
Christmas & birthdays							
School supplies, tuition, etc.							
Clothing for school, work							
Furnishings, appliances							
Union dues, club memberships							
Car and other insurance							
Contributions							
Magazines or paper subscriptions							
Entertainment							
Car licenses							
Vacations							
Other							
TOTALS							

A CALENDAR OF PAYMENTS for SIX MONTHS

Write in the payments not due every month that you expect to make once or twice a year. There may be a lot of payments clustered together in a time period. Try to rearrange to pay them at a more convenient time.

AMOUNT DUE

	July	August	September	October	November	December	TOTALS
Christmas & birthdays							
School supplies, tuition, etc.							
Clothing for school, work							
Furnishings, appliances							
Union dues, club memberships							
Car and other insurance							
Contributions							
Magazines or paper subscriptions							
Entertainment							
Car licenses							
Vacations							
Other							
TOTALS							

Independent Living Skill Module I

You will find your checking account statement from the Boston Bank below. It covers your transactions (all deposits and checks cashed) for the month of May, the same transactions listed in the previous activity. Notice that one check did not reach the bank before the statement was printed. Notice also that you have been charged a service charge for using the bank's services.

Boston Bank PO Box 333 Boston, MA 01234			ACCT # 0034-7654	
PERSONAL CHECKING ACCOUNT			Your Name	
Statement Period: May 1- 30, 2005			Street Address	
Tax ID# 033-34-6676			Town, MA Zip Code	
DATE OF POSTING	TRANSACTION	AMMOUNT	BALANCES	
			Checking	Loan
1-May	Previous Balance		116.42	
5-May	Check Paid #101	45.00	71.42	
7-May	Check Paid #102	26.15	45.27	
12-May	Check Paid #103	29.68	15.59	
15-May	Checking Deposit	96.33	111.92	
18-May	Check Paid #104	36.17	75.75	
22-May	Check Paid #105	52.76	22.99	
25-May	Checking Deposit	20.00	42.99	
29-May	Service Chage	5.00	37.99	
30-May	NEW BALANCE		37.99	

CHECK SERIAL RECAP

DATE	SERIAL	AMOUNT	DATE	SERIAL	AMOUNT	DATE	SERIAL	AMOUNT
6-May	101	45.00	7-May	102	26.15	12-May	103	29.68
18-May	104	36.17	18-May	105	52.76			

CHECKING ACTIVITY:	CHECKS 5	DEPOSITS 2	DEPOSITED 2 Items
--------------------	-------------	---------------	----------------------

Independent Living Skill Module I

Balancing Your Checkbook

You will know that your checkbook register is "balanced," or correct, by comparing the balance in your register to the "New Balance" shown on the bank's statement. To balance your checkbook, complete the following steps.

First you must obtain your new checkbook balance:

1. Enter the balance from your register on Line A. A. _____
2. Enter the amount of any service charge on Line B. B. _____
3. Subtract Line B from Line A. C. _____

This is your new checkbook balance.

Now you need to obtain the current bank balance.

Compare the check numbers and amounts on the statement with the checks listed on your register. Below, write down any checks written during the statement period and listed in your register but not in the bank's statement.

Check Number	Amount
_____	_____
_____	_____
_____	_____
	Total: \$ _____

2. Write down the new balance from the statement on Line D. D. _____
3. Enter any deposits shown in the register but not in statement on Line E. E. _____
4. Add Lines D and E; enter this subtotal on Line F. F. _____
5. Enter total amount of checks not shown in statement on Line G. (Total from Step 1 above). G. _____
6. Subtract Line G from Line F. Place result on line H. H. _____

Independent Living Skill Module I

Line H should agree with your checkbook balance (Line C). If it doesn't, examine it carefully to see that you have correctly added and subtracted all the deposits and checks for the month. Also, make sure you have listed, in your register, all of the transactions (deposits and checks) you've made.

Is a Checking Account Right For You?

Before you decide to open a checking account, you need to evaluate whether or not it is right for you.



ACTIVITY

List all the advantages and disadvantages of having a checking account at this time.

Advantages	Disadvantages

While checking accounts will give you the opportunity to conveniently store your money and pay your bills, they also bear certain risks, particularly for individuals who have difficulty managing money or balancing a checkbook.

Consider the following:

Steven opened a checking account three weeks ago. Although he tries to keep track of his spending and deposits, he is getting confused because he does not take the time to record his transactions properly. Today, Steve gets a notice from his bank in the mail which states that three of his checks have bounced.



START A SAVINGS PLAN

Consider why you might want to use the "PYF" (pay yourself first) method when creating your budget plan.

Seasonal bills	Unexpected emergencies	To reach my goals	Future security

How much money did you plan for savings when you created a budget? \$ _____
 What are some methods you could use to save?



Research the following savings account types so you can compare them:

Type	Interest Rate	Withdrawal Method	Balance Requirements	Minimum Deposit	Penalties	Checking Privileges	Are Funds Insured?
Passbook/Statement Savings							
Credit Union Savings Account							
Certificates Of Deposit (CD)							
Money Market Account							
Money Market Fund							
Christmas Fund Account							
Cookie Jar or Piggy Bank							

Which savings method will you choose? _____
 Explain how you might use the "Rule of 72".

CAN YOU CONSIDER AN INVESTMENT OPPORTUNITY NOW OR LATER?

(Remember that some investments include a risk factor. Most do not have easy withdrawal methods.)
 Define the following investment types:

- U.S. Savings bonds
- Certificate of Deposit (CD)
- Treasury Issues
- Bonds
- Stocks
- Mutual Funds
- Commodities

Which of these investment types might you choose? Why?