



## **PROJECT LIFE**

Creating lifelong connections for youth.

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# Money Management

## **Good Sense: Money Management**

In this workshop, youth will learn money management skills, understand the difference between needs and wants, and learn about monthly expenses and budgeting.

## Contents

Good Sense: Money Management.....	3
Slide #1: Title Slide.....	4
Slide #2: Learning Objectives.....	4
Slide #3 How Do You Decide Your Money Goals?.....	4
Slide #4 Maslow’s Hierarchy of Needs.....	5
Slide #5 Your Values .....	6
Slide #6 Goals .....	7
Slide #7 Goals Cont.....	7
Slide #8 Practice time.....	8
Slide #9 Where are you going to live?.....	9
Slide #10 How do you get where you need to be? .....	9
Slide #11 Food Choices .....	9
Slide #12 Bills, Bills, Bills .....	9
Slide #13 And More Bills.....	10
Slide #14 The Extras .....	10
Slide #15 What’s Left?.....	10
Optional Activity.....	11
Slide #16 Closing/Questions .....	11

## Good Sense: Money Management

<b><i>Age Range</i></b>	16+
<b><i>Skill Focus</i></b>	Youth will learn money management skills, understand the difference between needs and wants, and learn about monthly expenses and budgeting.
<b><i>Group Size</i></b>	4+
<b><i>Time Required</i></b>	60-90 minutes
<b><i>Materials Needed</i></b>	<ul style="list-style-type: none"><li>- Computer</li><li>- Projector</li><li>- <b><i>Good Sense: Money Management PowerPoint</i></b></li><li>- <b><i>You and Your Money Quiz</i></b></li><li>- <b><i>Understanding Your Paycheck Handout</i></b></li><li>- <b><i>Truth about Millionaires Handout</i></b> (optional)</li></ul>

This workshop will utilize the ***Good Sense: Money Management PowerPoint***. Below you will find leader's notes that correspond to each slide.

### Slide #1: Title Slide

Introduce yourself and explain the purpose of today's workshop. Begin the training by passing out the ***You and Your Money Quiz*** to each youth. After youth have time to complete the quiz, facilitate a discussion on what the youth wrote down.

### Slide #2: Learning Objectives

During today's workshop, participants will:

- Understand the importance of managing your money
- Identify how to discern the difference between wants and needs
- Learn how to create a monthly budget

### Slide #3 How Do You Decide Your Money Goals?

Explain that when deciding how to spend our money we should take a number of things into consideration. Sometimes we are impulsive and spend money because we have it, but when spending larger sums of money or even when spending smaller amounts of money we need to consider this such as:

**Needs vs. Wants** – Is what you are purchasing a necessity? How do you know the difference between a need and a want? *Ask youth to give an example of a need versus a want. Ex: A need would be purchasing books for school. A want would be purchasing the newest model of iPhone rather than the less expensive or a used version.*

**Values** – Our personal values can also have an impact on how we spend our money. What we think is important drives how we spend our time and money.

**Goals** – Personal goals also need to be considered when determining how to spend our money. If we want to own a home one day we may choose to live below our means in order to save money for a down payment for example.

## Slide #4 Maslow's Hierarchy of Needs

Ask the youth to name some items that they have purchased (or spent money on) over the last couple of weeks. List the youths' answers on the flip chart. After they run out of answers, explain that this is a good list and we will come back to it in a few minutes.

Explain that we are going to talk about Maslow's Hierarchy of Needs. As you can see, the need's chart is a triangle.

### **Physiological Needs – Level 1**

The bottom of the pyramid is the biggest because these are our basic needs. They make up the foundation for us and until these needs are met it's difficult to really worry about anything else. Some of the physiological or physical and biological needs are:

- Air
- Water
- Nourishment (food)
- Sleep
- Shelter
- Warmth
- Health

Ask the youth: *Why are these so important?*

### **Safety and Security Needs – Level 2**

The next level is safety needs:

- Living in a safe area
- Medical insurance
- Job security
- Financial savings
- Freedom from fear

Once our basic needs are met we need to maintain them. These second level goals are what contribute to the maintenance of our basic needs.

### **Love and Belonging Needs– Level 3**

Level three is social needs or feeling a sense of belonging and love:

- Need for friends
- Need for belonging (to a community)
- Need to give and receive love

**Self-Esteem – Level 4**

Some of the self-esteem needs are based on what we think of ourselves and what others think of us and how important that is to us:

- Self-respect
- Achievement
- Attention
- Recognition
- Reputation

**Self-Actualization – Level 5**

The final level is self-actualization – this is the quest to reaching your full potential:

- Truth
- Justice
- Wisdom
- Meaning

Based on this list of needs, take a look at the list of things the youth have spent their money on in the last few weeks.

Ask them which ones are wants and which ones are needs. Place a “w” next to wants and an “n” next to needs.

Help the youth assign the identified needs into the different levels of the hierarchy.

**Slide #5 Your Values**

Explain to the youth that values are the things that are not necessarily needs, but things that we find important to us.

Have them take a look at the list and have some volunteers identify three or four values that are important to them. You may also have them get in groups of two or three to have some group discussion on the values they find important to them.

Ask youth how they spend their money in a way that represents their values.

## Slide #6 Goals

*(Adapted from Basic Money Management form K-State)*

What is important to you? How do you intend to work towards your goals?

A goal is a broad general statement of what you want to achieve. Goals provide direction for your plans and actions. Goal setting is more than deciding what is important to you. To help create your goals ask yourself these questions:

1. What do I want to do with my money?
2. How much will it cost?
3. How long will it take to get that much money?

*Have youth write down their immediate, short-term, and long-term goals.* Immediate goals are those things you want to get done in the next week, month, or three months. Short-term goals are things you want to do or accomplish in six months to a year. Long-term goals are goals you want to reach in 1 to 5 years or longer.

Explain to youth: As you list your goals, decide how you want to use your money to accomplish these goals. Which goals do you spend your money on first? Which goals are the most important to you? Which are least important?

You can have as many or as few goals as you want. One category may have more goals than another and you don't necessarily have all three types of goals.

## Slide #7 Goals Cont.

Your goals should align with your needs, wants, and values. As you become better at having a clearer understanding of these things for yourself, your spending habits will begin to reflect them.

Focus on:

- Meeting your basic needs
- Once your needs are met then the focus can shift to your wants (which are often short term goals)
- The better equipped you are at deciding how and when to spend your money the more likely you are to be able to achieve your long term goals and future dreams.

When you are creating your goals ask yourself these questions.

1. Is this something I want, but could do without?

2. How urgent is this goal?
3. What will happen if I don't work on this goal? Will my bills continue to grow with interest charges, or will my credit rating be affected?
4. How much will I have to save each payday to accomplish this goal?

### Slide #8 Practice time

Split the group into teams of 3-5 youth. Explain that they will be working as a team to practice spending money.

Hand out the ***Understanding Your Paycheck Worksheet*** and review the document with the youth. Have youth pretend that they are working at Carson's Department store and make an hourly rate of \$6.75 plus an overtime rate of \$8.00. *Note: This amount may be lower than the current minimum wage, so have youth either stick with this amount for the purposes of the activity or you may increase the amount to make it more relevant to the current minimum wage.* Discuss the deductions that come out of the paycheck and have youth record the answers on the worksheet.

After going through the paycheck worksheet, direct youth to the PowerPoint slide that includes a copy of a paystub. Have youth determine their monthly pay amount based on their weekly pay on the pay stub. This will be the amount the youth will use to create their monthly budget. *Note: The paystub shows the monthly amount of \$836 next to the net pay.*

Have groups come up with at least three goals: one immediate goal, one short term goal, and one long range goal. *(Note: If youth struggle to come up with goals, make suggestions, e.g. You're taking the bus. Do you want to save for a car? How long do you want to save? Do you want to own a home? Do you want to get a Master's degree or PhD.? Do you want to live on your own or with a roommate?)* Once goals are set ask the team how much money they would like to put aside per month to save towards their goals.

Explain to youth: Now that you have made some goals you have to think about how you are going to use your paycheck money to accomplish those goals. There are a number of things you may want to have and a number of things you are going to need to have. It's going to be your job to be able to tell the difference.

The following slides will explain how youth will budget for their goals.

**Slide #9 Where are you going to live?**

Explain to youth: When you move out on your own you are going to have several different choices for where you would like to live. You have to look at several different things when making housing choices, including your credit rating, can you get a co-signer, is there a deposit required, do you want to live with a roommate, are you willing to live in someone else's home?

Have them discuss the pros and cons amongst the team and decide on where they want to live based on the options on the slide. After each team has had time to discuss their living situation, have them subtract the monthly cost from their current balance of \$836.

**Slide #10 How do you get where you need to be?**

When making decisions about transportation there are a number of things to take into consideration, from monthly car payments, gas mileage, cost of insurance, to general up keep and unexpected repairs. Here you don't have to consider the unexpected upkeep just the monthly costs.

Have groups decide together what they would like to do for transportation based on the options on the slide and subtract the monthly cost from their current balance.

**Slide #11 Food Choices**

Eating out can be detrimental to your wallet. If you eat out 5 days a week for lunch, you'll probably be spending between \$25-35 a week which comes out to \$100-140 a month on lunch alone. Add that to spending about \$50-60 a week on groceries and you are looking at between \$300-400 a month. That's a lot of money for one meal a day.

If you eat at home and take your leftovers to work and school you will probably be spending between \$50-60 a week or \$200-240 a month. How many times a week will you be eating out? Don't forget about the weekends. Have youth subtract the food amounts from the monthly total.

**Slide #12 Bills, Bills, Bills**

Once you move into your new place you will be responsible for bills. These bills may include water, heating/AC, and electricity. In this case we will say that you are responsible

for all three, although some apartments may have these costs included. Have youth subtract these amounts from the monthly total based on the type of living situation they chose.

### **Slide #13 And More Bills**

These are optional expenses but some people consider them to be necessities. Cell phone, cable, landlines, and internet. Take a look at the prices and decide what you need and what you don't. Subtract these from your monthly total.

Ask youth: How is your budget looking? Are you running out of money? Do you feel good about your monthly budget so far?

### **Slide #14 The Extras**

Ask youth: *What else would you like to spend your money on?* Entertainment on the weekends could include going to the movies, or you may like to go shopping for clothes or shoes. Do you want to get a gym membership? How are you planning to keep your clothes clean? Determine how much you want to spend on these different items on a monthly basis and subtract from the remaining total. Did you think about putting money aside for saving or for emergencies?

### **Slide #15 What's Left?**

After the activity, have a discussion with the youth:

1. How much money do you have left? Did you run out of money?
2. Based on your expenses vs. income, will you be able to save to accomplish your goals?
3. Where can you make cuts/sacrifices in order to be sure you have enough?
4. If an emergency arose (car breaks down, medical emergency, etc.) will you have money saved to cover it?

If some of the youth made better choices ask why they made the choices they made. Wrap up the discussion and workshop by reviewing some of the information about making good decisions based on values, needs vs. wants, and goals. Explain that it is very important to leave some wiggle room in your budget to save money for unexpected events or emergencies.

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### Optional Activity

Hand out the first page of *The Truth about Millionaires* document. Be sure to keep the second page for the answer key. After the youth have had a few minutes to complete the worksheet, go through the answers and facilitate a short discussion about their responses.

### Slide #16 Closing/Questions

Reiterate the importance of creating a budget and making wise financial choices. Ask if the youth have any questions or comments. For future workshops, consider bringing in someone from a bank or other financial institution to teach the youth about money management.