

GET **READY**, GET **SET**, GET **GOING**.**LESSON 6: MAKING A SPENDING PLAN**

E3458

Contents

■ Learning Objectives.....	124
■ Time.....	124
■ Materials Needed.....	124
■ Preparation.....	125
■ Lesson Plan Overview.....	126
■ Welcome, Review Assignments, and Distribute Handouts	127
■ Why Have a Spending Plan?	128
■ Tracking Expenses.....	128
• Activity 1: Tracking Expenses.....	129
• Activity 2: The Allowance Game.....	130
■ Steps in Making a Spending Plan	131
• Activity 3: Identify Your Income	131
• Activity 4: Identify Your Expenses.....	132
■ Discussion Questions.....	133
■ Are You Ready for Change?	134
■ Wrap-Up.....	134
■ Additional Resources	135
■ References.....	135
■ Handout: Keeping Track of Your Spending	136
■ Handout: The Allowance Game.....	137
■ Handout: Use This Income Tracker to Plan the Best Time to Save and Spend.....	139
■ Handout: A Spending Tracker Can Help You Analyze and Change Your Spending Habits.....	141

MSU is an affirmative-action, equal-opportunity employer, committed to achieving excellence through a diverse workforce and inclusive culture that encourages all people to reach their full potential. Michigan State University Extension programs and materials are open to all without regard to race, color, national origin, gender, gender identity, religion, age, height, weight, disability, political beliefs, sexual orientation, marital status, family status or veteran status. Issued in furtherance of MSU Extension work, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Quentin Tyler, Director, MSU Extension, East Lansing, MI 48824. This information is for educational purposes only. Reference to commercial products or trade names does not imply endorsement by MSU Extension or bias against those not mentioned. Produced by the MSU Extension Educational Materials Team (<http://msue.anr.msu.edu/>).1P-10:2021-WEB-PA/LG WCAG 2.0

GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN



Photos: © iStock.com/ascreativeatelier
Photos: © iStock.com/anastasiabornagina

Learning Objectives

After completing this lesson, participants will be able to:

- Choose a system for tracking expenses.
- Write down all income for one month for the family, including financial, family, and community resources.
- Write down all expenses for one month, including personal special needs for mental illness: medical care, health insurance, prescriptions, transportation, and medical bills, if any apply.

Time

- 60 Minutes

Materials Needed:

- Handouts (1 per participant):
 - Keeping Track of Your Spending
 - The Allowance Game
 - Use this **Income Tracker** to Plan the Best Time to Save and Spend
 - A **Spending Tracker** Can Help You Analyze and Change Your Spending Habits*
- Behind on Bills? Start With One Step* (optional)
- Receipts for several purchases, such as for groceries, gasoline, fast food, cell phone and electric bill payments, plus other small purchases
- One 8 ½-inch by 11-inch plain piece of paper
- Name tents
- Markers, crayons, pencils or other writing utensils
- Discussion questions
- Flip chart
- Calendar or personal planner (1 per participant) (optional)

*Instead of using “Use this **Income Tracker** to Plan the Best Times to Save and Spend” and “A **Spending Tracker** Can Help You Analyze and Change Your Spending Habits,” if you have not already done so, order the Consumer Financial Protection Bureau publication *Behind on Bills? Start With One Step* for each participant: <https://pueblo.gpo.gov/CFPBPubs/CFPBPubs.php?PubID=13263>. (Omit making these copies if using this booklet.) The publication includes fold-out worksheets in the Income Tracker and Spending Tracker sections.

GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN



Photos: [shutterstock.com/ascreativeatelier](https://www.shutterstock.com/ascreativeatelier)
Photos: [shutterstock.com/anastasiaborragina](https://www.shutterstock.com/anastasiaborragina)

Preparation

Review the entire lesson. Read the instructions for The Allowance Game. Make copies of spending categories for each individual or group.

Make copies of handouts you plan to use for participants. If using 3-ring binders to organize and store handouts, 3-hole punch the handouts. Collate the handouts for this lesson into one set for each participant.

Gather all needed materials. Review and choose several questions from the “Discussion Questions” section. If desired, repost the ground rules you wrote on flip chart paper before Lesson 1 on a wall in the classroom.

GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN



Lesson Plan Overview

Facilitator may use a flip chart and a marker to visualize any important terms introduced during the lesson. Use the lecturette concepts and activities covered in the lesson plan as a guide.

Lesson Plan Overview

TIME ALLOTTED	ACTIVITY
5 minutes	Welcome, overview of lessons, ground rules, assignment review, lesson objectives, distribute handouts
5 minutes	Why Have a Spending Plan?
5 minutes	Activity 1: Tracking Expenses Handout: Keeping Track of Your Spending
5 minutes	Group sharing of Activity 1
10 minutes	Activity 2: Allowance Game Handout: The Allowance Game
5 minutes	Steps in Making a Spending Plan
5 minutes	Activity 3: Identify Your Income Handout: Use this Income Tracker to Plan the Best Times to Save and Spend
10 minutes	Activity 4: Identify Your Expenses Handout: A Spending Tracker Can Help You Analyze and Change Your Spending Habits
5 minutes	Discussion Questions and Are You Ready for Change?
5 minutes	Wrap-Up

GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN



Photos: istock.com/ascreativeatelier
Photos: istock.com/anastasiaboragina

Welcome, Review Assignments, and Distribute Handouts

Share: Welcome the group, take attendance, review ground rules, and distribute handouts for today's lesson. To review the assignments from the previous lesson "Lesson 5: Saving for My Future," ask for a couple of volunteers to share their action plan that include finances, using their stated goal on their name tent as a reminder.

Ask: *Did you keep your receipts and put them in the envelope I gave you? We will be using them this week. Keep saving your receipts every day for the next few weeks.*

Share: State the learning objectives for this lesson.

GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN



Photos: istock.com/ascreativeatelier
Photos: istock.com/anastasiaboragina

Why Have a Spending Plan

Share: People use different ways to manage money. There is no right or wrong way but making a spending plan seems to give people more feelings of control. A written spending plan is a valuable tool. It lists all income and expenses by categories for a one-month period. You can use it to make sound spending decisions and work toward financial stability.

Tracking Expenses

Share: Ways to track expenses can range from using a simple envelope system to using a computer with complex software. Each way has pros and cons. Choose a method that works for you so that you will use it (Anderson-Porisch et al., 2007).

- The **envelope system** works well if you pay for most purchases with cash. Mark the outside of as many envelopes as you need with the name of the spending categories (housing, food, transportation, medicine, fun money, and others). Divide your monthly cash into the envelopes by category. This system requires keeping cash around the house. You might lose control if you borrow from one envelope to pay expenses in another.
- A **checkbook system** is safe and works well if you deposit all income into a checking account and mostly pay by check or use a debit card. When you pay with a debit card, the money comes out of your account at the moment you use the card. Review your expenses compared to your spending plan, usually monthly.
- The **receipt can system** involves all family members who place all receipts for what they bought into a designated container. Sort the receipts weekly into spending categories and record them.
- A **pocket notepad** or folded piece of paper, best kept near your wallet, can be used to record cash purchases while in stores. You can easily transfer the data later to an account book or computer program. Anyone savvy with a smart phone can use an app to do this tracking.

(Leader Note: Demonstrate folding a plain piece of 8½-inch by 11-inch paper three times to create a handy tool that easily fits into a wallet. When unfolded, the paper has eight boxes for participants to use to write down all purchases, one box for each day of a week plus one. A small spiral notebook could also be used to journal any spending.)

GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN



ACTIVITY 1: TRACKING EXPENSES

- A **spending calendar**, such as the *Bill Calendar* in the *Behind on Bills?* publication, helps you to remember when to make timely payments of monthly bills and to record daily expenses. Use this method in combination with another tracking system to record cash and charge expenses.
- **Computer programs** can be used to enter data of expenses by categories.

Share: Think about these various ways to track expenses. Does anyone use one of these already? If not, which one do you like? Decide which one you will use in the future.

ACTIVITY 1: TRACKING EXPENSES

Share: Start to track your spending by writing down every amount of money spent for one week, using the “Keeping Track of Your Spending” handout. If you can, keep tracking all your purchases for an entire month. The closer the expenses written down are to actual expenses, the more useful your spending plan will be. Think for a moment about the past week and what you spent money to buy. Or review the receipts you have been saving.



GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN

ACTIVITY 2: THE ALLOWANCE GAME

ACTIVITY 2: THE ALLOWANCE GAME

(Leader Note: Following the instructions on “The Allowance Game” handout, divide the group and distribute 20 beans, candy, or tokens and a set of spending category sheets to each individual or group. They must decide how to spend their allowance (the 20 items) based on life circumstances, values and goals, and needs and wants. Each category has a set number of squares, which indicates how many beans, candy, or tokens are needed to “pay” for that item. Decide if you will play Round 2.

GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN



ACTIVITY 3: IDENTIFY YOUR INCOME

Steps in Making a Spending Plan

A spending plan starts by writing down all sources of income plus all spending in various categories for one month.

ACTIVITY 3: IDENTIFY YOUR INCOME

Share: *How many sources of income do you have? Using the *Behind on Bills?* publication and a pencil, write down on the “Use This **Income Tracker** to Plan the Best Times to Save and Spend” handout (Consumer Finance Protection Bureau, 2020) and how much you receive from any and all sources of income. Do you work and receive a paycheck? Do you receive Social Security Income or Social Security Disability Insurance? Do you receive any other government assistance benefits every month, such as Supplemental Nutrition Assistance Program (SNAP) food stamps? Any family support?*

GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN



ACTIVITY 4: IDENTIFY YOUR EXPENSES

ACTIVITY 4: IDENTIFY YOUR EXPENSES

Using the receipts you brought to class, demonstrate sorting them into spending categories including groceries, gasoline, eating out, cell phone and electric bill payments, plus other small purchases.

Share: *How much do you think you spent last month? Using the Behind on Bills? publication and a pencil, on the “ A **Spending Tracker** Can Help You Analyze and Change Your Spending Habits” handout (Consumer Finance Protection Bureau, 2020), write down all expenses by the categories shown. The pictures will help you think about what items you might buy and regular monthly bills you pay. You may need to find your receipts and bill statements from the month to write down accurate amounts. You could also check online records of your spending or your monthly bank statement.*

GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN



Photos: iStock.com/ascreativeatelier
Photos: iStock.com/anastasiaboragina

Discussion Questions

(**Leader Notes:** Choose several questions from the following list to begin wrapping up the lesson.)

- Is your income more or less than you thought it was?
- Did you spend more or less than you thought you did?
- Does this feel like a typical month for you?
- Is your spending plan in balance?
- Does your money seem to disappear before the next paycheck?
- Do you have difficulty paying for basic needs such as housing, food, transportation, medications, or medical care? What about TV or phone service?
- Do you pay some bills late every month? Do you receive collection notices?
- Do you have trouble finding money for gifts, holiday shopping, or other occasional expenses?
- Where might you need more control over spending?

GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN



Are You Ready for Change?

Share: I encourage you to think about the concepts covered in this “Making a Spending Plan” lesson. What actions or behavior changes do you plan to do?

(Leader Note: Encourage participants to use the “Make a Plan for **Putting Goals Into Action**” handout to write down SMART goal(s), supports, resources needed, and Action Plan Step(s). Some participants may choose to keep working on their original SMART goal steps for many weeks. They can revisit and revise their SMART goal as needed to be more realistic and doable. Some may want to add a new SMART goal based on this lesson; you may want a few extra copies of this handout ready. It is important that participants focus on one or maybe two SMART goals at a time so that they do not feel overwhelmed and are confidently making progress to successfully achieve their goals toward desired behavior outcomes.)

Ask: On a scale of 1 (not at all ready) to 10 (extremely ready), where are you?

Are you ready to make a change with confidence toward your SMART goal?

How important is the change for you?

How confident are you about making this change? Why?

Wrap-Up

Share: Making a spending plan might seem difficult to gather all the information, but it is important to gain a realistic picture of your money situation.

For your assignment, use the “Keeping Track of Your Spending” handout or another tracking method this week to write down everything you buy. Also continue filling in the “Use This **Income Tracker** to Plan the Best Times to Save and Spend” handout and the “A **Spending Tracker** Can Help You Analyze and Change Your Spending Habits” handout. Check your bank statements or receipts to know the accurate dollar amounts. For next week, bring in copies of your monthly bill statements if you have them. For example, bring bill statements for your rent or mortgage, utilities, phone, cable, insurance, medical, and regular prescription refills. I encourage you to continue working on your SMART goal from last week or to write at least one new SMART goal.



GET **READY**, GET **SET**, GET **GOING**.

LESSON 6: MAKING A SPENDING PLAN

Additional Resources

MyMoney.gov: Budgeting tools and worksheets. <https://www.mymoney.gov/tools>

References

Anderson-Porisch, S. A., Heins, R. K., Petersen, C. M., Hooper, S. E., & Bauer, J. W. (2007). Dollar works 2: *A personal financial education program* (Item 08503). University of Minnesota Extension.

Consumer Financial Protection Bureau. (2020). *Your money, your goals: A financial empowerment toolkit*. https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals_financial-empowerment_toolkit.pdf

Fletcher, C. (2009). *The allowance game* (Rev.). Iowa State University. <https://store.extension.iastate.edu/product/The-Allowance-Game>

GET READY, GET SET, GET GOING. HANDOUT

The Allowance Game

Purpose

Spending an allowance means making choices. There is never enough money for all the things we want. This game will help you decide what is more important to you.

How to Play

Round #1:

Today, each of you has a “20 bean” allowance. Go through all the choices in “The Allowance Game.” Make one choice in each area and fill the box[es] with a bean or beans. Instead of beans, you can use a pencil to mark up to 20 boxes.

Example

You choose to spend part of your allowance on snacks and drinks. You usually buy candy, gum, or pop from convenience stores or vending machines. Under the snack category you would put beans or marks in the boxes by this choice.

Food

- a. fix snacks & meals at home
- b. buys school lunch
- c. convenience store, vending machines
- d. fast food

Discussion Questions

Compare your spending choices to those of other players. What did you spend your money on? How do your values, goals, and past experiences affect spending choices? What did you learn about yourself from this activity?

Round #2:

Your allowance has now been cut to 12 beans. Decide what you are willing to give up or change in order to cut the eight beans. If you are using marks, complete 12 boxes with marks as follows:

Discussion Questions


- How does your spending change?
- What was the first item you gave up? Why? What was the last item you gave up? Why?
- What was easy about choosing between options?
- What was difficult about choosing between options?

Optional Round #3:

Work together as a family with one or two others to decide how you would spend the 12 bean allowance.

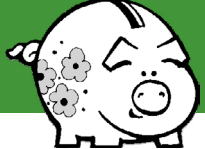
Final Thoughts

- What did you learn about yourself from this activity?
- What did you learn about making decisions?
- How will you use what you learned to make money management decisions?



Recreation

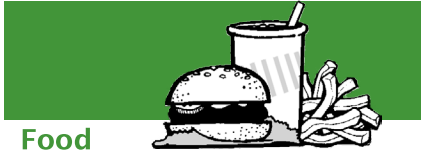
- a. spend time with friends at home or in a park
- b. rent DVDs, skate, bowl, swim, bike, fish, sport event
- c. attend movie at theater with snack



Savings

- a. small change in piggy bank
- b. regular deposits in a savings account

GET READY, GET SET, GET GOING. HANDOUT



Food

- a. fix snacks and meals at home
- b. buy school lunch
- c. convenience stores, vending machines
- d. fast food



Sports Equipment

- a. borrow
- b. rent
- c. buy used
- d. buy new



Music and Movies

- a. listen to radio, TV, or borrow from library or friend
- b. rent or download
- c. buy used at garage sales or resale store
- d. buy new at specialty stores



Clothing

- a. wear clothing in closet
- b. buy at garage sales or secondhand store
- c. shop at discount store
- d. buy name brand clothing



Hobbies, Collecting, Books, & Games

- a. borrow or trade, use supplies on hand, use library
- b. buy used or at discount store
- c. buy new at specialty stores



Gifts

- a. make your own with supplies on hand
- b. cards and small gifts on special occasions
- c. frequent gifts for family and friends



More Choices

(you may select more than one)

- a. magazine subscription
- b. dance, fitness, or music lessons
- c. cell phone
- d. tickets to game or concert
- e. electronic entertainment
- f. pet

GET **READY**, GET **SET**, GET **GOING**. HANDOUT



Use this **income tracker** to plan the best times to save and spend

Net income for the month of:

(Net income is your total take home pay. Take your gross income minus taxes and other deductions to get your net income.)

- 1 Write in the names of any income and benefits that apply to you.
- 2 Fill in the amounts you receive each week.
- 3 Total up each week's income.
- 4 Circle the payments that come at a predictable time and amount. This will show you the income you can count on each month.

	Week 1	Week 2	Week 3	Week 4	Week 5
Job:					
Government program:					
Disability benefits:					
Financial support:					
Additional:					
Additional:					
Additional:					
Weekly totals:					
TOTAL INCOME FOR THIS MONTH					

Consumer Financial Protection Bureau (2017). *Your Money Your Goals: Focus on People with Disabilities*, p. 46.

GET **READY**, GET **SET**, GET **GOING**. HANDOUT

CATEGORIES USED IN THE SPENDING TRACKER

Cell Phone	Any costs related to having and using your cell phone
Debt Payment	Credit card payments, payday loan payments, pawn loan payments, auto title loan payments, other loan payments
Eating out	Any meals or beverages purchased outside of the home
Education & childcare	Childcare costs, school supplies, school materials fees, field trips, other activity fees
Entertainment & personal care	Movies or concerts, sports equipment/fees, sporting events, lottery tickets, alcohol, books/CDs, subscriptions, streaming services, haircuts, hygiene items, dry cleaning
Groceries & other supplies	Food and beverages brought into the home, household supplies (diapers, paper towels, etc.)
Health expenses	Co-payments, medication, eye care, dental care, health insurance premiums
Helping others	Donations to religious organizations or other charities, gifts
Housing & utilities	Rent, mortgage, insurance, property taxes, electricity, gas, water and sewage, landline, television, Internet service
Pets	Food, vet bills, and other costs associated with caring for your pets
Transport	Gas, car payment, insurance, repairs, transit fares, ride services, cabs
 Other	<ul style="list-style-type: none"> ▪ Court-ordered expenses (child support, restitution) ▪ Household items (things for your home like cleaning supplies, kitchen appliances, furniture, other equipment) ▪ Savings (saving for emergencies, goals, back-to-school expenses, holiday purchases, children's education, retirement) ▪ Tools or other job-related expenses (equipment, special clothing, job-related books, machinery, working animals or livestock, union dues)

Consumer Financial Protection Bureau (2018). *Your Money Your Goals: a financial empowerment toolkit*, p. 82

GET **READY**, GET **SET**, GET **GOING**. HANDOUT



A **Spending tracker** can help you analyze and change your spending habits

1. Get an envelope to collect your receipts.
2. Use the table to track your spending in the categories below. Don't forget about bills you share with others.
3. At the end of the month, add up each category.

Spending for the month of: _____

	WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5	CATEGORY TOTALS
 Cell phone						
 Debt payment						
 Eating out						
 Education + childcare						
 Entertainment + personal care						
 Groceries + other supplies						
 Health expenses						
 Helping others						
 Housing + utilities						
 Pets						
 Transport						
 Other						

Consumer Financial Protection Bureau (2018). *Your Money Your Goals: a financial empowerment toolkit*, p. 3312.