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PRE-EMPLOYMENT
TRAINING
CURRICULUM
PACKAGE

63917

MANAGING YOUR MONEY

✓
✓ ACA
✓ COMPREHENSIVE WORK
ENTRY PROGRAM

UNIT 8
✓ MANAGING YOUR MONEY



DO NOT WRITE IN THIS BOOKLET!

NCJRS

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ACQUISITION

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UNIT GOALS

After completing this unit, you will be able to:

Manage your money by making out a budget

Recognize that a budget is a plan which outlines how and where you will spend your money

Recognize that a budget can give you more control over your income

Recognize that only you can decide how much to spend where

Recognize that your budget should fit your needs and lifestyle

Recognize that if you're married, and both of you work, your plan should include both of your incomes

Recognize that a spirit of cooperation will result in saving money

Recognize that the way to begin is by finding out how much money you have coming in

List the amounts of all family income

Include only net income

Identify net income as income after taxes and other deductions (take-home pay)

Recognize that if your income is irregular, seasonal or part-time, you should estimate and divide the total per year by twelve

Recognize that if you must estimate your income your estimate should be low

Recognize that the second step in making out your budget is to list all of your fixed expenses

Identify fixed expenses as bills which have to be paid for basic needs, or payments which you cannot miss without risking serious trouble

Recognize that some bills may be due quarterly or at other periods of time

Identify rent or mortgage as a fixed expense

Identify your car note as a fixed expense

Identify installment loan payments as a fixed expense

Identify the telephone bill as a fixed expense

Identify insurance premium payments as a fixed expense

Recognize that you should include a "payment" to your savings account with your fixed expenses

Recognize that the key to saving is to contribute to your savings account regularly and in small amounts which you can afford

Recognize that about 5% of your total monthly income should be enough to contribute to savings

Recognize that you should "pay yourself first" when you receive your paycheck

Recognize that your savings goal should be the total of at least two months income

Recognize that your employer may have a "payroll savings plan"

Identify a payroll savings plan as a system by which a portion of your pay is automatically deducted and deposited in your savings account

Recognize that you can save by putting aside all the loose change in your pocket at the end of the day and taking it to the bank once a week

Add the amounts of all fixed expenses

Subtract the total of your fixed expenses from your total income to find out how much you have to spend for flexible, day-to-day expenses

Recognize that the third step in making out your budget is to list all of your flexible expenses

Identify flexible expenses as items for which the amount you spend changes

Identify food as a flexible expense

Identify clothing as a flexible expense

Identify transportation as a flexible expense

Identify household items as a flexible expense

Identify medical and dental care as a flexible expense

Identify spending money as a flexible expense

Recognize that you should include a group of expenses labeled "other" for anything not included in other groups

Recognize that flexible expenses can be juggled so you can make ends meet

Recognize that you can see how much you spend in each group

Recognize that you can decide to spend more or less in each group so that your needs are met and your budget is balanced

Recognize that a balanced budget means responsible management of your money

DIRECTIONS

Before you begin this unit, complete the test items on the Unit Test. Use a blank sheet of paper to write down your answers, or an answer sheet provided by your instructor. DO NOT WRITE IN THIS BOOKLET! When you have finished, check your answers using the Unit Test Key which you will find in the back of the booklet. Count the number of items you answered wrong and mark your score on your answer sheet (for example, -6). After you have finished reading the text, take the Unit Test again. When you have finished, check your answers using the Unit Test Key. Count the number of items you answered wrong and mark your score on your answer sheet (for example, -1). By comparing the two scores, you can see how much you have learned.

In the unit you will find review questions to check your progress. Answer the review questions on a separate sheet of paper. Then, check your answers using the Review Question Key. You will find the answers printed upside down. If you answer any of the questions wrong, read over the section right before the questions. If you answer all of them right, keep reading.

At the back of the booklet, you will find a list of words and their meanings. If you come across a word you do not understand, look it up in the word list. Words which appear in the list are underlined in the text.

Unit Test

For each of the following test items, circle on your response sheet the letter which most correctly completes the statement. DO NOT WRITE IN THIS BOOKLET!

1. A budget:
 - a. is a plan which outlines how and where you will spend your money
 - b. can give you more control over your income
 - c. both a and b
 - d. neither a nor b
2. When making out a budget you should:
 - a. let someone else tell you how much you should spend where
 - b. make your budget fit your needs and your lifestyle
 - c. both a and b
 - d. neither a nor b
3. If you are married and both of you work you should:
 - a. make out separate budgets
 - b. include both incomes in your plan
 - c. keep a spirit of cooperation to save money
 - d. b and c only
4. In finding out how much money you have coming in you should:
 - a. list the amounts of all family income
 - b. include income before taxes and other deductions
 - c. estimate the highest possible income
 - d. all of the above
5. "Net" income is income:
 - a. estimated over a twelve month period
 - b. which is irregular, seasonal or part-time
 - c. after taxes and other deductions
 - d. none of the above
6. If your income is irregular, seasonal or part-time you should:
 - a. forget about making out a budget
 - b. estimate your annual income and divide the total by twelve
 - c. budget only for times when you have money coming in
 - d. budget only for times when you don't have money coming in

7. Fixed expenses are:
- a. *bills which must be paid for basic needs*
 - b. *payments which you cannot miss without risking serious trouble*
 - c. *usually the same amount each month*
 - d. *all of the above*
8. Items which can be classified as fixed expenses are:
- a. *rent or mortgage*
 - b. *car note*
 - c. *food*
 - d. *installment loan*
 - e. *clothing*
 - f. *telephone bill*
 - g. *insurance*
 - h. *savings*
9. The key to saving is to contribute to your savings account:
- a. *whenever you can*
 - b. *in large amounts*
 - c. *regularly and in small amounts*
 - d. *none of the above*
10. In contributing to your savings account you should:
- a. *try to save about 5% of your total income each month*
 - b. *have as a goal at least two months income*
 - c. *always "pay yourself first" when you get your paycheck*
 - d. *all of the above*
11. A payroll savings plan is a system by which a portion of your paycheck is automatically deducted and deposited in your savings account.
- a. *True*
 - b. *False*
12. You can save by putting aside all the loose change in your pocket at the end of the day and taking it to the bank once a week.
- a. *True*
 - b. *False*
13. To find out how much you have to spend for flexible, day-to-day expenses you should:
- a. *just spend whatever you have in your pocket*
 - b. *buy things as you need them*
 - c. *subtract the total of your fixed expenses from your total income*
 - d. *none of the above*

14. Flexible expenses are items for which:
- a. *you must spend money each day*
 - b. *the amount you spend varies*
 - c. *both a and b*
 - d. *neither a nor b*
15. Items which can be classified as flexible, day-to-day expenses are:
- a. *food*
 - b. *clothing*
 - c. *transportation*
 - d. *insurance*
 - e. *household items*
 - f. *rent*
 - g. *medical and dental care*
 - h. *spending money*
16. With flexible expenses you can:
- a. *juggle your spending so you can make ends meet*
 - b. *spend more or less in each group to balance your budget*
 - c. *both a and b*
 - d. *neither a nor b*



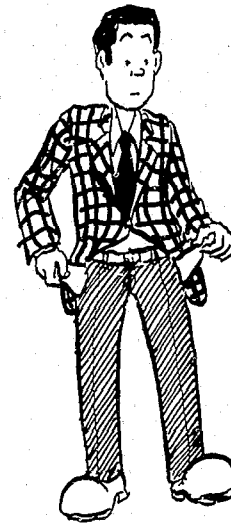
A budget is a plan which outlines how and where you will spend your money. It can give you more control over your income by letting you see exactly what you're doing with your money.

An important thing to remember is that no one else can tell you how to spend your money. Your budget should fit your needs and your lifestyle.

If you're married and both of you work, your plan should include both of your incomes. Do not make out separate budgets. A spirit of cooperation can result in saving money, but cooperation in recognizing and accepting each other's needs is very important.



The way to begin is to find out how much money you have coming in. List all family income, making sure to list only the net income or take-home pay. Include only what you make after taxes and other deductions.



If your income is irregular, seasonal, or part-time, you should estimate your annual income and divide by twelve. This will tell you about how much you have to spend each month. But if you have to estimate your income, keep your estimate low. That way you won't be spending more than you'll have.



Check your progress by answering the following review questions.

DIRECTIONS:

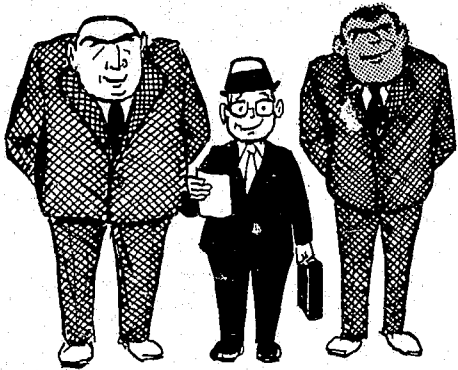
On your response sheet write the letter of the phrase which most correctly completes the statement.

1. A budget is a plan which:
 - a. outlines how and where you will spend your money
 - b. can give you more control over your income
 - c. both a and b
 - d. neither a nor b
2. In beginning your budget you should:
 - a. find out how much money you have coming in
 - b. include only net income
 - c. keep all income estimates low
 - d. all of the above

Check your answers by using the key below. If you get the answers right, keep reading. If you get them wrong, go back over what you have already read.

1. c 2. d

Review Question Key



The second step in making out your budget is to list your "fixed expenses". Fixed expenses are bills which have to be paid for basic needs. They are payments which you cannot miss without risking serious trouble! Fixed expenses are also usually the same amount each month, so you should know exactly how much you will have to budget for them.

Rent or mortgage payments, your car note, telephone bill and insurance or installment loan payments are all fixed expenses. Keep in mind, however, that some bills may be due quarterly or at other periods of time. Be sure to prepare for those payments as well.



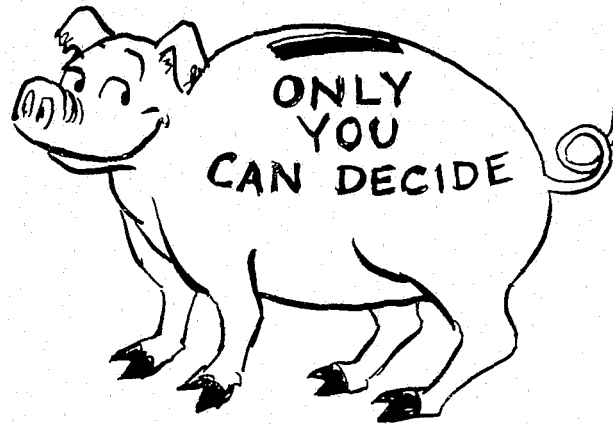
The last, and possibly most important fixed expense is your savings. Be sure to include a "payment" to your savings account. As a matter of fact, you should always "pay yourself first" when you receive your paycheck. You never know when you will need money for an emergency.



The KEY to saving is to put money into your savings account regularly and in small amounts which you can afford. About 5% of your total monthly income should be enough. Your savings goal for one year should be the total amount of at least two months income. You would then be able to live on your savings for two months if something should happen to keep you from working.

There are several ways to build up your savings account. If you have trouble saving money, check to see if your employer has a payroll savings plan. If so, you ask your employer to deposit a part of your pay (you decide how much) directly in your savings account. Since you never see the money, you probably won't miss it, and can resist the temptation to spend it.





Another way to save is by putting aside all the loose change in your pocket at the end of the day and taking it to the bank once a week.

You can probably think of other ways to save money, but the important thing to remember is that only you can decide which way is best for you.



After you have listed your fixed expenses, you should add them all up to get your total fixed expenses. To find out how much you have to spend for flexible or day-to-day expenses, you should then subtract the total of your fixed expenses from your total income.

Check your progress by answering the following review questions.

DIRECTIONS:

On your response sheet write the letter of the phrase which most correctly completes the statement.

1. Fixed expenses include:
 - a. payments which you cannot miss without risking serious trouble
 - b. food
 - c. savings
 - d. all of the above
 - e. a and c only
2. In saving money you should:
 - a. contribute large amounts to your savings account
 - b. try to save the total amount of two months income
 - c. both a and b
 - d. neither a nor b
3. To determine how much you have to spend for day-to-day expenses you should:
 - a. subtract the total of your fixed expenses from your total income
 - b. spend whatever you have in your pocket each day
 - c. find out how much money you have in your savings account
 - d. none of the above

Check your answers by using the key below. If you get the answers right, keep reading. If you get them wrong, go back over what you have already read.

1. e 2. b 3. a

Review Question Key

The next step in making out your budget is to list all of your flexible expenses. Flexible expenses are items for which you must spend money each day, and for which the amount you spend varies. Food, clothing, transportation, household items, medical and dental care, as well as spending money can all be classified as flexible expenses. You should also include a group of expenses labeled "other" for anything not covered by the other groups.



Flexible expenses can be juggled so you can make ends meet. By keeping track of all your expenses for a month or two, you can see how much you actually spend. Then decide to spend more or less in each group so that your needs are met and your budget is balanced - and with a balanced budget YOU WON'T GO BROKE!

Check your progress by answering the following review question.

DIRECTIONS:

On your response sheet write the letter of the phrase which most correctly completes the statement.

Flexible expenses:

- a. cannot be changed in any way
- b. should be juggled so you can balance your budget
- c. include items such as loan payments and telephone bills
- d. none of the above

Check your answer by using the key below. If you get the answer right, take the Unit Test again. If you get it wrong, go back over what you have already read.

d

Review Question Key

Now that you have completed the text, take the Unit Test again. When you have finished, check your answers using the Unit Test Key. Count the number of items you answered wrong and mark your score on your answer sheet (for example, -1). By comparing the two scores, you can see how much you have learned.

Unit Test Key

- | | |
|--------------|-----------------|
| 1. c | 9. c |
| 2. b | 10. d |
| 3. d | 11. a |
| 4. a | 12. a |
| 5. c | 13. c |
| 6. b | 14. c |
| 7. d | 15. a b c e g h |
| 8. a b d f g | 16. c |

* * * * *

WORD LIST

1. deductions - money that comes out of your pay before you get your paycheck
2. estimate - to judge how much something (in this case, your income) will be
3. fixed expenses - bills which have to be paid for basic needs
4. flexible expenses - things for which the amount you spend varies
5. goal - something which you work toward
6. installment - a number of payments in equal amounts over a period of time
7. irregular - not regular (like every two weeks, or every week)
8. mortgage - the monthly payment for a house
9. net income - how much money you make after taxes and other deductions; take-home pay (gross income is the term for how much you make before deductions)
10. payroll savings plan - a system which allows your employer to deposit a part of your pay directly in your savings account
11. quarterly - four times a year; every three months
12. resist - to prevent or act against
13. seasonal - only during certain seasons of the year (summer, winter, spring or fall)
14. temptation - something or someone which causes you to act unwisely
15. varies - not always the same; changes

BUDGET

A. Income

Net income of self per month	500
Net income of spouse per month	<u>+100</u>
Total Net Income per month	600

B. Fixed Expenses

Rent or mortgage	125
Car note	95
Installment loan	75
Telephone	10
Insurance	10
Savings	<u>5</u>
Total fixed expenses per month	320

Total Net Income	600
Total Fixed Expenses	<u>-320</u>
Income to be budgeted for flexible expenses	280

C. Flexible Expenses

Food	150
Clothing	35
Transportation	35
Household items	25
Medical and dental care	15
Spending money	20
Other	<u>-</u>

Total flexible expenses per month	280
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Teacher's Notes

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