

# Bank Your Future



This presentation is based on part of FIDC, MoneySmart and Realize Personal Finance.

## Part 1

## Part 2

**Let's Review**

**What is the annual cost to go to college?**

**If you decide to go to college, where does the money come from?**

**How much free financial aid is available for students applying for FAFSA?**

**FAFSA**

**Now, let's talk about the cost of living...**

**The cost of living...**

**Let's start toward to age 22. How will you save and spend your money?**

**Budgeting Activity**

**Activity monitoring and reviewing your budget & how to...**

**How to Secure Your Financial Freedom**

**Save MORE | Spend LESS**

**Realize Money Perfect!**

**Setting a realistic budget for your life**

**Benefits of Investing Early**

| Age | Monthly | Yearly  |
|-----|---------|---------|
| 20  | \$100   | \$1,200 |
| 30  | \$100   | \$1,200 |
| 40  | \$100   | \$1,200 |
| 50  | \$100   | \$1,200 |
| 60  | \$100   | \$1,200 |
| 70  | \$100   | \$1,200 |

**The Power of Time**

**Save or Invest?**

You want to start investing for retirement.

**Save or Invest?**

You want to start investing for a house.

**Save or Invest?**

You want to start investing for a car.

**Save or Invest?**

You want to start investing for a car.

**Let's compare...**

There are different ways to save. Please don't stop after your money goes!

**Go Do It Now!**

**Questions?**

**Compound Interest**

| Year | Interest | Total   |
|------|----------|---------|
| 1    | \$100    | \$1,100 |
| 2    | \$110    | \$1,210 |
| 3    | \$121    | \$1,331 |
| 4    | \$133    | \$1,464 |
| 5    | \$146    | \$1,610 |

**How much more can you save?**

**How much more can you save?**

# Bank Your Future



This presentation is based on part of FDIC  
MoneySmart and NextGen Personal Finance



**What's the risk of not knowing  
how to manage your money?**



# What we'll learn...

- How to read a pay stub.
- How to effectively create a budget and plan for money-saving and spending.
- Various options that are available to help pay for further education.
- How to determine cost of living independently and how to manage it responsibly.
- How earning interest impacts the growth of your savings over time.



# How we'll do it..

- Active participation!
- Be engaged. Ask questions and participate in discussions.
- Respect each others thoughts, perspectives, and contributions.
- Maximize your experience by using the workbook.
  - Take notes and complete activities.
- Have fun while learning!



# What is a Budget?



# What is a Budget?



A plan for how you will spend and save your money

# 5 Key Components of a Budget



## Net Income

The amount of money you take home AFTER taxes

- Wages from your job
- Side hustle
- Monetary gifts





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Necessities with SET costs

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- Car payments
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- Gas
- Utility bills
- Groceries/Food



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## Discretionary Spending

Purchases of NON-ESSENTIAL goods/services

- Eating out
- "Fun money"
- Travel



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## Savings

Money specifically put aside for the FUTURE

- Emergency funds
- Future big expenses



# Let's start with income...

Income can come in many forms:

- Your job
- Investments
- Your own business
- Etc.



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Income can come in many forms:

- Your job
- Investments
- Your own business
- Etc.



**But let's just talk about  
income from a job.**

**Have you ever taken a  
close look at a pay stub?**



# What comes out of your paycheck before it gets to you?

| COMPANY INFORMATION  |       |       |                  | Pay Stub<br>(Earnings Statement) |                   |             |              |
|----------------------|-------|-------|------------------|----------------------------------|-------------------|-------------|--------------|
| By Far Best Burgers  |       |       |                  | SOCIAL SECURITY                  |                   | EMPLOYEE ID |              |
| EMPLOYEE INFORMATION |       |       |                  | XXX-XX-1020                      |                   |             |              |
| Jenny Jones          |       |       |                  | START DATE                       | END DATE          | CHECK DATE  |              |
|                      |       |       |                  | 12/12/2022                       | 12/26/2022        | 12/29/2022  |              |
| EARNINGS             | RATE  | HOURS | CURRENT          | YEAR TO DATE                     | DEDUCTIONS        | CURRENT     | YEAR TO DATE |
| Regular Earnings     | 12.00 | 30.00 | 360.00           | 9000.00                          | Federal Tax       | 30.60       | 765.00       |
|                      |       |       |                  |                                  | Soc Sec/OASDI     | 22.32       | 558.00       |
|                      |       |       |                  |                                  | Medicare          | 5.22        | 130.50       |
|                      |       |       |                  |                                  | State Tax         | 14.40       | 360.00       |
|                      |       |       | <b>GROSS PAY</b> | 360.00                           | <b>DEDUCTIONS</b> | 72.54       | 1813.50      |
|                      |       |       |                  | <b>NET PAY</b>                   | <b>\$287.46</b>   | YTD NET PAY | \$7186.50    |
| CHECK NUMBER         | #1705 |       |                  |                                  |                   |             |              |



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| CHECK NUMBER #1705   |       |       |                  |                                  |                    |             |                  |

Ranges from 10-37%

Ranges from 0-13% depending on location

Social Security = 6.20%  
Medicare = 1.45%  

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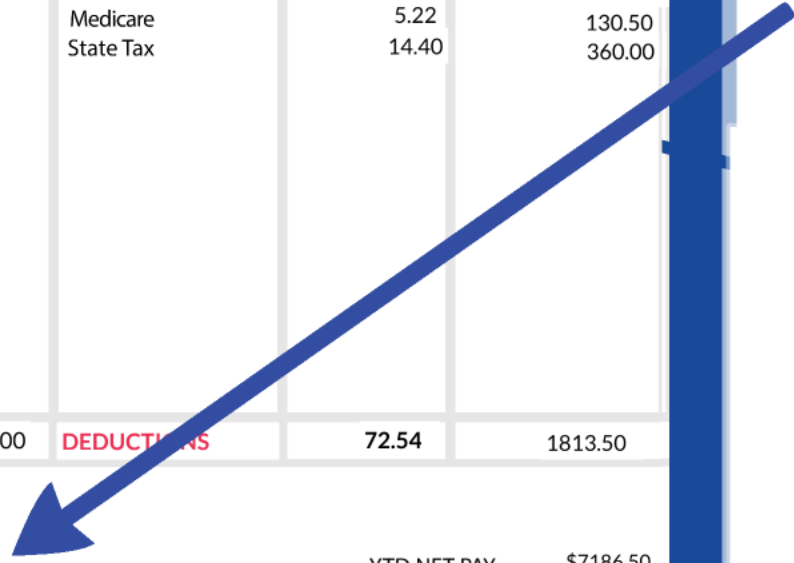
Total = 7.65%

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*Gross Pay -  
Deductions  
= Net Pay*



# Employer Payment Methods

| Payment Method  | Fees?   | Access to funds   | Flexibility  |
|---|---|---|--|
| <b>Direct Deposit</b><br><i>Funds electronically deposited into your checking or savings account</i>            | <b>No</b>   | <b>Immediate</b>  | <b>Yes</b> <ul style="list-style-type: none"><li>• ATM</li><li>• Debit Card</li><li>• Transfer \$ to savings</li></ul>                                     |
| <b>Check</b><br><i>Receive a payroll check which you can then deposit into your checking or savings account</i> | <b>No</b>   | A percentage of funds are available immediately, the remaining funds are available 1-3 days after deposit | <b>Yes</b> <ul style="list-style-type: none"><li>• ATM</li><li>• Debit Card</li><li>• Transfer \$ to savings</li></ul>                                     |
| <b>Payroll Card</b><br><i>Loaded directly onto a payroll card issued by VISA or Mastercard</i>                  | <b>Yes:</b><br>Fees applicable based on cardholder agreement. | <b>Immediate</b>  | <b>Limited</b> <ul style="list-style-type: none"><li>• ATM (possible fees)</li><li>• Debit card</li><li>• No \$ transfers to checking or savings</li></ul> |

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← **Best way to get paid!**

← **Employer MUST give you another option!**

# Now, let's talk expenses...

## 5 Key Components of a Budget



### Fixed Expenses

Necessities with SET costs

- Rent
- Car payments
- Insurance



### Variable Expenses

Necessities with costs that CHANGE month-to-month

- Gas
- Utility bills
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### Discretionary Spending

Purchases of NON-ESSENTIAL goods/services

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- Travel



Now, let's talk expenses...

Remember, there are 3 types of expenses when creating a budget.

# 5 Key Components of a Budget



|  |  |
|--|--|
|  | <h3><u>Fixed Expenses</u></h3> <p>Necessities with SET costs</p> <ul style="list-style-type: none"><li>• Rent</li><li>• Car payments</li><li>• Insurance</li></ul>                            |
| <h3><u>Variable Expenses</u></h3> <p>Necessities with costs that CHANGE month-to-month</p> <ul style="list-style-type: none"><li>• Gas</li><li>• Utility bills</li><li>• Groceries/Food</li></ul>  | <h3><u>Discretionary Spending</u></h3> <p>Purchases of NON-ESSENTIAL goods/services</p> <ul style="list-style-type: none"><li>• Eating out</li><li>• "Fun money"</li><li>• Travel</li></ul>  |

*What do you spend your  
money on now?*

*How much do you spend  
each week?*



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*How much do you spend  
each week?*



**The best way to know is to  
track your expenses!**



## Expense tracking worksheet

| Day   | Food<br>(coffee, fast food,<br>corner store, groceries) | Transportation<br>(gas, bus tickets) | Personal Expenses<br>(cell phone, clothing,<br>personal products,<br>salon services, other) | Fun<br>(movies, sporting<br>events, music,<br>concerts, hobbies) | Totals |
|---|---|--------------------------------------|---|--|--------|
| <i>Enter the dollar amount you spent each day in each category.<br/>Use approximate amounts if you don't have receipts.</i> |   |                                      |   |  |        |
| S   |   |                                      |   |  |        |
| M   |   |                                      |   |  |        |
| T   |   |                                      |   |  |        |
| W   |   |                                      |   |  |        |
| TH  |   |                                      |   |  |        |
| F   |   |                                      |   |  |        |
| S   |   |                                      |   |  |        |
| Total   |   |                                      |   |  |        |

*Do this for four weeks and you will have an estimate of what you spend on a monthly basis.*

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|---|---|--------------------------------------|---|--|--------|
| <i>Enter the dollar amount you spent each day in each category.<br/>Use approximate amounts if you don't have receipts.</i> |   |                                      |   |  |        |
| S   |   | 20 - gas                             |   | 13 - mini golf   | \$33   |
| M   | 4 - coffee  |                                      | 15 - CVS  |  | \$19   |
| T   | 12 - tacos  |                                      |   |  | \$12   |
| W   |   |                                      |   | 10 - spotify   | \$10   |
| TH  | 5 - snacks  |                                      | 27 - target   |  | \$32   |
| F   | 7 - pizza   | 11 - uber                            |   |  | \$18   |
| S   | 3 - snacks  | 9 - uber                             |   | 20 - movie   | \$32   |
| Total   | \$31  | \$40                                 | \$42  | \$43   | \$156  |

*Do this for four weeks and you will have an estimate of what you spend on a monthly basis.*

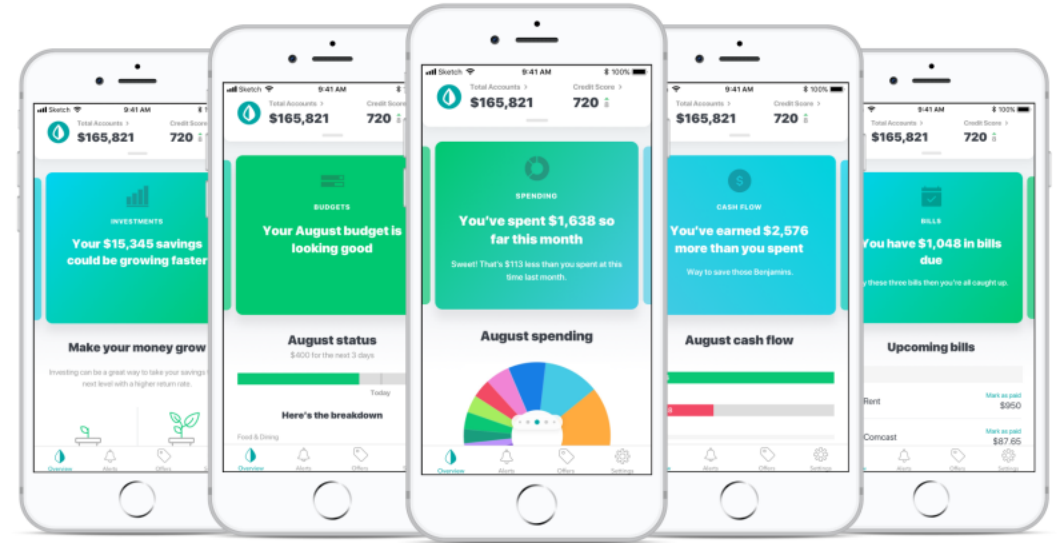
# Want another way to track your budget?



Budgeting apps are another great tool...

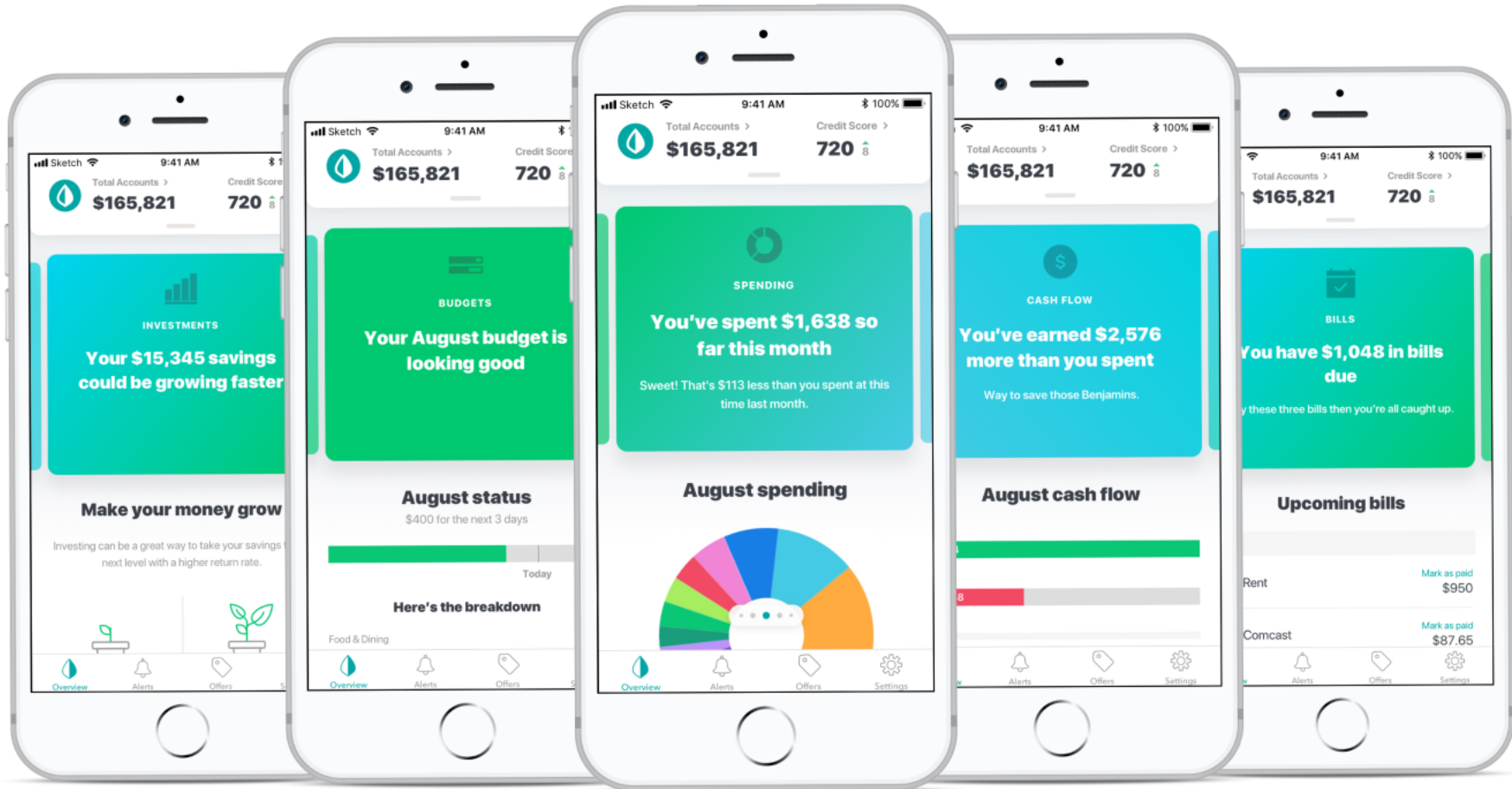
# Budgeting Apps

- There are a lot of great budgeting apps that exist and many are free!
- Some connect to your bank account, some help you reach savings goals, and each has different features.
- Your financial institution may offer a budgeting tool within the mobile and online banking service.

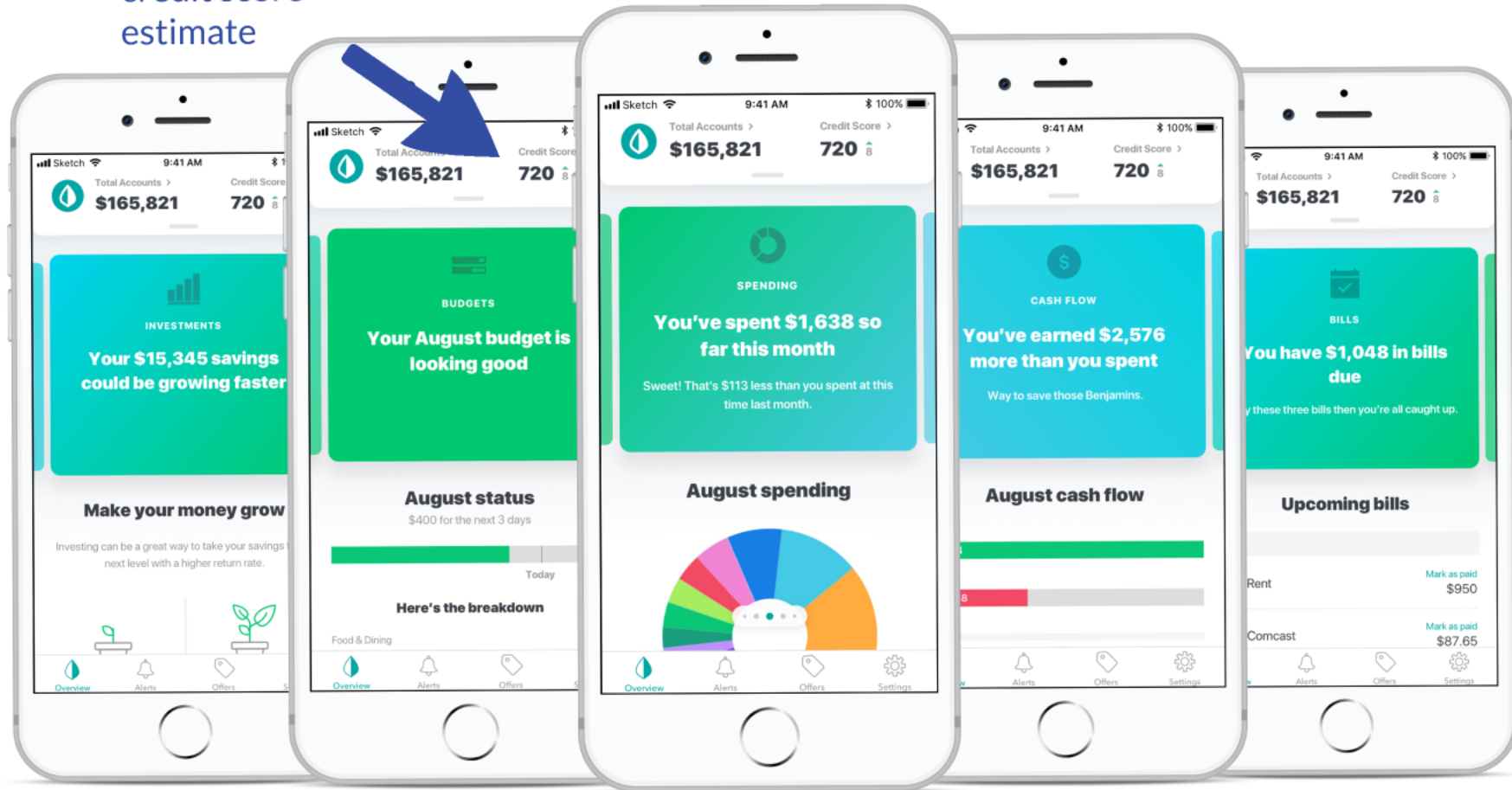


**Goodbudget**<sup>™</sup>  
Budget well. Live life. Do good.



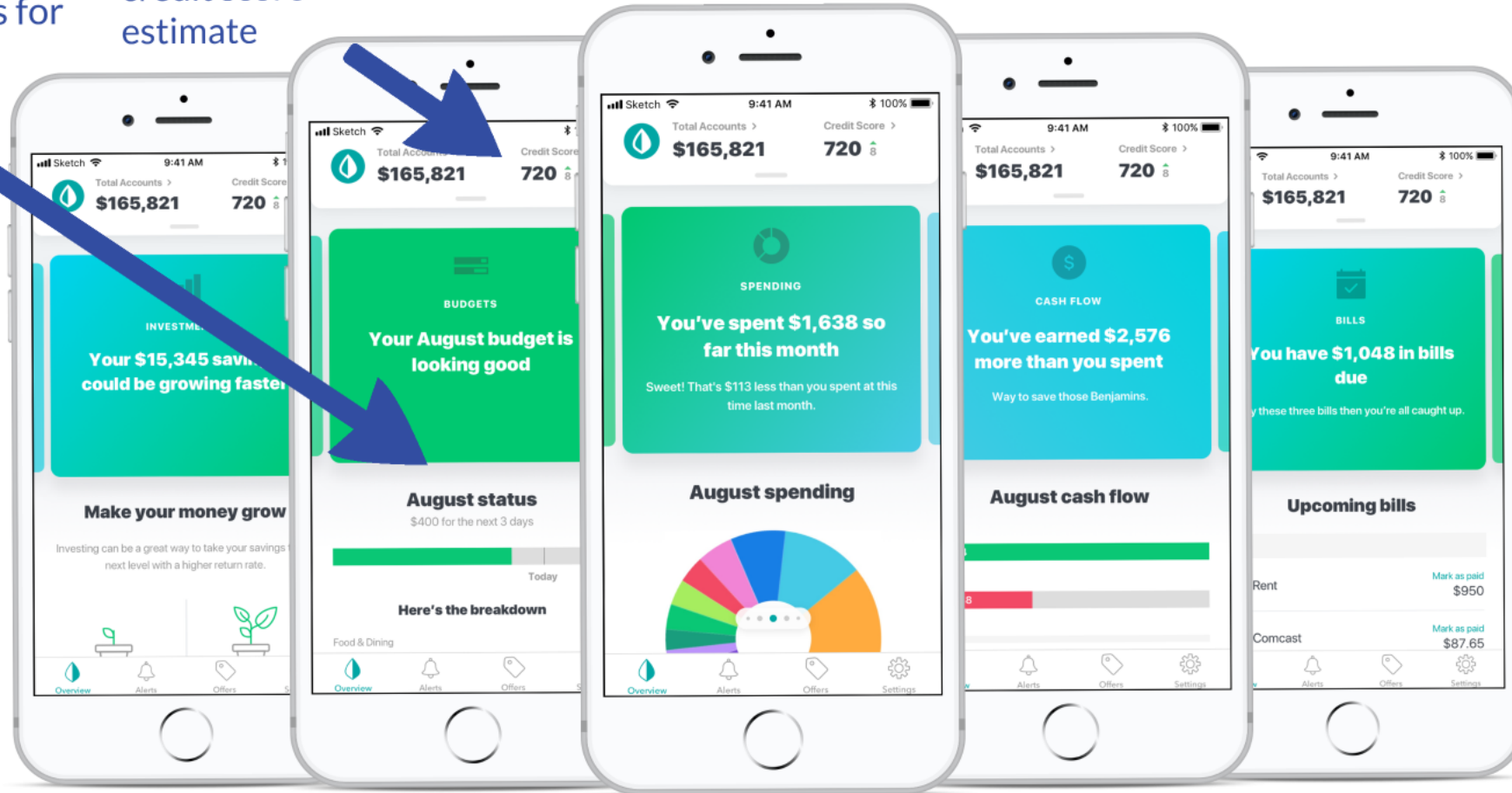


Shows you your credit score estimate



Shows you your budget status for the month

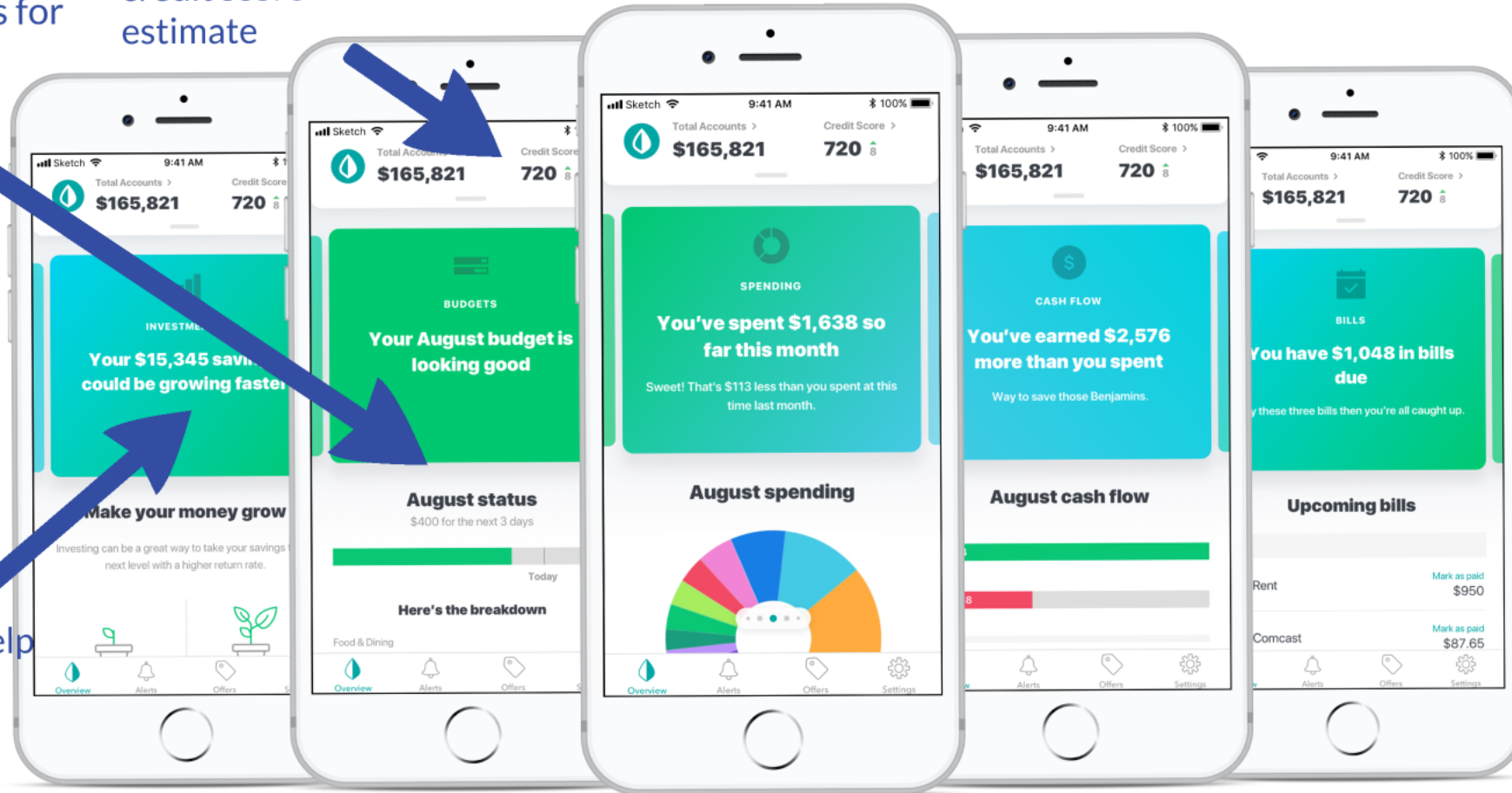
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Section to help you track investments

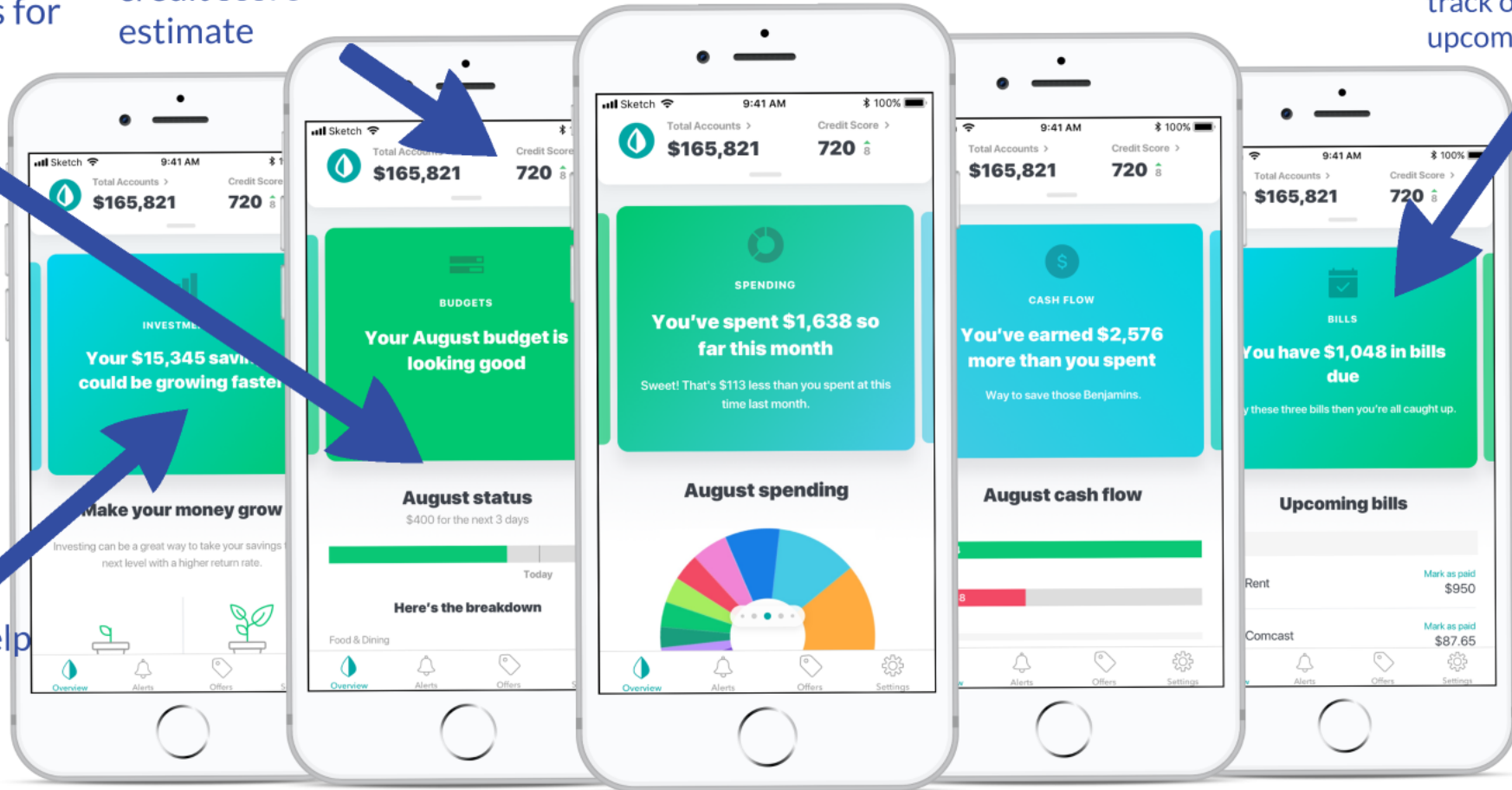




Shows you your budget status for the month

Shows you your credit score estimate

Helps you keep track of upcoming bills

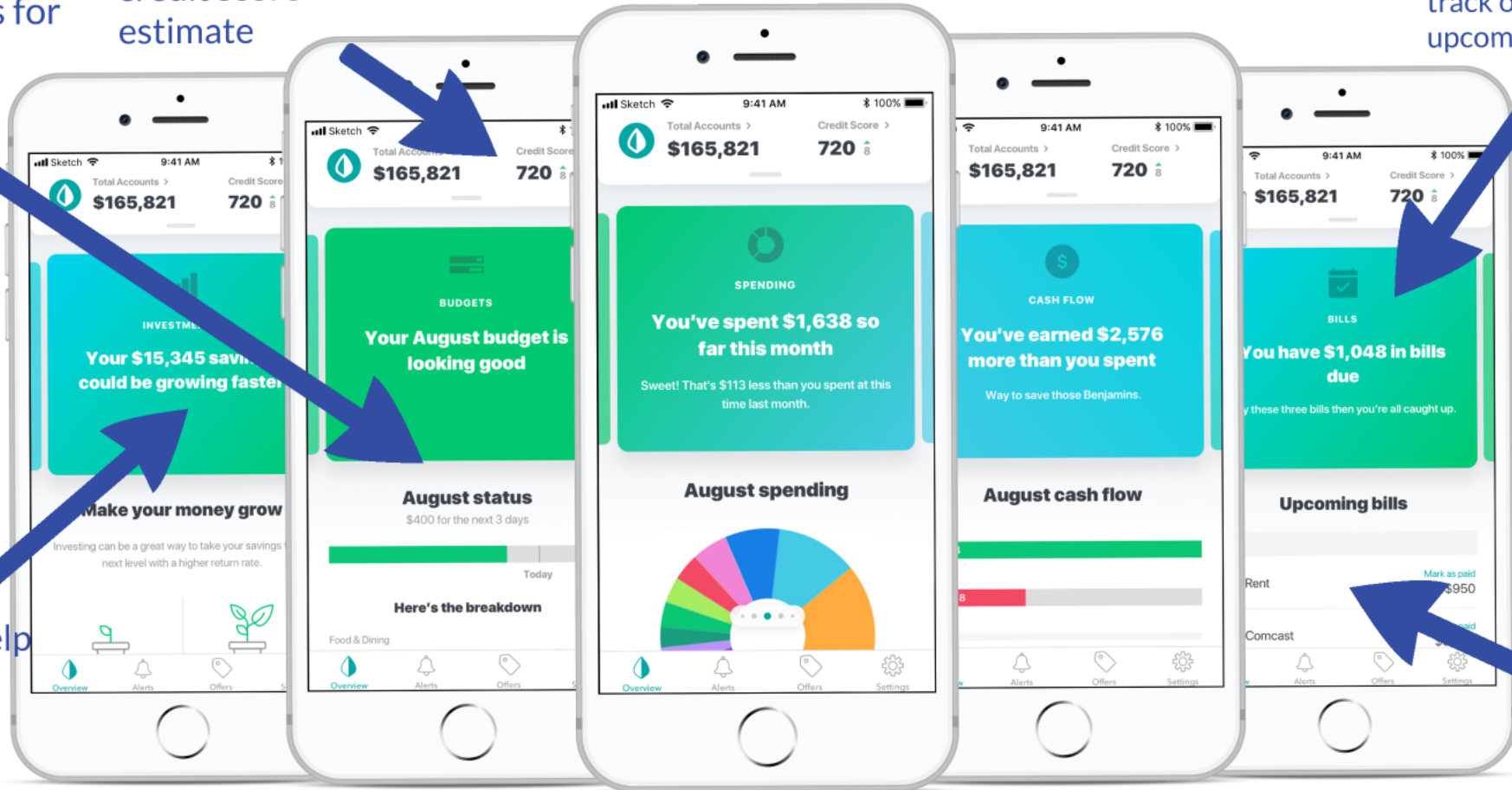


Section to help you track investments

Shows you your budget status for the month

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Helps you keep track of upcoming bills



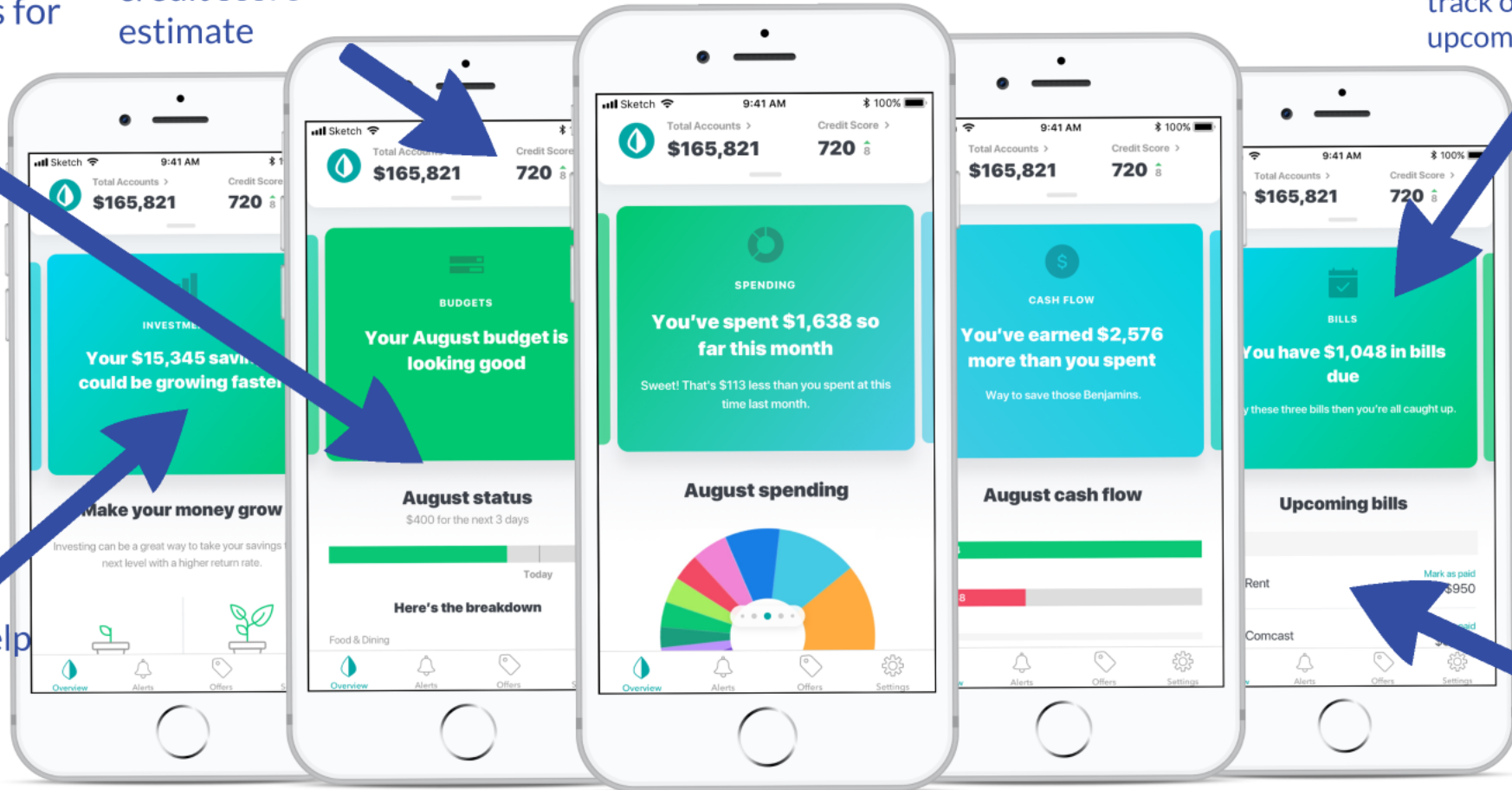
Section to help you track investments

You can connect your bank account to help you track purchases

Shows you your budget status for the month

Shows you your credit score estimate

Helps you keep track of upcoming bills



Section to help you track investments

You can connect your bank account to help you track purchases

Check out features of a budgeting app that works for you!

# Needs vs. Wants



Which of your expenses are needs and which are wants?

# Consider these spending choices. Are they needs or wants?



Put the following into need/want categories in your workbook.  
Feel free to add your own; they will be used in another activity.

- Fast Food
- Car Insurance
- Groceries
- Rent/mortgage
- The Latest Technology
- Designer Clothes
- Utility Bill Payments
- Prescription Eyeglasses
- Manicure
- Tickets to a sporting event



Video





# What are the top three categories that Gen Z spends their money on?





# What are the top three categories that Gen Z spends their money on?



- Electronics and technology
- Health and Wellness
- Clothing and Fashion

**Now that we talked about expenses, pay stubs, and budget tracking, there's one more crucial part to account for ...**

Now that we talked about expenses, pay stubs, and budget tracking, there's one more crucial part to account for ...

## Savings

What are you saving for right now?



# The Basics of Saving

*What types of things will you be saving for in the future?*



# The Basics of Saving

*What types of things will you be saving for in the future?*



- Education - college, grad school, certification
- Emergency Fund - medical bills, car repairs
- Short Term Goals - car, vacation
- Long Term Goals - house, larger items
- Retirement - money to live on after you stop working



# The Basics of Saving



How will you accomplish those goals?



# The Basics of Saving



How will you accomplish those goals?



Don't plan to save only what you have left over.

Decide how much you need to save and put that aside  
**before** spending on other expenses.

Now that we understand the components of a budget,  
how do we put it all together?





# Key Components of a Budget

|          |                                       |                             |        |
|----------|---------------------------------------|-----------------------------|--------|
| Income   | Gross Paycheck                        | \$360 x 2 (2 times a month) | \$720  |
|          | Other                                 | Additional Income           | \$60   |
|          | Taxes                                 |                             | -\$145 |
|          |                                       | Net Pay                     | \$635  |
| Expenses | Fixed                                 | Cell Phone                  | \$50   |
|          |                                       | Car Payment & Insurance     | \$150  |
|          |                                       | Total Fixed Expenses        | \$200  |
|          | Discretionary<br>Variable             | Groceries                   | \$125  |
|          |                                       | Bus Fare or Gas             | \$40   |
|          |                                       | Shopping                    | \$70   |
|          |                                       | Entertainment               | \$50   |
|          |                                       | Restaurants/Snacks          | \$50   |
|          | Total Discretionary/Variable Expenses | \$335                       |        |
|          | Total Expenses                        | \$535                       |        |
| Savings  | Potential Savings                     | \$100                       |        |

# Key Components of a Budget

|          |                                       |                             |        |
|----------|---------------------------------------|-----------------------------|--------|
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|          | Discretionary                         | Groceries                   | \$125  |
|          |                                       | Bus Fare or Gas             | \$40   |
|          | Variable                              | Shopping                    | \$70   |
|          |                                       | Entertainment               | \$50   |
|          |                                       | Restaurants/Snacks          | \$50   |
|          | Total Discretionary/Variable Expenses |                             | \$335  |
|          | Total Expenses                        |                             | \$535  |



*Pay yourself first!*

**Let's talk a bit more about income.  
That's where all budgets start.**



**What are some of the different paths  
you can choose after high school?**



# What are some of the different paths you can choose after high school?



Workforce

# What are some of the different paths you can choose after high school?



Workforce



Military

# What are some of the different paths you can choose after high school?



Workforce



Military



2-yr or 4-yr College

# What are some of the different paths you can choose after high school?



Workforce



Military



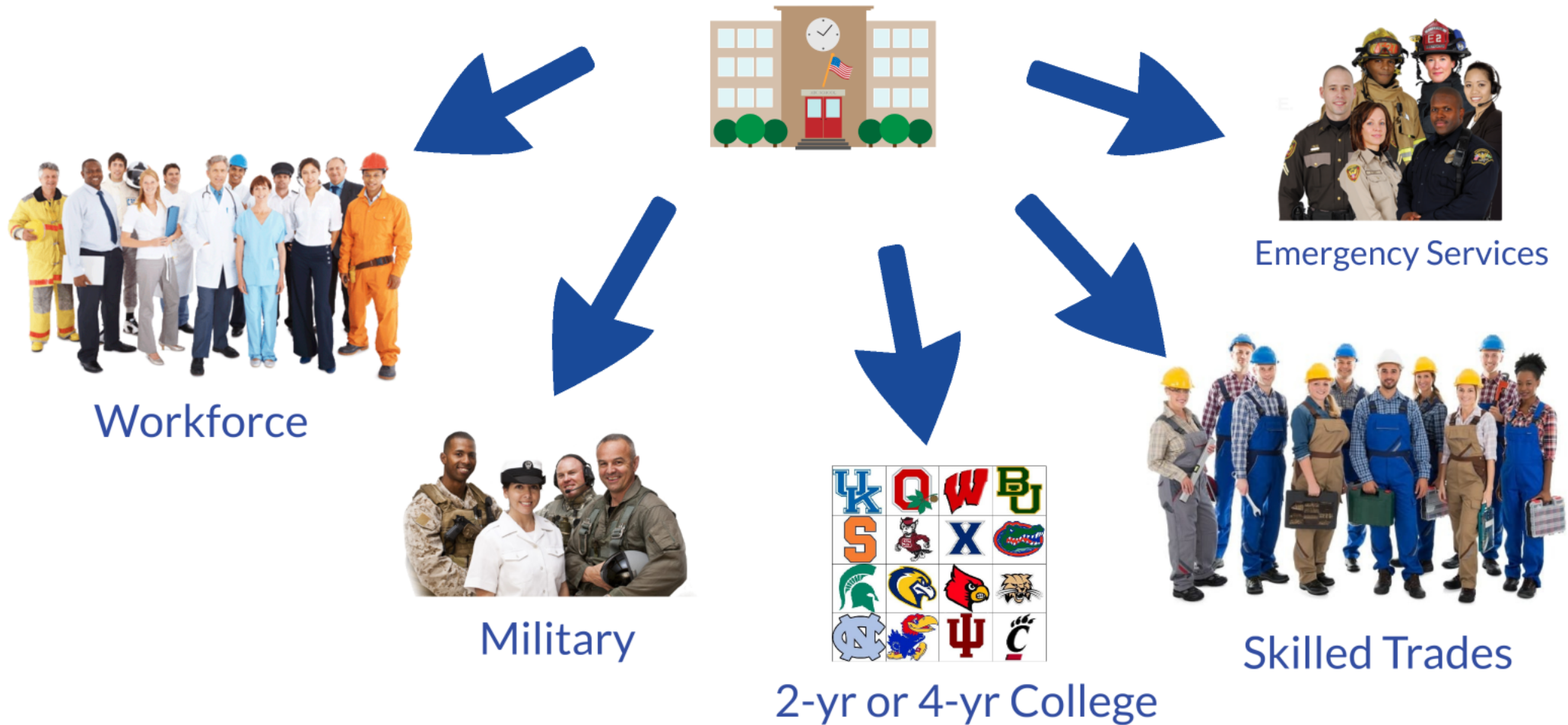
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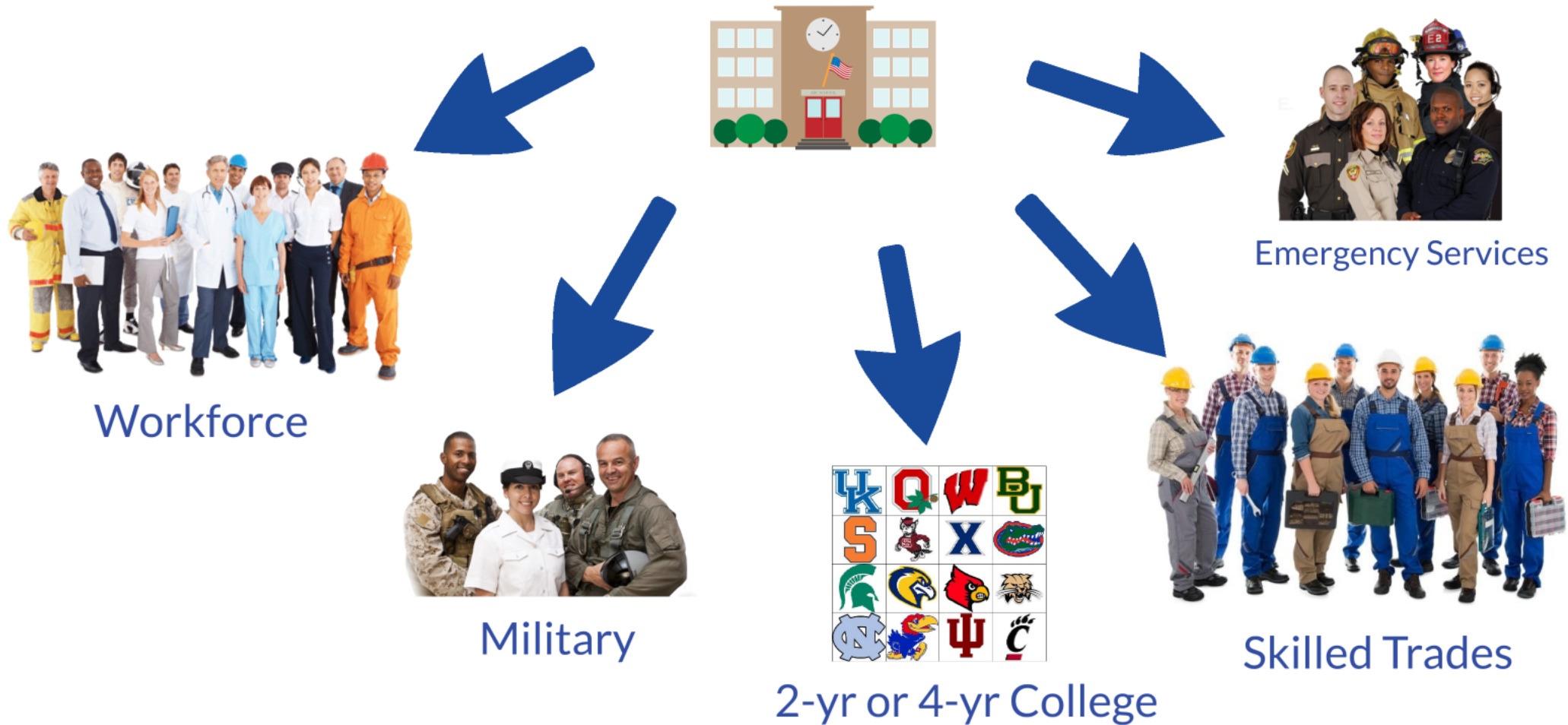
Skilled Trades



# What are some of the different paths you can choose after high school?



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*Let's take a look at the average incomes for these paths.*

# Average Starting Salaries



| Path  | Average Income |
|---|----------------|
| Enter the workforce                                     | ?              |
| <i>Food Preparation and Serving-related Occupations</i> | ?              |
| <i>Production Occupation</i>                            | ?              |
| <i>Healthcare Support</i>                               | ?              |
| 2 Yr Assoc. Degree (Avg)                                | ?              |
| Business and Financial Operations Occupations           | ?              |
| Healthcare Support Occupations                          | ?              |

| Path                                 | Average Income |
|--------------------------------------|----------------|
| 4 Yr Bach Degree (Avg)               | ?              |
| <i>Communications</i>                | ?              |
| <i>Health Professions</i>            | ?              |
| <i>Business</i>                      | ?              |
| <i>Engineering</i>                   | ?              |
| Apprenticeship in the skilled trades | ?              |
| Military - Army                      | ?              |

Including your cost of living

# Average Starting Salaries



| Path  | Average Income  |
|---|-----------------|
| Enter the workforce                                     | <b>\$27,404</b> |
| <i>Food Preparation and Serving-related Occupations</i> | <b>\$22,037</b> |
| <i>Production Occupation</i>                            | <b>\$27,098</b> |
| <i>Healthcare Support</i>                               | <b>\$25,604</b> |
| 2 Yr Assoc. Degree (Avg)                                | ?               |
| Business and Financial Operations Occupations           | ?               |
| Healthcare Support Occupations                          | ?               |

| Path                                 | Average Income |
|--------------------------------------|----------------|
| 4 Yr Bach Degree (Avg)               | ?              |
| <i>Communications</i>                | ?              |
| <i>Health Professions</i>            | ?              |
| <i>Business</i>                      | ?              |
| <i>Engineering</i>                   | ?              |
| Apprenticeship in the skilled trades | ?              |
| Military - Army                      | ?              |

Including your cost of living

# Average Starting Salaries



| Path  | Average Income  |
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| <i>Food Preparation and Serving-related Occupations</i> | <b>\$22,037</b> |
| <i>Production Occupation</i>                            | <b>\$27,098</b> |
| <i>Healthcare Support</i>                               | <b>\$25,604</b> |
| 2 Yr Assoc. Degree (Avg)                                | <b>\$48,263</b> |
| Business and Financial Operations Occupations           | <b>\$36,377</b> |
| Healthcare Support Occupations                          | <b>\$33,231</b> |

| Path                                 | Average Income |
|--------------------------------------|----------------|
| 4 Yr Bach Degree (Avg)               | ?              |
| <i>Communications</i>                | ?              |
| <i>Health Professions</i>            | ?              |
| <i>Business</i>                      | ?              |
| <i>Engineering</i>                   | ?              |
| Apprenticeship in the skilled trades | ?              |
| Military - Army                      | ?              |

Including your cost of living

# Average Starting Salaries



| Path  | Average Income  |
|---|-----------------|
| Enter the workforce                                     | <b>\$27,404</b> |
| <i>Food Preparation and Serving-related Occupations</i> | <b>\$22,037</b> |
| <i>Production Occupation</i>                            | <b>\$27,098</b> |
| <i>Healthcare Support</i>                               | <b>\$25,604</b> |
| 2 Yr Assoc. Degree (Avg)                                | <b>\$48,263</b> |
| Business and Financial Operations Occupations           | <b>\$36,377</b> |
| Healthcare Support Occupations                          | <b>\$33,231</b> |

| Path                                 | Average Income  |
|--------------------------------------|-----------------|
| 4 Yr Bach Degree (Avg)               | <b>\$58,862</b> |
| <i>Communications</i>                | <b>\$43,919</b> |
| <i>Health Professions</i>            | <b>\$54,133</b> |
| <i>Business</i>                      | <b>\$57,186</b> |
| <i>Engineering</i>                   | <b>\$71,516</b> |
| Apprenticeship in the skilled trades | <b>?</b>        |
| Military - Army                      | <b>?</b>        |

Including your cost of living

# Average Starting Salaries



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|---|-----------------|
| Enter the workforce                                     | <b>\$27,404</b> |
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| <i>Production Occupation</i>                            | <b>\$27,098</b> |
| <i>Healthcare Support</i>                               | <b>\$25,604</b> |
| 2 Yr Assoc. Degree (Avg)                                | <b>\$48,263</b> |
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| <i>Business</i>                      | <b>\$57,186</b> |
| <i>Engineering</i>                   | <b>\$71,516</b> |
| Apprenticeship in the skilled trades | <b>\$56,748</b> |
| Military - Army                      | <b>?</b>        |

Including your cost of living

# Average Starting Salaries



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|---|-----------------|
| Enter the workforce                                     | <b>\$27,404</b> |
| <i>Food Preparation and Serving-related Occupations</i> | <b>\$22,037</b> |
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| <i>Healthcare Support</i>                               | <b>\$25,604</b> |
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| <i>Business</i>                      | <b>\$57,186</b> |
| <i>Engineering</i>                   | <b>\$71,516</b> |
| Apprenticeship in the skilled trades | <b>\$56,748</b> |
| Military - Army                      | <b>\$45,571</b> |

Including your cost of living



*Start Part 2*

# Let's Review

## 1. What is a budget?



# Let's Review

## 1. What is a budget?

A written plan used to decide how much money you want to spend on things.



# Let's Review

## 1. What is a budget?

A written plan used to decide how much money you want to spend on things.

## 2. What should you do to know how much you spend a week?



# Let's Review

## 1. What is a budget?

A written plan used to decide how much money you want to spend on things.

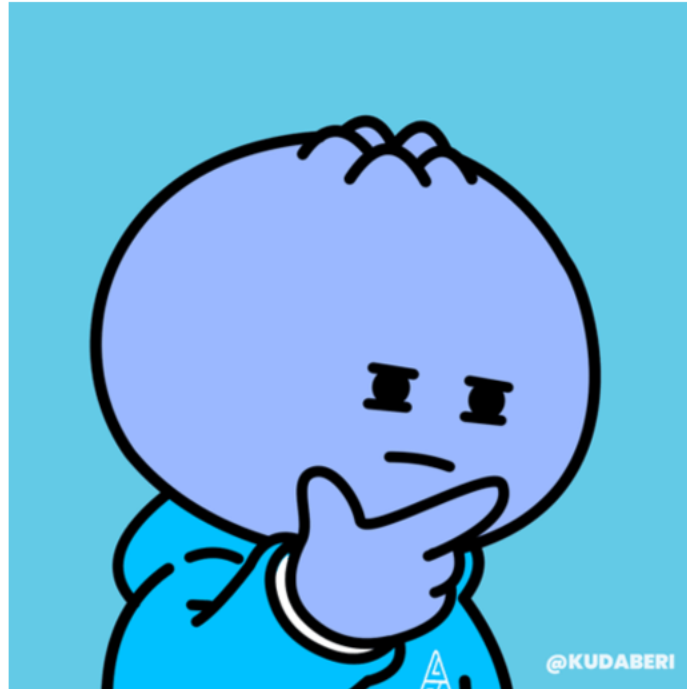
## 2. What should you do to know how much you spend a week?

Track your expenses



*We talked about paths after high school...*

**If you decide to go to college,  
there are a few extra things  
to think about...**



# What is the annual cost to go to college?

| <b>4 Year College</b>                                     | <b>Public, in-state<br/><i>UW-Milwaukee</i></b> | <b>Private, non-profit<br/><i>Marquette University</i></b> |
|---|---|--|
| Tuition, fees, and books                                  |   |  |
| Room & Board (on campus)                                  |   |  |
| Total   |   |  |
| Average <b>NET PRICE</b><br>(after grants & scholarships) |   |  |
| <b>2 Year College</b>                                     | <b>Public, in-state<br/><i>MATC</i></b>         | <b>Public, in-state<br/><i>Waukesha County Tech</i></b>    |
| Tuition, fees, and books                                  |   |  |
| Room & Board (off campus)                                 |   |  |
| Total   |   |  |
| Average <b>NET PRICE</b><br>(after grants & scholarships) |   |  |

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| <b>4 Year College</b>                                     | <b>Public, in-state<br/><i>UW-Milwaukee</i></b> | <b>Private, non-profit<br/><i>Marquette University</i></b> |
|---|---|--|
| Tuition, fees, and books                                  | <b>\$10,450</b>                                 |  |
| Room & Board (on campus)                                  | <b>\$14,300</b>                                 |  |
| Total   | <b>\$24,750</b>                                 |  |
| Average <b>NET PRICE</b><br>(after grants & scholarships) | <b>\$16,400</b>                                 |  |
| <b>2 Year College</b>                                     | <b>Public, in-state<br/><i>MATC</i></b>         | <b>Public, in-state<br/><i>Waukesha County Tech</i></b>    |
| Tuition, fees, and books                                  |   |  |
| Room & Board (off campus)                                 |   |  |
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|---|---|--|
| Tuition, fees, and books                                  | \$10,450  | \$50,070   |
| Room & Board (on campus)                                  | \$14,300  | \$17,700   |
| Total   | \$24,750  | \$68,870   |
| Average <b>NET PRICE</b><br>(after grants & scholarships) | \$16,400  | \$40,800   |
| <b>2 Year College</b>                                     | <b>Public, in-state<br/><i>MATC</i></b>         | <b>Public, in-state<br/><i>Waukesha County Tech</i></b>    |
| Tuition, fees, and books                                  |   |  |
| Room & Board (off campus)                                 |   |  |
| Total   |   |  |
| Average <b>NET PRICE</b><br>(after grants & scholarships) |   |  |



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| Tuition, fees, and books                                  | \$7,400   |  |
| Room & Board (off campus)                                 | \$13,700  |  |
| Total   | \$21,100  |  |
| Average <b>NET PRICE</b><br>(after grants & scholarships) | \$10,400  |  |

# What is the annual cost to go to college?

| <b>4 Year College</b>                                     | <b>Public, in-state<br/><i>UW-Milwaukee</i></b> | <b>Private, non-profit<br/><i>Marquette University</i></b> |
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| <b>2 Year College</b>                                     | <b>Public, in-state<br/><i>MATC</i></b>         | <b>Public, in-state<br/><i>Waukesha County Tech</i></b>    |
| Tuition, fees, and books                                  | \$7,400   | \$5,700  |
| Room & Board (off campus)                                 | \$13,700  | \$13,700   |
| Total   | \$21,100  | \$19,400   |
| Average <b>NET PRICE</b><br>(after grants & scholarships) | \$10,400  | \$9,700  |

**If you decide to go to college, where  
does the money come from?**

## If you decide to go to college, where does the money come from?

- ✓ Your own savings
- ✓ Gifts from others (friends or family)
- ✓ Part-time work & work study
- ✓ Financial aid & loans
- ✓ Scholarships & grants

# How much free financial aid is unclaimed by students who do not file the FAFSA?



**How much free financial aid is unclaimed  
by students who do not file the FAFSA?**



***A. \$3.7 Billion***

# FAFSA



## Free Application for Federal Student Aid

- You **MUST** complete FAFSA to qualify for financial aid. Don't miss the application deadline!
- It's **FREE** to apply. You never need to pay a person or service to submit your application.
- Talk to your guidance counselors at your school. Talk to your parents. Get all your documents together.
- Reapply every year that you are in school! Don't forget to reapply for scholarships, too!

**Now, let's talk about the cost of living...**

*What types of expenses will you have while living on your own?*



# Now, let's talk about the cost of living...

*What types of expenses will you have while living on your own?*



# The cost of living...

*How much does it cost to live on  
your own for a month?*



# The cost of living...

*How much does it cost to live on  
your own for a month?*

Average monthly spending  
for one person is  
**\$4,641.**

*That equates to an annual NET salary of \$56,000.  
(US Bureau of Statistics, 2024)*

*Let's fast forward to age 22.  
How will you save and spend  
your income?*





# Building Your Budget at Age 22

*The first step in creating financial success is to create a budget.*

*It's a simple process where you take your income  
and map out how you will SAVE it and SPEND it.*

Pair up with a partner and follow instructions to create a budget.

## STEP 1: INCOME

What's your monthly net pay?

### Annual Income

Your career is off to a great start. You make \$36,000 per year.

### Monthly Income

That's \$3,000 gross pay each month. You pay \$700 in taxes, so net pay =

### Net Pay

**\$2,300**

## STEP 2: SAVING

## STEP 2: SAVING

What future needs and wants do you want to save for? Review the table below for ideas.

### Saving Goals Categories

Emergency fund

New car in a few years

Down payment for a house in ten years

### Suggested Amount to Save

\$150/mo. gets you \$1,800 in 12 months

\$100/mo. gets you \$3,600 in 3 years

\$150/mo. gets you \$18,000 in 10 years

In the table below, write down the goals you want to save for and how much you will save each month.

### My Saving Goals

Emergency Fund

### Amount I Will Save per Month (minimum of \$150 in total)

\$ 150

\$

### Monthly Saving Goal Total

\$ 150

Discretionary

Personal

Emergency

TOTAL EXPENSES

### Step 4: BALANCE

Do you have a

Net Pay

\$2,300

How did you

Why is it imp

How can you

### STEP 3: SPENDING

How will I spend what's left after saving for my financial goals?

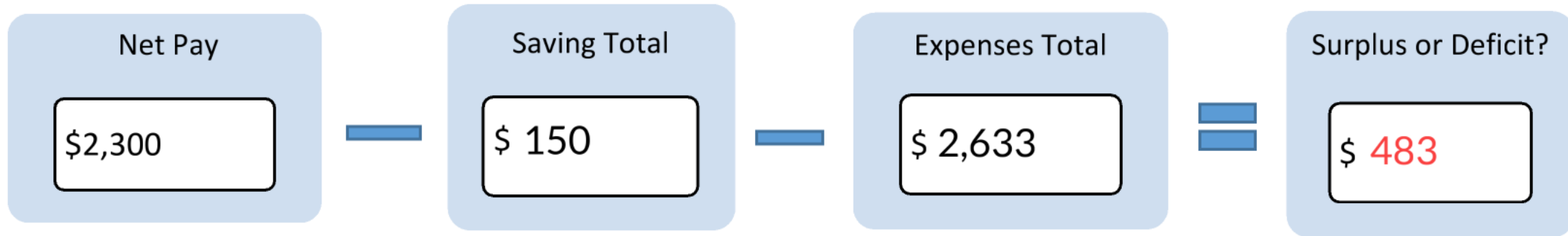
The table below lists the three expense categories in a budget. Under "My Spending Plan" fill in the amount you will budget for each item. In the blank boxes, add your own items and their budget amounts.

| Fixed Expenses (necessities with set costs)                     | My Spending Plan |
|---|------------------|
| Rent  | \$ 1,074         |
| Transportation  | \$ 621           |
| Variable Expenses (necessities that change from month-to-month) |                  |
| Groceries   | \$445            |
| Utility Bills   | \$328            |
| Discretionary Spending (wants/non-essential items)              |                  |
| Personal Care Services  | \$40             |
| Entertainment   | \$ 125           |
| <b>TOTAL EXPENSES (Fixed + Variable + Discretionary)</b>        | <b>\$ 2,633</b>  |



#### Step 4: BALANCING YOUR BUDGET

Do you have a surplus or a deficit? Ideally, you want a balanced budget where the answer is **\$0!**



How did you handle your surplus or deficit?

Why is it important to set savings goals?

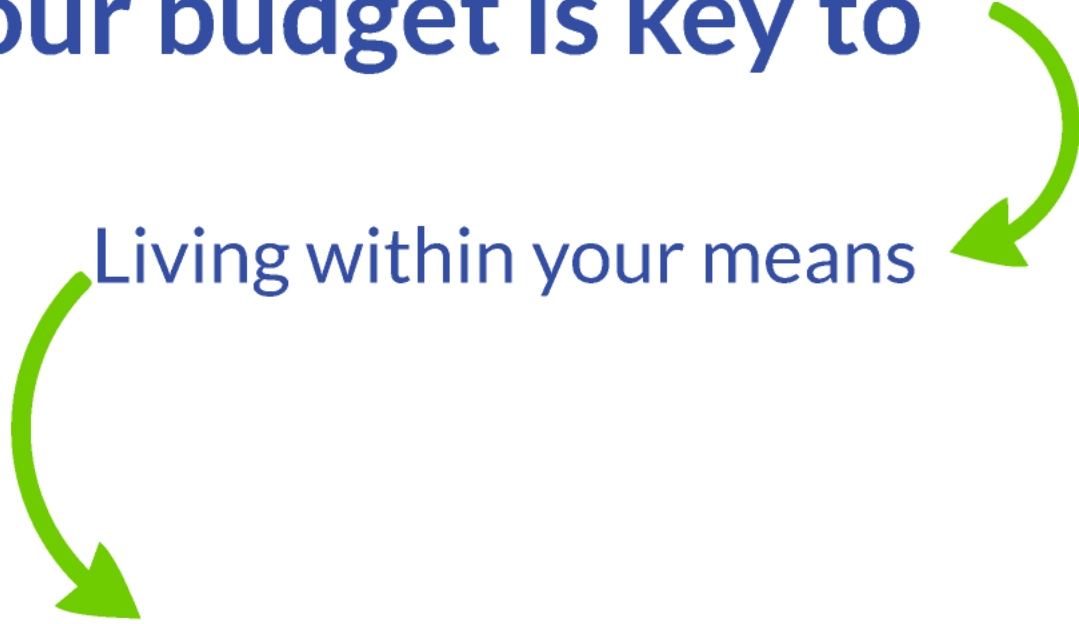
How can you apply budgeting today as a high school student?

**Actively monitoring and revising  
your budget is key to**



**Actively monitoring and revising  
your budget is key to**

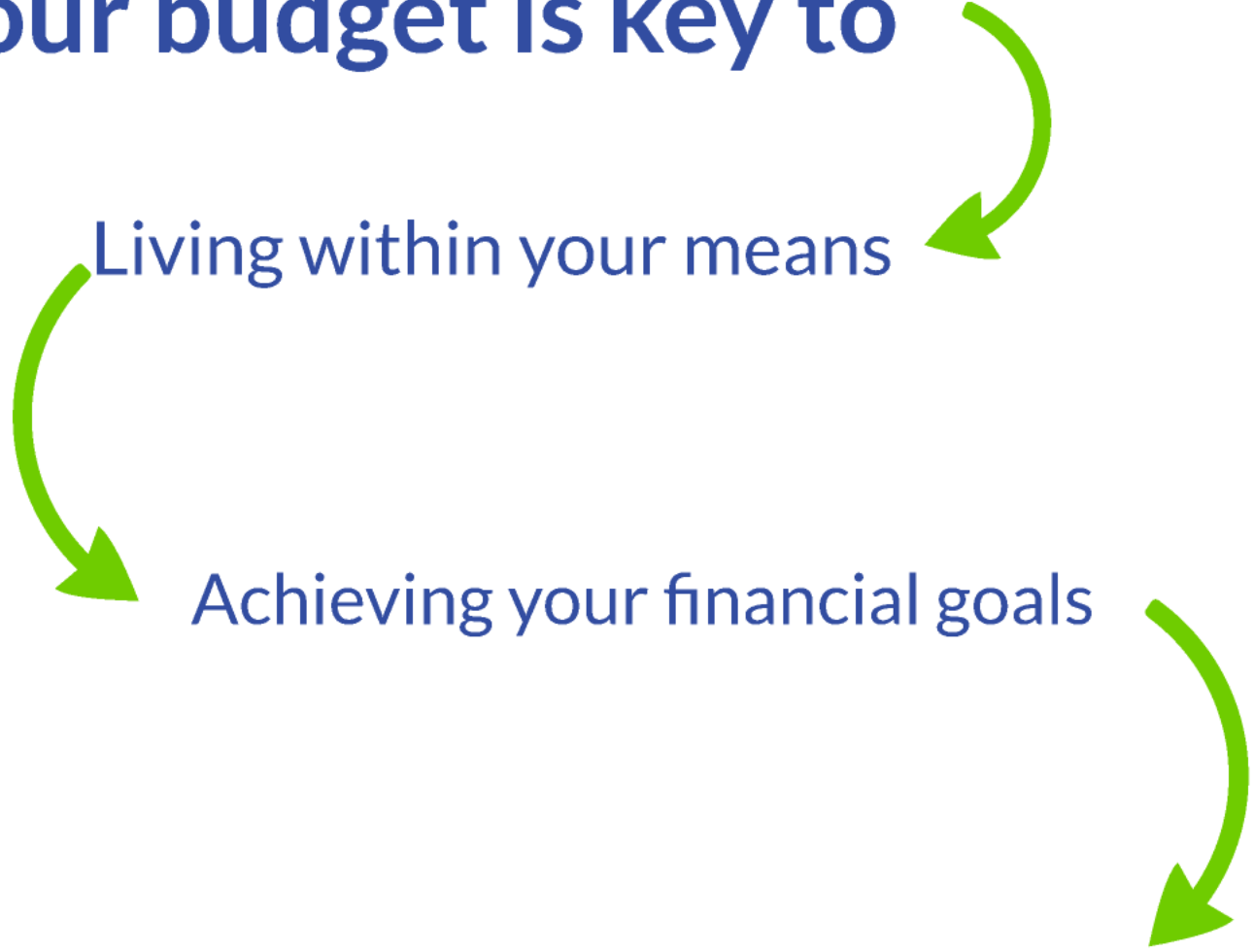
Living within your means



# Actively monitoring and revising your budget is key to

Living within your means

Achieving your financial goals



# Actively monitoring and revising your budget is key to

Living within your means

Achieving your financial goals

Securing financial freedom!



# How to Secure Your Financial Freedom

*Save MORE*

*Spend LESS*

**DO NOT USE CHECK CASHING or PAYDAY LOAN STORES!**

# How to Secure Your Financial Freedom

## *Save MORE*

- Keep a budget and stick to it
- Pay yourself first
- Open a savings account
- Set up automatic transfers so it's easy to add to your savings
- Look into different job opportunities or additional income

## *Spend LESS*

**DO NOT USE CHECK CASHING or PAYDAY LOAN STORES!**

# How to Secure Your Financial Freedom

## *Save MORE*

- Keep a budget and stick to it
- Pay yourself first
- Open a savings account
- Set up automatic transfers so it's easy to add to your savings
- Look into different job opportunities or additional income

## *Spend LESS*

- Be mindful when spending cash
- Use direct deposit
- Think long term, today's purchase can mess up tomorrow's plans.
- Buy only what you NEED
- Take a look at your monthly subscriptions (Netflix, Spotify, etc)

**DO NOT USE CHECK CASHING or PAYDAY LOAN STORES!**



# Practice Makes Perfect!

Saving now with a part time job can make good habits for the future



15hrs/week at \$12/hr = \$180  
x 52 weeks = \$9360

# Saving a little on a regular basis can add up!

| Amount Saved                             | Balance after 1 yr | Balance after 2 yrs |
|--|--------------------|---------------------|
| \$7/Week<br>(\$1/day)                    | <b>\$365</b>       | <b>\$730</b>        |
| \$20/Paycheck<br>(paid every 2 weeks)    | <b>\$520</b>       | <b>\$1,040</b>      |
| \$100/Month<br>(\$3.33/day or \$25/week) | <b>\$1,200</b>     | <b>\$2,400</b>      |

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| Amount Saved                             | Balance after 1 yr | Balance after 2 yrs |
|--|--------------------|---------------------|
| \$7/Week<br>(\$1/day)                    | \$365              | \$730               |
| \$20/Paycheck<br>(paid every 2 weeks)    | \$520              | \$1,040             |
| \$100/Month<br>(\$3.33/day or \$25/week) | \$1,200            | \$2,400             |

*This is the accumulated balance just from saving.  
What if you also earn interest?*

Over time your money makes money...



*Principal*



*Principal + Interest*

# Over time your money makes money...



*Principal*



The money you  
save or invest



*Principal + Interest*



The money you earn  
on your principal

**...and the money you make in interest  
makes more money.**



***Compound Interest***

...and the money you make in interest  
makes more money.



*Compound Interest*



The interest earned on  
your principal and previous  
interest earned, combined

# Compound Interest

*You invest \$1,000 and don't add to it or touch it for 10 years.  
How much will it grow without you doing anything at all?*

| Year | Principal | Interest @ 8% | Principal plus interest |
|------|-----------|---------------|-------------------------|
| 1    | \$1,000   | \$80          | \$1,080                 |
| 2    | \$1,080   | \$86          | \$1,166                 |
| 5    | \$1,360   | \$109         | \$1,469                 |
| 10   | \$1,999   | \$160         | \$2,159                 |

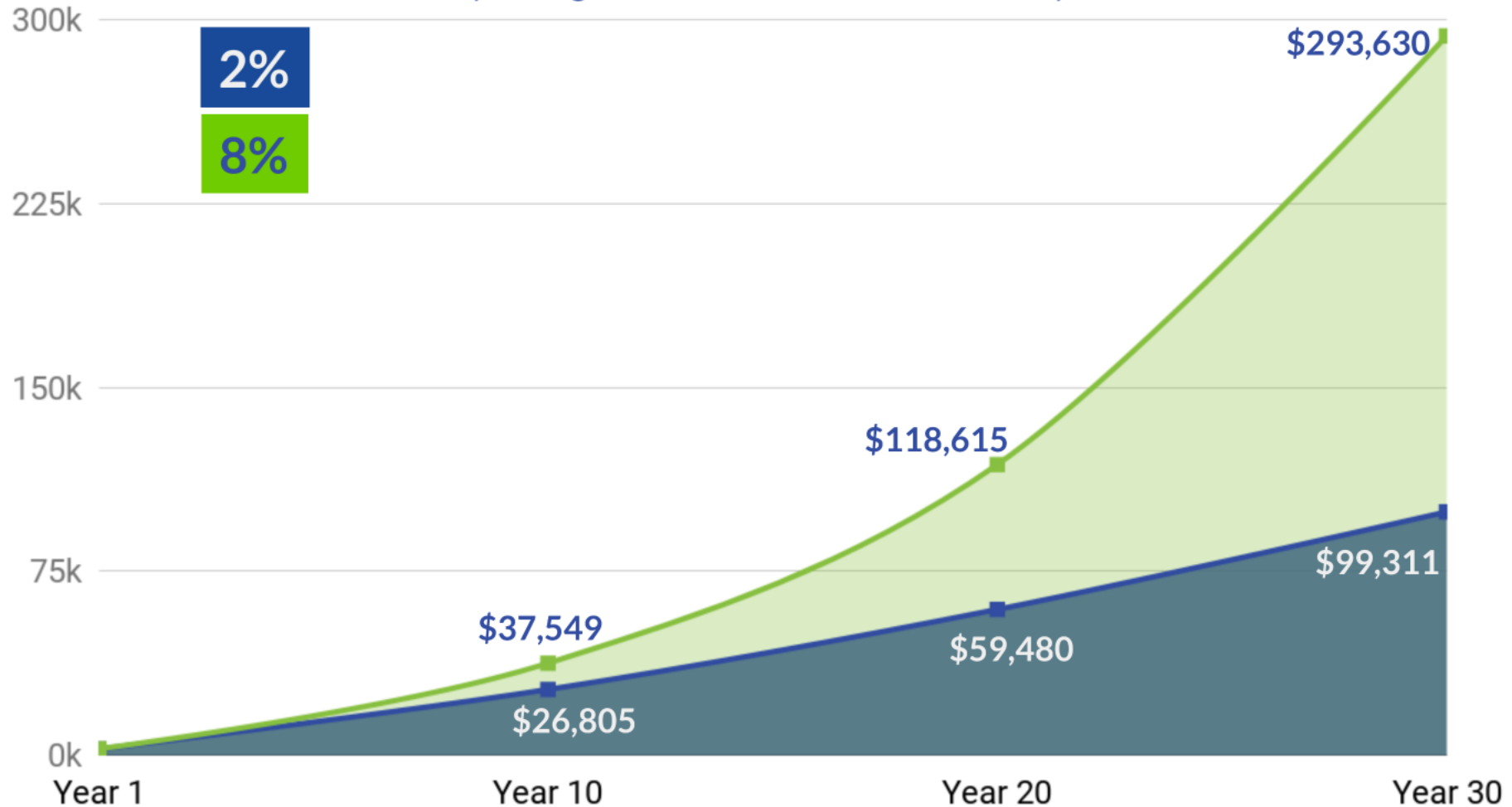


**There are different ways to save.  
Do you think they affect how your money grows?**

# There are different ways to save. Do you think they affect how your money grows?

Savings Account (2%) vs Investments (8%)

Monthly savings amount of \$200/month for 30 years



# Let's compare....

*Savings Account*

*Investments*

| <i>Savings Account</i> | <i>Investments</i> |
|------------------------|--------------------|
|                        |                    |

# Let's compare....

## *Savings Account*

- Safe - Your money is insured
- Low rate of interest.
  - Shop around to find the best rate. Online banks and Certificates of Deposit usually offer better rates.
- Access your money any time
- **Purpose:** short term goals and needs that you will want to accomplish in less than 5 years

## *Investments*

# Let's compare....

## *Savings Account*

- Safe - Your money is insured
- Low rate of interest.
  - Shop around to find the best rate. Online banks and Certificates of Deposit usually offer better rates.
- Access your money any time
- **Purpose:** short term goals and needs that you will want to accomplish in less than 5 years

## *Investments*

- Risky - You can lose money
- Better chance of bigger returns, but you need to ride out ups and downs
- Choose reputable companies, funds and bonds
- **Purpose:** Long term goals & needs that are 5 or more years out
- Find an Investment Adviser when you're ready!

# Save or Invest?

For each item, decide if you will save or invest for it.



You want to buy a new  
car in two years



# Save or Invest?

For each item, decide if you will save or invest for it.



You want to buy a new car in two years

Save!



# Save or Invest?

You want to buy a house  
in ten years





# Save or Invest?

You want to buy a house  
in ten years

Invest!



# Save or Invest?



You want a new  
laptop

# Save or Invest?



You want a new  
laptop

Save!

# Save or Invest?

You want to start preparing  
for retirement



# Save or Invest?

You want to start preparing  
for retirement

Invest!

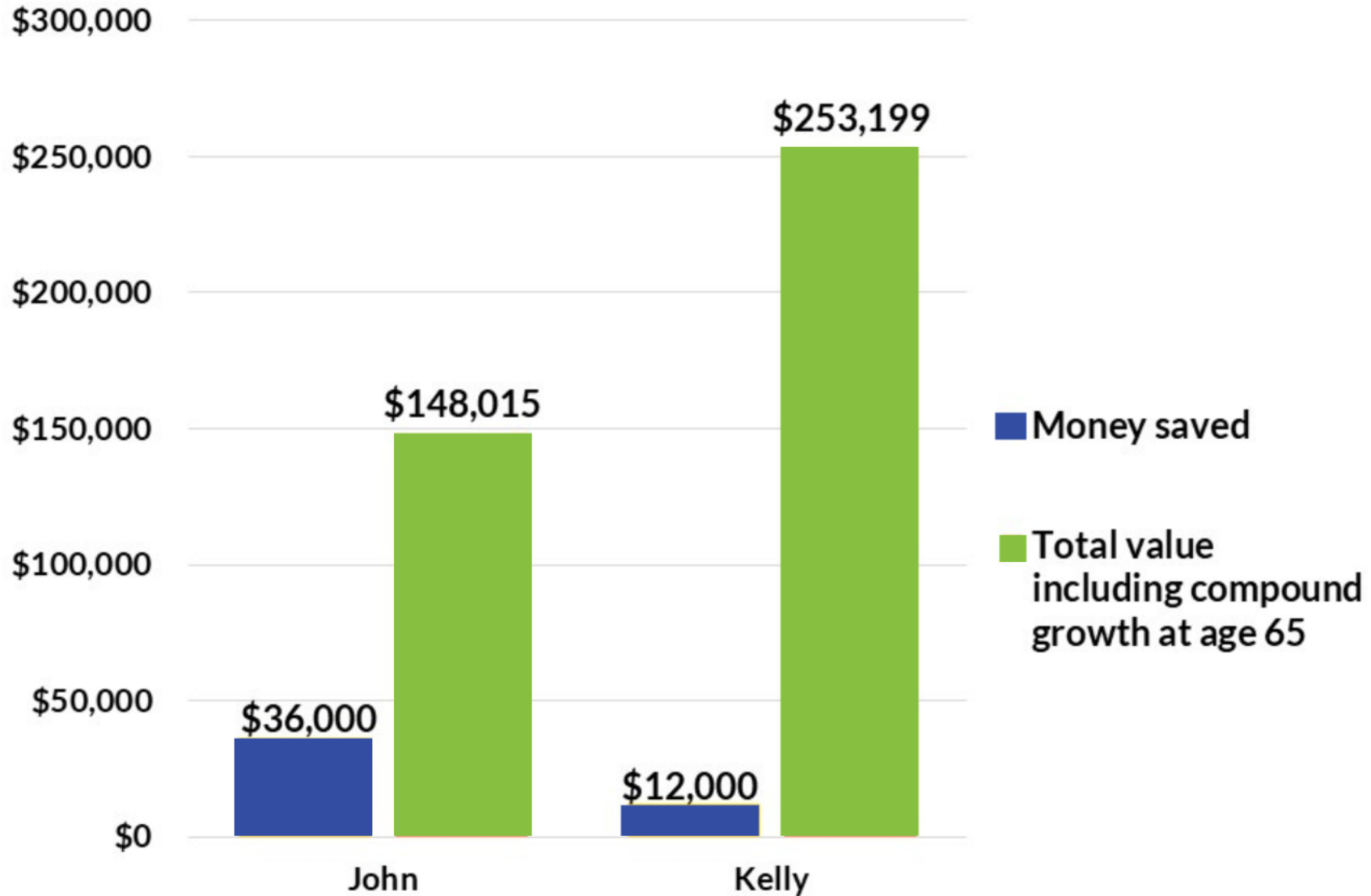


# Benefits of Investing Early

| John  | Kelly   |
|---|---|
| <ul style="list-style-type: none"><li>• Starts at age 35</li></ul>                              | <ul style="list-style-type: none"><li>• Starts at age 22</li></ul>                              |
| <ul style="list-style-type: none"><li>• Saves \$100 per month for 30 years (\$36,000)</li></ul> | <ul style="list-style-type: none"><li>• Saves \$100 per month for 10 years (\$12,000)</li></ul> |

*The growth rate is 8% compounded annually.  
Who will have more money at age 65?*

# The Power of Time





# Go Do It Now!

| Financial Issue                           | Best Practices to Help Manage Money Responsibly  | My Financial To Do List |
|---|--|-------------------------|
| Paycheck and Taxes<br>(if you have a job) | <input type="checkbox"/> I have opened checking and savings accounts.<br><input type="checkbox"/> Direct Deposit is set up with my account at a bank or credit union.<br><input type="checkbox"/> I review my earnings statement and understand my deductions.   |                         |
| Spending                                  | <input type="checkbox"/> I track my expenses by using online banking tools, writing them down, or using my phone.<br><input type="checkbox"/> I understand how I spend my money on needs vs. wants.  |                         |
| Budgeting                                 | <input type="checkbox"/> I have a written budget and have set spending limits and a monthly savings goal.<br><input type="checkbox"/> I compare my monthly expenses to my planned budget to make sure I am on track to save.   |                         |
| Saving                                    | <input type="checkbox"/> I "Pay Myself First" each week or month and then spend.<br><input type="checkbox"/> I have set a savings goal for something I need or want to pay for in the next 1-2 years. My goal is to save \$_____ to pay for _____.<br>The monthly amount I will save to accomplish this goal is \$_____.<br><input type="checkbox"/> I have set up a retirement account to start saving early. |                         |

*Create your action plan!*



| Financial Issue                           | Best Practices to Help Manage Money Responsibly  |  |
|---|--|--|
| Paycheck and Taxes<br>(if you have a job) | <ul style="list-style-type: none"><li><input type="checkbox"/> I have opened checking and savings accounts.</li><li><input type="checkbox"/> Direct Deposit is set up with my account at a bank or credit union.</li><li><input type="checkbox"/> I review my earnings statement and understand my deductions.</li></ul> |  |
| Spending                                  | <ul style="list-style-type: none"><li><input type="checkbox"/> I track my expenses by using online banking tools, writing them down, or using my phone.</li><li><input type="checkbox"/> I understand how I spend my money on needs vs. wants.</li></ul>   |  |
| Budgeting                                 | <ul style="list-style-type: none"><li><input type="checkbox"/> I have a written budget and have set spending limits and a monthly savings goal.</li></ul>  |  |

|           |  |
|-----------|--|
|           | <input type="checkbox"/> I understand how I spend my money on needs vs. wants.   |
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# Questions?



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**Please complete the evaluation  
found in your student workbook.**

