

Keeping Your Budget Up to Date

Notes:

Learner Outcomes

Outcome #1: Participants will be able to name at least one reason budgets fail.

Outcome #2: Participants will be able to describe how to change a budget.

Outcome #3: Participants will be able to identify an example of a record-keeping feature that a financial institution provides.

Target Audience

Parents

Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It Web site), one for each participant
3. A pen or pencil for each participant
4. Something to track time
5. Three copies of the Script #3-BU-PT (downloaded for free from the Bank It Web site)
6. Sample Budget #3-BU-PT for each participant
7. Evaluation #3-BU-PT for each participant
8. Optional: PowerPoint Presentation PDF #3-BU-PT
9. Optional: Handout 1 #3-BU-PT for each participant
10. Optional: Handout 2 #3-BU-PT for each participant

Timing

1 hour

Want more background and training tips?

See the free, downloadable Bank It Leader's Guide at www.bankit.com.

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1. Welcome and Overview (5 minutes)

Arrive early. Highly consider using the optional PowerPoint Presentation PDF and the optional Handout. Both will greatly enhance your sessions. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room. Greet each participant individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants a copy of the Bank It Notes #3-BU-PT and either a pen or pencil. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for parents and teens that make it easier to understand, talk about, and manage your money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.

Today we will focus on keeping your budget up to date, and we plan on meeting three goals. One: By the end of this session, you will be able to name at least one reason budgets fail. Two: You will be able to describe how to change a budget. Three: You will be able to identify an example of a recordkeeping feature that a financial institution provides.

Feel free to use your Bank It Notes to write what you learn as we go along. At the end of the session, we will take time to complete a short evaluation. (If this session is not the first session you're presenting to this group, consider briefly discussing the optional challenge that you may have given participants at the end of your previous session.)

2. Activity: Role-Play a Script (15 minutes)

Ask for two volunteers who are comfortable reading aloud. Give each a copy of the Budget Script. You (or another adult leader) will read the leader part of the script. As a group of three, read the script aloud to the group. When you finish, have the group applaud the volunteers.

Then ask questions such as these: *Why is it important to keep track of your money?* (Answers: So you know if you're meeting your money goals. So you know what's happening to your money.)

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Why is it tempting not to spend time keeping track of your money and your budget? (Answers: It's time consuming. I don't like working with numbers. Sometimes I get so far behind and then there's too much to do.)

Say: Just for a quick review: A budget is a way to track your money to make sure the amount you spend isn't more than the amount you earn.

On a flip chart, write: Why Budgets Fail. 1. Lack of commitment. 2. Budget becomes out of date. 3. A serious emergency, such as an illness or sudden job loss.

Say: We can address these three reasons so you can succeed with your budgeting and money choices. The first one is simple. All you have to do is be motivated to use your money well and then develop a system to keep track of it on a regular basis. (Module 1 for Budgeting covers this.)

The other two reasons, the budget becomes out of date and a serious emergency comes along, are the ones we're going to deal with today.

3. Present: Keeping Your Budget Up to Date (15 minutes)

Distribute a Sample Budget to each participant.

If you have completed Module 1 with the same group, acknowledge that they've seen this sample budget before. Explain that this time you're going to work with it more. Ask: *What are some reasons you may need to change a budget?* List what participants say on a flip chart.

Make sure these points are included: 1. Your income changes. 2. An expense category changes. 3. An emergency comes along.

Say: When you're first working with a budget, the numbers can seem to change a lot as you get used to following it. However, once you get into the habit of working with a budget, things will become more predictable. Even then, however, things happen that will change your budget.

Using this sample budget, what would you do if you got a pay cut that was equal to \$100 a month? What would you cut? (Give participants time to respond, or consider having them work with someone next to them. When they finish, note that there is not a right or wrong answer. Also point out that a person's money goals will affect their choices.)

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Ask: *What if you got a raise that equaled \$100 a month? Which categories would you add this extra money to? Why?* (Give participants time to respond, or consider having them work with someone next to them. When they finish, ask which is harder, cutting expenses or adding to expenses. Most people will say cutting expenses.)

Say: *When changes happen, it's important to include these changes in your budget. That way your budget is up to date. When you're working with an up-to-date budget, you're more likely to make positive money choices. Sometimes, however, it can be dangerous to change your budget too often. Why?*

On a flip chart, write what participants say on a flip chart. Make sure these points are made: 1. You're not taking charge of your money if you let every new situation change your budget. 2. It's too easy to spend money and change your budget to support your spending. 3. If your budget is always changing, you won't know which one is your plan.

Say: *A budget is only one piece of managing our money well. In order for a budget to work, we have to keep track of what money comes in and what money goes out.*

On a flip chart, write "Tracking Your Transactions." Say: *A transaction is a money exchange. It could be a paycheck where money comes in, or it could be a receipt from a store where you spend money.*

On the flip chart, under Tracking Your Transactions, write: 1. *Figure out a way to record your transactions.* 2. *Do this at least weekly so you know how much money is coming in and going out.* 3. *Compare your records with bank and credit card statements.*

Say: *Some people enjoy keeping track of every single transaction. They'll write everything down, and they'll use ledgers and computer programs. If this is your style, great. Do it. But a lot of people think that's too much work.*

So what can you do instead? Use cash for some purchases when you don't want detailed records. When the cash is gone, it's gone. Keep track of every transaction whenever you use a debit or credit card.

Why? Because you need to know how much you're using these cards, and it's easy to use them too much and get stuck with high fees or a credit card balance

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that will take you a long time to pay off. Some people figure that if they have a debit or credit card, then all these transactions are being tracked by a bank or a credit card company.

But what if someone steals the information for one of your cards and extra charges are being made? You won't be able to prove it unless you're keeping track of your use. What if the bank or credit card company makes a mistake? You won't be able to prove it unless you have been keeping your receipts.

So the recordkeeping features that a financial institution provides, such as a monthly bank account statement or a monthly credit card statement, will only help you if you're also keeping track.

If you plan to distribute the optional handout 1 and handout 2, use them at this time.

4. Discuss (10 minutes)

Say: Take some time to talk to the people near you. Talk to about two or three people. Take turns. I want you to do two things: 1. Say your first name. 2. Describe an event that changed the way you handled money. Start with the person who has the youngest family member. Then have each person take a turn.

5. Review and Evaluate (10 minutes)

Review what was accomplished during this session. Ask: *Why do budgets fail?* (Answers: 1. Lack of commitment. 2. Budget becomes out of date. 3. A serious emergency, such as an illness or sudden job loss, occurs.)

Ask: *What are reasons you may need to change your budget?* (Answers: 1. Your income changes. 2. An expense category changes. 3. An emergency comes along.)

Ask: *How do you change a budget?* (Answers: You either raise or lower the income or expense category depending on the change in your money situation.)

Ask: *Why is it dangerous to change your budget too often?* (Answers: 1. You're not taking charge of your money if you let every new situation change your budget. 2. It's too easy to spend money and change your budget to support your spending. 3. If your budget is always changing, you won't know which one is your plan.)

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Ask: *Why is it important to track your spending and income?* (Answers: So you know how much money is coming in and going out. So you can compare your records with bank and credit card statements and protect yourself.)

Ask: *What are examples of recordkeeping features that a financial institution provides?* (Answer: Monthly bank account statement. Credit card statement. Online account access.)

At the end of the review, distribute Evaluation #3-BU-PT to each participant. Give participants time to fill out the evaluation. Collect all the evaluations after participants finish so you can find out the measurable outcomes for the session.

6. Close (5 minutes)

Hold up the sample budget. Say: *It's much easier to make small changes in a budget and keep it up to date once you have a working budget. A budget can help you keep track of the money that's coming in and going out. A budget can help you plan ahead. A budget can change as your life changes.*

People who succeed money-wise not only have a budget, they keep their budget up to date. They pay attention to what is happening in their lives. They know when they're tempted to spend more than they should. They know how their life is changing. They use an up-to-date budget as a guide to make positive money choices. Thanks for all of your hard work today.

Challenge participants to talk to family members about this topic, which is listed under the Talk about It section of their Bank It Notes. Thank everyone for coming.

Optional Activities

1. Distribute Handout 1 #3-BU-PT: Tracking Your Teen's Transactions. Encourage participants to complete the handout. Afterward, debrief the handout with participants.

2. Distribute Handout 2 #3-BU-PT: Keeping Track of Your Money. Encourage participants to complete the handout. Afterward, debrief the handout with participants.

3. Show the PowerPoint Presentation PDF #3-BU-PT. Use the presentation to accompany the one-hour session.

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4. Give Participants a Challenge. Encourage participants to use the next week to talk with their family about how their lives have changed over the past few years and how those changes have affected how they use money. Encourage them to include their teenager in the discussion to show teenagers how families can talk and make positive money decisions.

Questions? Looking for more ideas? Visit www.bankit.com for answers and more resources.

For More Information

- *National Standards in K–12 Personal Finance Education* (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standard 2 in the area of Planning and Money Management.
- *National Standards in K–12 Personal Finance Education* (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standard 3 in the area of Planning and Money Management.
- *An Asset Builder's Guide to Youth and Money* by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).