

Developing a Spending Plan for Parents

Notes:

Learner Outcomes

Outcome #1: Participants will be able to name at least one example of a household expense.

Outcome #2: Participants will be able to explain what a personal spending diary is.

Outcome #3: Participants will be able to identify the sales tax rate for their area.

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. Knowledge of the sales tax rate of your area
6. Evaluation #2-SP-PT for each participant
7. Bank It Notes #2-SP-PT for each participant
8. Optional: PowerPoint Presentation PDF #2-SP-PT
9. Optional: Handout 1 #2-SP-PT for each participant
10. Optional: Handout 2 #2-SP-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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Notes:

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 #2-SP-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 developing a spending plan, and we plan on meeting three goals. One: By the end of this session, you will be able to name at least one example of a household expense. Two: You will be able to explain what a personal spending diary is. Three: You will be able to identify what the sales tax rate is for your area.

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: Big or Little? (15 minutes)

Say: Spending is how we use money to pay for goods and services. Why does it matter if we spend our money well? When we spend well, we make thoughtful choices. We become savvy consumers. A savvy consumer knows how to get a good value for his or her money.

Ask: What are some of the things you spend money on? Think about your household expenses. On a flip chart, write what participants say. After they have brainstormed a list, walk through the list.

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Make sure these categories have been mentioned: Apartment rent or house payment, utilities (electricity, gas, water, sewer), telephone, clothing, groceries, eating out, transportation (bus passes, gas for car), haircuts, gifts (for birthdays and holidays), health care (medicine, prescriptions, health insurance premiums, and co-payments), child care, school supplies, pets, and family trips.

Ask: *Why do I separate groceries from eating out?* (Give participants time to answer. Ideally, you want them to begin thinking about how much more it costs to eat out than it does to cook a meal.)

Ask: *How do these categories change as our kids get older?* (Give participants time to answer. For example, you may have child-care costs for young children only. You may need to add an education category if you're helping an older teenager get further education after high school.)

Say that the group is going to play a quick game called Big or Little. Before you start, have participants practice the two hand signals, one for "big" and one for "little." The hand signal for "big" is to raise your arms into the air like you're carrying the earth. The hand signal for "little" is to hold your hand in front of you and measure about an inch of space between your thumb and first finger.

Once participants understand the motions, play the game. Explain that you're going to name a spending category. After you name each one, have them make a hand motion of whether that spending category costs them a lot of money each month or a little.

Start by naming apartment rent/home mortgage. (Give participants time to make a signal for big or little. If you wish, have participants look around the room to see how their response compares with others. Note: As you play the game, participants may say they don't spend any money on a certain category. Encourage them to make a zero sign with their fingers.)

Then name other categories, such as these, one at a time: Utilities (electricity, gas, water, sewer). Telephone. Clothing. Groceries. Eating out. Transportation (bus passes, gas for car). Haircuts. Gifts (for birthdays and holidays). Health care (medicine, prescriptions, health insurance premiums, and co-payments). Child care. School supplies. Pets. Family trips.

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After you've finished the activity, debrief it. Talk about why it matters to pay attention to the different ways we spend money. Say: *When we are intentional, we can spend money better and make positive choices.*

3. Present: Keeping Track of What You Spend (15 minutes)

Explain that a key way to spend money well is to keep track of our spending. On a flip chart, write "Personal Spending Diary." Explain that a personal spending diary is a way to track what you spend. Write three major categories onto the flip chart: Eating out. Groceries. Entertainment.

If you plan to distribute the optional handout 1, use it at this time.

Walk participants through an example of how you would use a spending diary. For example, under the category of Eating Out write: \$2, \$5, \$3. Under the category of Groceries write: \$10, \$50, \$20. Under the category of Entertainment, write: \$20, \$10, \$10. Talk about how each time you spend money, it helps to record what you spent under the correct category.

Say: *For example, if you buy something from a vending machine for \$2, you write \$2 under Eating Out. If you buy something at a fast-food restaurant that costs \$5, you write \$5 under Eating Out. If you buy a \$3 coffee at a coffee house, you write \$3 under Eating Out.*

Then at the end of the month, you total the amount. The Eating Out category would total \$10. Do the same for every category. Now some people may say, "That's a lot of work." But if you want to take charge of your money, you'll need to start keeping track of what you spend. People who spend well are very aware of what they are spending and why.

Ask the following questions. See if anyone knows any of the answers, but don't expect participants to know much if they haven't had much experience in this area. Ask: *Who knows how much sale tax is in this area?* (Answer: The sales tax of your area, such as 5 percent.)

Ask: *When you buy something, how do you figure out how much it will really cost because of the tax?* (Answers: I estimate. I figure it's 5 cents on every dollar, so I just estimate. I'm not good at math, so I just add extra money to make sure I have enough.)

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Ask: *Who has ever bought something by ordering online?* (Notice how many people raise their hands.)

Ask: *What else do you have to pay for if you buy something that will be sent to you?* (Answer: Shipping.)

Say: *Some people develop a spending plan. A spending plan is exactly what it sounds like. It is a plan to spend your money. If you go to the store with a shopping list, the shopping list is your spending plan. Other people create a spending plan to remind them not to spend so much money on little things so they can buy something larger.*

If you plan to distribute the optional handout 2, use it 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. Discuss how you take charge of your spending. Start with the person who went to a grocery store most recently. Then have each person take a turn.*

5. Review and Evaluate (10 minutes)

Review what was accomplished during this session. Ask: *What is spending?* (Answer: Spending is how we use money to pay for goods and services.)

Ask: *Why does it matter if we spend our money well?* (Answer: When we spend well, we make thoughtful choices. We become savvy consumers. A savvy consumer knows how to get a good value for his or her money).

Ask: *What are examples of household expenses?* (Answers: Apartment rent or house payment, utilities (electricity, gas, water, sewer), telephone, clothing, groceries, eating out, transportation (bus passes, gas for car), haircuts, gifts (for birthdays and holidays), health care (medicine, prescriptions, health insurance premiums, and co-payments), child care, school supplies, pets, and family trips.)

Ask: *What is a personal spending diary?* (Answer: A personal spending diary is a way to track what you spend.)

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Ask: *What is the sales tax rate for your area?* (Answer: Name the exact sales tax rate, such as 5 percent.)

Ask: *How can you develop a spending plan?* (Answers: Create a shopping list before you go to the store. Follow the shopping list once you get to the store. Make a list of what you would really like to spend your money on and then make spending choices based on your plan.)

At the end of the review, distribute Evaluation #2-SP-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)

Tell participants to think of one item they would like to buy that requires them to plan and save. Ask participants for examples. Consider writing these examples on a flip chart.

Say: *We all spend money. We can make good choices when we plan to spend our money well. We can make good choices when we keep track of our spending. Yes, you have money to spend. The question, however, is: How will you spend your money well?*

Challenge them 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 #2-SP-PT1: My Spending Diary. Give participants the handout as an example of a spending diary.

2. Distribute Handout #2-SP-PT2: My Personal Spending Diary. Give participants the handout to complete. Afterward, discuss the categories they identified.

3. Show the PowerPoint Presentation PDF #2-SP-PT. Use the presentation to accompany the one-hour session.

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4. Give Participants a Challenge. Encourage participants to talk to their teenagers over the next week about how to think before they spend. Encourage them to create a simple spending plan together. (If you wish, follow up during your next session to find out how the challenge went.)

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 1 in the area of Planning and Money Management.
- *An Asset Builder's Guide to Youth and Money* by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).