

Money Matters

A Place to Start: Spending Plans

“How much money do I have? Where does it go?
How can I reach my goals?”



Founding Sponsor



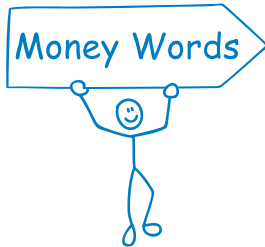
Learning Outcome:

Learn ways to get the most out of your money.

What Will You Learn?

This unit is about spending plans. A **spending plan** is a plan for how you will spend your money so that you can meet your needs and goals.

A spending plan also helps you find ways to put aside money for the future. Putting aside money for the future can include saving for your child’s education.



A **spending plan** structures how you will spend your money so that you can best meet your needs and goals.

A Place for Your Notes:

Activity 1



Consider

Does money bring happiness?

Will more money make **you** happier?

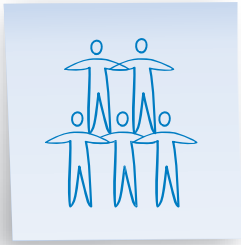
What would you do if you have a little more money each week?

If you had a lot more money over the next year or two?



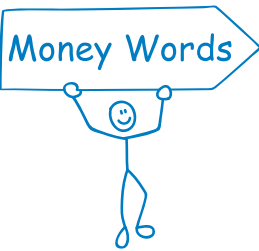
A spending plan can help you reach those goals.

Activity 2



Try This Group Activity

To create a spending plan, you'll need to know where the money you have is going right now. How are you spending it?



Income is the money you make.
Expenses are what you spend your money on.

Sometimes it's easiest to start with the big picture:

1. Shelter _____
2. Food _____
3. _____
4. _____
5. _____
6. _____
7. _____

Activity 3



Day-to-Day Spending

Most people have some idea of how they're spending their money each day, but they don't know exactly how much they spend. They don't know how much it adds up.

To make a personal spending plan, you'll need to know exactly what you spend.

On the next page, jot down everything you have spent money on in the past two days.

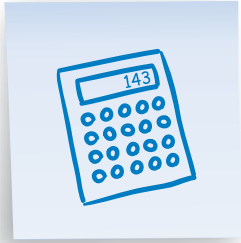
How much have you spent?



Start a money journal. Every day for a month, keep track of everything you buy, from groceries to your daily cup of coffee and snacks. At the end of the month, use your journal to help you make or change your spending plan.

A Place for Your Notes:

Activity 4



Do the Money Math

Often it’s the little things that add up. These little things show us places where we might be able to save money.

Here’s an example

Let’s say you buy one large cup of coffee a day at \$1.75. That’s \$12.25 per week, and \$637.00 per year.

Suppose you had a muffin for about another dollar each day. That’s \$7.00 per week, and \$364.00 per year. In total, you’re spending \$1001.00 per year.

In a week...

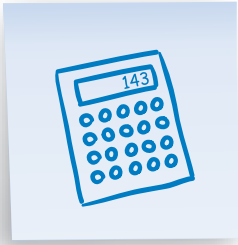
Cost of coffee	\$1.75		
Days in a week	X	7	
		Total:	\$12.25

Cost of muffin	\$1.00		
Days in a week	X	7	
		Total:	\$7.00

Weekly expense...

Cost of coffee	\$12.25		
Cost of muffin	+ \$7.00		
	Total:	\$19.25	

Activity 5



Do the Money Math

Is there an item you spend money on regularly?
Coffee? Cigarettes? Fast food? Movies?
Taxis? Clothes? Something else?

I regularly spend money on:

Here's what it costs me each time:

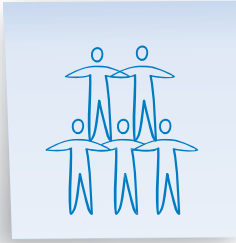
Finding savings is often a question of doing the math. Take some time to figure out some savings for yourself.



How much would be saved by:

- Cutting down from a pack of cigarettes per day to a pack per week?
- Buying a case of pop rather than the same number of individual cans?
- Using a refillable water bottle instead of buying bottled water?
- Making your lunch rather than buying it?
- Brewing coffee at home rather than buying it at a coffee shop?

Activity 6

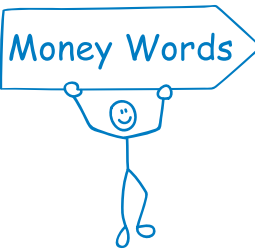


Try This Group Activity

When you're making your spending plan, separate your expenses into **needs** and **wants**.

Look at the monthly expenses list you created.

Decide what items are needs and what are wants.



Needs are basic expenses, things you cannot do without.

Wants are extra expenses.

What's Important to You?



Now consider your personal spending. What do you **need** to have money to cover? These are your basic expenses.

On the next page, write down your **needs** in one column, and your **wants** in the other.

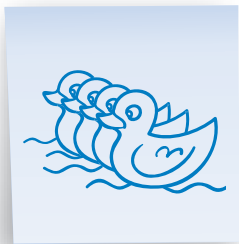


Look at your **wants** to find places where you might save money or trim spending.

Look at your **needs** to see if items can be moved to the wants column. For example, do you have a cell phone plan? Are you paying for services you don't need?

My Needs (Basic Expenses)	My Wants (Extra Expenses)

Activity 8



Getting Your “Money Ducks” All in a Row...

People get into debt when their **income** (the money they make each month) is less than their **expenses** (the money they spend each month). They often borrow to cover the shortfall.

Are your expenses greater than your income?

Use the worksheet on the next page to help you figure it out.

- Add up the money you make each month.
This is your income.
- Add up the money you spend each month.
These are your expenses.
- How do the two numbers compare?

Think about it

Next, take a look at your **wants** list.

Which item would be easiest to give up?

The hardest?



Put aside the money you need from each pay cheque to cover your basic expenses. Do that first thing.

Set up a “money jar” to cover your extras, like your daily coffee, or a new pair of jeans.

Put the money you’ve budgeted to spend in the money jar, and then stick to your spending plan. Pay with cash, not credit.

Spending Plan Worksheet

My Monthly Income: _____

My Basic Expenses (Needs)

Item	Amount I spend each month
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

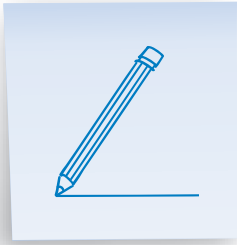
My Extra Expenses (Wants)

Item	Amount I spend each month
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

My Total Monthly Expenses: _____

How am I doing? Income - Expenses = _____

Activity 9



Fill in the Details

Work to get a clearer picture of your monthly expenses.

Try this

- Keep a money journal for a month. Record every purchase or payment you make.
- Keep all your receipts. Add them up so you know for sure what you're spending.
- Read your bank statements if you have a bank account. Check your withdrawals.

Making Change

Once the month is up, make changes to your spending plan worksheet based on what you've learned.

Think about where you might shift spending to meet your basic needs, balance your income and expenses, or save money. Make these changes on your spending plan.

Plan for some fun too!

Learning More

For more information about Registered Education Savings Plans, Canada Learning Bonds, and Canada Education Savings Plans, visit www.canlearn.ca.

“Making a Budget and Sticking to it,” Financial Consumer Agency of Canada, www.fcac.gc.ca.