Money Basics: Spending, Borrowing and Saving It

Training Program
Participant Packet

Presented by

CLC Incorporated
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CLC Incorporated

Presents

Money Basics:
Spending, Borrowing, and Saving It

The presentation's goal is to give the participant a foundation for managing his or her personal financial goals. Beginning with building a realistic budget, this class also provides advice on the following topics:

- How to build a workable month-to-month budget
- Techniques for building savings
- Setting financial goals
- Managing debt

Participant handout: "Your Tools to Develop Wealth"

Question and Answer Session

Class Length: Approximately 60 minutes

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Your Tools to Develop Wealth

Review Your Spending Plan

Financial planning and financial stability begins with a well-prepared spending plan. Your spending plan compares how your actual expenses match your desired expenses. Also, it is a guide for future spending, promptly paying your bills, and maintaining your good credit. The first step in evaluating your current financial situation is to look at your monthly budget. Begin by looking at your monthly net income—your income after taxes.

Assess Your Spending Plan

Add up your monthly obligations, average expenses, and flexible expenses. Subtract this figure from your monthly net income to determine your discretionary cash. Use the Spending Plan Worksheet on the following pages to help record your information.

1. Your worksheet is set up to track income and expenses. Change or add categories as needed.

2. Cross out categories that do not apply to your situation. Your expense categories should reflect the way you and your family spend money.

3. Go through your checkbook and your bills for the last two to three months. Add and delete categories from the worksheet to fit your expenditures. Enter average monthly expenditures from your checkbook from the last few months.

4. Go through pay stubs and calculate your average monthly gross and net pay; include any interest income, dividends, bonuses, or other miscellaneous income.

5. For quarterly, semi-annual or annual expenses, convert the payment to a monthly amount when calculating the monthly budget.

6. Track cash expenditures and record total cash expenditures at the end of the month.

7. Subtotal the income and expense categories.

8. Subtract the total expenses from the total income to arrive at your monthly net income.

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Assessing Your Net Worth

An integral step in evaluating your finances is assessing your net worth. To determine your net worth, you need to figure out what you own and what you owe. Determining the total amount of your assets and liabilities will enable you to calculate how much you have available to invest. Use the Net Worth Worksheet to help record your information and calculate net worth:

Net Worth Worksheet

Assets	Value	Liabilities		Value
What You Own:		**What You Owe:**		
Savings & Investments		Credit Cards		__________
Checking Accounts	__________	Line of Credit		__________
Savings Accounts	__________	Unpaid Bills		__________
Mutual Funds	__________	Car Loan/Lease		__________
Stocks	__________	Other Loans		__________
Bonds	__________	Investment Loans		__________
Real Estate	__________	Business Loans		__________
Cash Surrender Value		Other Debts		__________
of Life Insurance	__________	Mortgage		__________
Mortgage at Principal Value	__________	**Total Liabilities**	**$**	__________
Total Investment Assets	__________			
Personal Assets				
Vehicles	__________			
Property/Furniture	__________			
Jewelry/Art/Collectibles	__________	**Total Assets**	$	__________
Other Personal Assets	__________	**Total Liabilities**	**$**	__________
Total Personal Assets	_________	**Total Assets Minus Total Liabilities =Your Net Worth**	**$**	__________

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Setting Financial Goals

At this stage in the process, you would have determined whether your cash flow leaves you enough to invest. Now it is important to establish clearly defined goals and objectives. Without clearly defined goals, it becomes hard to know how much to save, whether the return on your investment is adequate, and potentially, when you would be converting the investment to cash to pay the expenses you have been saving for all along.

Goal setting begins when you write them down!

Define Your Spending Goals
Identify what you are looking to accomplish with your investments. Define your goals:

- Buying your first or second home
- Saving for your child's education
- Planning retirement
- Paying down debt
- Other

For each goal, estimate the cost and the amount of time you need to achieve your goal.

Step 1: Identify and write down your financial goals, whether they are saving to send your kids to college, buying a new car, saving for a down payment on a house, going on vacation, paying off credit card debt, planning for retirement, etc.

Step 2: Break each financial goal down into several goals: short-term (less than 1 year), medium-term (1 to 3 years) and long-term (5 years or more).

Step 3: Evaluate your progress. Review your progress monthly, quarterly, or at any other interval, you feel comfortable with—but at least semi-annually to determine if your program is working. If you are not making satisfactory progress on a particular goal, re-evaluate your approach and make changes as necessary.

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