



Updating Agencies, Professionals, and Individuals with Current Life Skills Information

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Money Management and Work Behavior

This issue of Life Skills is focused on helping people develop basic money management skills. Researchers at Virginia Tech found a relationship between absenteeism and financial stress. The study of 278 clerical workers found that age, education, income, marital status, and length of employment did not predict absenteeism. Financial stress and personal financial behaviors were more likely to predict absenteeism.

Other studies have shown that a person's satisfaction with their financial situation has more to do with their ability to manage their money than it does with the amount of money they have available. Learning money management skills improves a person's sense of being in control of their life. **LS**

Source: *Family Economics NEWS*, from USDA-CSREES, March 1999.

How to Develop A Spending Plan

A spending plan is a tool to help people get control of their money and their lives. Most people do not have enough money to buy everything they want, whenever they want it. Many families do not have a steady income. Whatever the situation, it is important to make every dollar count. Make a plan that works for the whole family. Plan a week at a time for a month or plan a month at a time for a few months.

- The first step in developing a spending plan is to list all sources of monthly income for the year: wages (take-home pay), cash on hand or in checking account, welfare/TANF, Food Stamps, SSI, unemployment, etc. If unsure, estimate on the low side. Total the amount of income from all sources for each month.
- The next step is to list all monthly expenses and figure out how much money can be spent on each item. Start with the necessities—rent, utilities,

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Setting Goals

The first step on the road to good money management is setting goals. Setting and achieving goals gives people a sense of satisfaction and boosts self-esteem and motivation. Lack of direction leads to non-achievement, poor self-esteem and lack of motivation. Families reach more goals with less conflict when they:

- List and talk about each person's and the family's goals;
- Know what resources are necessary to reach each goal; and
- Set dates and make choices for using resources to reach their goals.

Setting and working to reach goals:

- Gives a sense of control over one's future and money;
- Gives a person a sense of well-being to know they can make important things happen;
- Helps a person say "NO" to friends, family members, sales people, advertising and each other when tempted to use one's money for something less

important than their goals.

Think about the needs of the family now and in the future. A camera-ready handout entitled "**Reaching Your Goals**" can be used as a tool. Choose goals that are important to the whole family. People are always more willing to help with something if they have been involved in the decisions. Adults, teens, and children can all be involved in discussions about what is most important to the family. Start off with small, manageable goals (like acquiring needed clothing for children) that can be accomplished in a couple of months. Remember that success breeds success. Short-term goals help provide for things that are needed now such as food, rent, clothing, a small emergency fund, etc. Longer-term goals are for purchases made in the near future like a car or washing machine.

- Write down the goals and be specific (style, size, features, etc.). Number the goals, number one being the most

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Small Ways to Save Money

- § **Pay Yourself First.** Set aside some money from each check, even if it is only a few dollars, and put it in savings.
- § **Save Your Change.** Set aside your loose change everyday towards savings.
- § **Break Costly Habits.** Save the money you would normally spend on eating out or smoking.
- § **Try Not to Impulse Buy.** If you get the urge to buy something, wait a day and see if you still really need the item.
- § **Try Crash Savings.** For a month or two, decide to buy only the absolute necessities and save the rest towards your goal. The reward comes in achieving your goal.
- § **Buy a US Savings Bond.** For as little as \$25 you can buy a savings bond that will eventually be worth twice as much.

Save on Food and Clothing

- § **Cook meals at home** instead of using convenience foods or eating out.
- § **Plan meals** around sale items at the store.
- § Make and follow a **shopping list**.

- § **Compare unit prices** on the shelf and choose lower cost items.
- § Shop for clothes at **thrift stores and garage sales.** You can find clothing that is just about new for a fraction of the cost—especially children’s clothes.

Save on Home Expenses

- § Instead of turning up the heater, put on **extra clothing** and keep your feet warm.
- § Get the whole family to **turn off lights, TV, radio, etc.** when no one is using them.
- § Make **long distance calls** when it’s the cheapest and set a timer to make sure the call doesn’t go too long.
- § **Set a limit** on how much you will spend on **gifts**.
- § **Trade for services**—For example, baby-sit for someone who cuts hair for your family.
- § Check the local newspaper for **free recreational activities**.
- § **Borrow** books, magazines and CDs from the library.

How to Develop A Spending Plan

transportation, and food. Look at past utility bills, grocery store receipts, etc. Include items that need to be paid once in a while like the car license fee, insurance, or gifts for holidays and birthdays. Include all the items on which your family spends money.

- Set aside a small amount of money for unexpected expenses such as car repairs or medical care. This is the emergency fund.
- Add up all the expenses and compare the income with the expenses. Some months may have more expenses than income. Are there other months with more income than expenses? Money can be saved from those months to help cover the months when income is short.
- Figure out where expenses can be cut. Can cuts be made on extras like snacks, sodas, eating out, alcohol or cigarettes?
- Keep track of what is spent for the next month. Use the handout “**What Do You Spend Daily?**” At the end of the month, total each group and compare to the amount of money earmarked for each group. Was more money or less money spent for each group? What changes need to be made to the spending plan?
- Remember, most spending plans do not work the first time. Make adjustments and keep trying! **LS**

Find small ways to save money and set it aside toward the goal.

- Begin work toward the goal that is most important to the whole family first. Look often at the list of goals.
- Review progress towards the list of goals every now and then. Make adjustments in the plan if it doesn’t work. **LS**

Setting Goals

important.

- Determine the amount of money needed to reach each goal. Next, decide for each goal to either: (a) save the money to purchase the goal (or make a large down payment to reduce the loan to a manageable size), (b) increase income to make the higher payment or (c) reduce the size of the goal.
- Set a date for achieving each goal. The amount of time for reaching each goal should be reasonable.
- Develop a plan for achieving each goal. This may include setting aside a certain amount of money each month, or bartering or trading. It may also mean giving up something else to save money.

Goal-Setting Checklist

- ✓ Do these goals reflect the needs and wants of other family members?
- ✓ Are the goals as specific as possible? (What kind of car? How much down payment?)
- ✓ Has the target date been set for each goal?
- ✓ Are the goals realistic?
- ✓ If there is more than one goal, is it realistic to go after all of them at once? If not, decide which goal or goals are most important.

Money Management Resources Available from University of California Cooperative Extension

Making Every Dollar Count

Comic book style. Topics include money management, setting up a spending plan, stretching resources, unemployment and financial problems.

Qty = ____ 44 page booklet-English/Spanish\$ 2.00

Let's Talk About Credit

Comic book style. Topics include what credit is and how it is used, advantages and disadvantages, avoiding high cost sources of credit, credit scams, alternatives to bankruptcy, dealing with credit record problems and inability to pay bills when due.

Qty = ____ 48 page booklet-English/Spanish\$ 2.00

Making Every Dollar Count Curriculum

Five lessons with hands on activities that teach the basics of money management: Paying Bills on Time Saves Money; When You Can't Pay Cash; Stretch Your Dollars With Personal and Community Resources; Banking On It; and Checking Basics. Trainer's workbook includes lesson plans, activities and handouts

Qty = ____ Trainer's Workbook (English and Spanish)-\$ 20.00

Qty = ____ CD containing handout and color visuals in PowerPoint 7.0-\$ 12.00

Qty = ____ Handout masters (black and white)-\$ 5.00

Qty = ____ Visual masters (black and white)-\$ 6.00

Plan-velope Money Management System

Money management system designed to help set up financial goals, plan for spending and keep track of expenses. Thirty categories from car payments to utilities and water are included. Produced in MS Word for Windows 95, version 7.0.

Qty = ____ 3.5" IBM disk English OR Spanish\$ 2.00
(Please circle version desired.)

Expense Station Game

Participants experience hands on choice making with a limited budget.

Qty = ____ English, Spanish or Teen version\$ 2.00
(Please circle version desired.)

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All prices include shipping and tax. Make checks payable to **UC Regents**. Mail your request to Karen P. Varcoe, 137 Highlander Hall-C, University of California, Riverside, CA 92521. For additional information call (909) 787-5241, fax (909) 787-7251, or email jane.craig@ucr.edu.

Welfare to Work Curriculum

Help prepare
welfare recipients
to enter the
workforce.



Instructor's Kit includes...

- 24 Lesson Plans
- English & Spanish Handout masters
- PowerPoint visuals CD
- Printed Notebook

Additional Resources...

- Presentation Binder with 566 B & W visuals
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- Participant's Workbook*
- Gateway Bookmarks
- Participant Folders
- "Making Every Dollar Count" Booklet
- "Let's Talk About Credit" Booklet



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Spending Patterns of Families Receiving Public Assistance

Information from the 1992-3 Consumer Expenditure Survey was used to determine how households receiving public assistance spent their money. When households receiving public assistance were compared by whether or not there were any members of the family who worked, total expenditures in families with no workers (\$10,771) was about half that of families with at least one worker (\$21,664).

Households with no workers spent much more of their budget for food and

shelter (72%) than households with workers (53%), and less on transportation, and personal insurance and pensions (11%) compared with households with workers (27%). The expenditure patterns of single parent households are similar to households with no workers while expenditures in dual parent households are similar to households with workers.

Source: Passero, W.D., 1996, Spending patterns of families receiving public assistance, *Monthly Labor Review* 119(4):21-28.

	Households receiving public assistance by			
	No workers	Some workers	Single parent	Dual parent
Total Expenditures	\$10,711	\$21,664	\$11,948	\$22,281
<i>Percentage</i>				
Food	28.5	19.4	27.8	20.1
at home	26.6	16.5	25.7	17.4
away from home	1.9	1.9	2.1	2.7
Housing	43.2	34.0	41.3	33.9
Shelter	27.0	20.7	24.7	21.2
Utilities	12.8	9.0	12.4	8.5
Other	3.4	4.3	4.2	4.2
Apparel	5.6	5.1	7.2	4.9
Transportation	9.5	19.1	10.2	19.6
Health care	2.1	3.4	1.8	3.6
Entertainment	3.7	4.6	4.1	4.5
Personal insurance and pensions	1.3	7.9	2.6	6.9
Other expenses	6.1	6.5	5.0	6.5

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Reaching Your Goals

Everyone has goals although we may not think about them.
Goals are the things we want, things we try to achieve.

Financial goals can be:

	My Family's Goals List	Date Needed	Money Needed
Need Now	Meeting your basic living expenses, such as monthly rent and food		
	Shoes for 3 children	1 month	\$50
Want Later	Things you want to buy in the near future. Examples are a car or a refrigerator.		
	refrigerator - new or used	1 year	\$500 or \$200

Steps to Reaching Your Goals

- ▲ Write down your goals. Be very detailed.
- ▲ Price your goal. How much money, time, and energy will you need?
- ▲ Set an exact date for reaching your goal.
- ▲ Develop a plan for reaching your goal. How much money or energy can you put into reaching that goal?
- ▲ Begin to work towards your goal today.
- ▲ Think of new ways to reach your goal.

Goals help you use your money to do
the things that are important to you and your family.



Cómo Lograr las Metas

Todos tenemos metas aunque a veces no pensamos en ellas. Las metas son las cosas que uno quiere. Para lograr algunas metas hay que luchar mientras que otras son más fáciles de alcanzar.

Las metas financieras pueden ser:

	Lista de Metas de mi Familia	Para qué fecha	Dinero que necesito
Necesito ahora	Sus gastos básicos, como el pago mensual de la renta o la comida.		
	zapatos para 3 niños	1 mes	\$50
Quiero para más adelante	Cosas que uno desea comprar en un futuro cercano. Por ejemplo, un auto o un refrigerador.		
	refrigerador - nuevo o usado	1 año	\$500 or \$200

Pasos Para Lograr sus Metas

- ▲ Escriba sus metas. Sea bien específico.
- ▲ Anote el precio de la meta. ¿Cuánto dinero, tiempo y energía necesitará para lograrla?
- ▲ Establezca una fecha para lograr su meta.
- ▲ Desarrolle un plan para alcanzar su meta.
- ▲ Comience hoy mismo a trabajar para conseguir su meta. Piense en nuevas formas de lograrla.

Las metas le ayudan a usar su dinero para hacer las cosas que son importantes para usted y para su familia.

What Do You Spend Daily?

For the Month of: _____

1. Write the dollar amount you plan to spend in each category next to the \$_____.
2. Record what you spend daily.
3. Total each column at the end of the month.
4. Compare planned to actual spending.

HOUSEHOLD		FOOD			TRANSPORTATION			PERSONAL				
Repairs/ Supplies	Furnishings & Appl.	Groceries	Eating Out	Main-tenance	Gasoline & Other	Medical/ Dental	Clothing	Personal Care	Education	Entertainment		
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
SPENDING MONEY												
Head of Household	Spouse	Travel	Child/Elder Care	Charity	Gifts	Savings						
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OTHER												

Add and enter totals at the bottom of each column.

Total Daily Expenses for the month: _____

