



# Spending Plans

## Learning About Money

### How to do the assessment activity

1. This assessment should be done *individually* so as to determine what the learner needs to do to improve his/her management of income and expenses from payday to payday.

### Spending plan—assessment activity

Skill	Can do well	Needs help
Check the learner's ability to discuss the following topics about their financial situation. Can they: <ul style="list-style-type: none"> <li>• Describe the difference between <b>needs</b> and <b>wants</b>.</li> </ul>		
<ul style="list-style-type: none"> <li>• Tell you whether or not they make <b>impulse purchases</b>. How can this be avoided?</li> </ul>		
<ul style="list-style-type: none"> <li>• Identify <b>sources of income</b> each month.</li> </ul>		
<ul style="list-style-type: none"> <li>• Tell the difference between <b>gross</b> (before deductions) and <b>net</b> (after deductions) <b>income</b>. Can tell you what deductions are made from their paycheque(s), e.g. income tax, Employment insurance (EI), Canada Pension Plan (CPP), etc.</li> </ul>		
<ul style="list-style-type: none"> <li>• Tell/show you how they keep <b>track of their expenses</b>. Do they write them down?</li> </ul>		
<ul style="list-style-type: none"> <li>• List their <b>fixed</b> (e.g. rent) and <b>flexible expenses</b> (e.g. movies) for the coming month?</li> </ul>		
<ul style="list-style-type: none"> <li>• Write down their <b>income and expenses</b> and tell you <b>the total of each</b>. Can they tell you if they are overspending?</li> </ul>		
<ul style="list-style-type: none"> <li>• <b>Save money</b> for the future? Identify specific ways they are doing this.</li> </ul>		
<ul style="list-style-type: none"> <li>• Indicate <b>two things they would like to learn</b> about setting up a spending plan (budget).</li> </ul>		
<ul style="list-style-type: none"> <li>• <b>Other questions</b> they would like to know about: e.g. what other resources, besides money, do they use to help their families?</li> </ul>		

*Note: Assessment activities help you decide where the learner needs to begin.*

*Note: Select activities that relate to the interests and literacy level of the individual, or group, with whom you are working.*

This resource has been developed by:  
**Basic Skills for Living Project**  
 Manitoba Association of Home Economists—  
 Winnipeg Branch  
 Box 1961  
 Winnipeg, MB  
 R3C 3R2 Canada

Phone: (204) 253-3563  
 Email:  
 info@basicskillsforliving.ca



## Discussion Starters

Begin with a discussion about spending plans. Start with a *general discussion* about some, or all of the following topics. You may want to use the hand poster/overhead masters:

### *Discussion Starters SP100—2*

- ***Why do people sometimes have problems managing their money?***

Discussion points may include:

  - ⇒ Overspending
  - ⇒ Limited income
  - ⇒ Too much debt
  - ⇒ Not planning for their spending.
- ***What are some of the expenses you need to plan ahead for?***

Discussion points may include:

  - ⇒ Irregular expenses that come up from time to time
  - ⇒ Annual expenses or dues
  - ⇒ Holidays and birthdays etc.
  - ⇒ Savings for the future
- ***How can people avoid spending on impulse?***

Discussion points may include:

  - ⇒ Make a shopping list and stick to it!
  - ⇒ Do not carry a credit card when “window shopping”
  - ⇒ Stay away from sales, unless you planned a purchase.
- ***How can you set up a spending plan?***

Discussion points may include:

  - ⇒ Write down your income and expenses and then keep track of where the money goes.
  - ⇒ Have a regular time to plan a budget and update your banking records, etc.
  - ⇒ Follow the six steps for setting up a spending plan outlined in this module.
- ***What are some of the ways you can track your spending?***

Discussion points may include:

  - ⇒ Keep receipts
  - ⇒ Use the envelope method for cash expenses
  - ⇒ Use a transaction record book from your bank
  - ⇒ Track all expenses in an accounting book, or notebook.

*Continued . . .*

- **Besides money—what other resources do you have to use for the benefit of your family?**

Discussion points may include:

- ⇒ Time to prepare home-cooked meals instead of buying convenience foods on the go
- ⇒ Share child care with a neighbour for social outings
- ⇒ Have skills or a hobby that brings in extra income
- ⇒ Family members share housework so everyone can have more social time
- ⇒ Grow your own vegetables.

## Learning activities

To help learners develop good spending habits, it is important to use a variety of *hands-on activities*. In this section you will find *links to the resource materials* and *activity sheets* in this module.

- **Worksheets for spending plans**

*Print Master worksheets* and *forms* are included. You may duplicate and use for planning monthly spending.

**A Budget Planner** is a basic worksheet for *Stage Two* learners. It is easy to use, and focuses on the six planning steps for making up a spending plan. It follows a similar format to the other worksheets.

For *Stage Three* readers there are two different worksheets. Each follows the same six planning steps for making up a spending plan. **A Spending Planner** includes a section in which the learner can decide between their *needs and wants*. It also enables them to record their income and expenses so they can better see where their money goes. **A Spending Record** is an alternative worksheet, but is more complicated to use and may be better for learners who have dual family incomes. Likewise, it has the six spending plan steps to follow, but focuses on *spending categories*—savings, fixed and flexible expenses, and credit.

- **Additional forms**

In addition, there are several *forms* that may help in setting up a plan. These can be found on pages 5-8, or follow the links below:

- ***Form SP10—Planning for Irregular Expenses for the Year***
- ***Form SP20—Tracking Your Spending***
- ***Form SP30—Recording Account Transactions***
- ***Form SP40—Tracking Loan and Credit Payments***

*Continued . . .*

- **Hand posters/overhead masters:**

With this module are *14 Print Masters* in the *SP series*. They may be used as *hand posters*, *handouts*, or *overheads*. A list of these can be found in the following file—[Spending Plans Hand poster/overhead masters](#) with links to each one.

- **Learning About Money video scripts:**

The *scripts* of the *Learning About Money video* are included here as a reference. If you wish to use this resource then see the [order form](#) on this website, to purchase a copy in either VHS or DVD format. The video segment, *Drawing Up A Spending Plan*, is approximately eight minutes. It depicts four living situations. These include how a young single mom, a young single man in school, and two families manage their finances. They discuss what they find works best for them. See the script for the dialogue.

### Additional resources



Following are *three websites* that have additional information for you to research about developing spending plans. The word, *budget* is usually used. This is a common term often used for spending plans. Follow the links, if desired.

- **Your Money Network:**

Look for the resources—*There is Something About Money* and *Budget Budget* @ [www.yourmoney.cba.ca](http://www.yourmoney.cba.ca) This is a student oriented site, with sections for parents as well as students. Contains good basic information on preparing a budget.

- **VISA:**

Look for the resource—*Practical Money Skills* @ [www.practicalmoney-skills.ca/moneyskills/](http://www.practicalmoney-skills.ca/moneyskills/) This site has sections for consumers, for teachers and for students. Good information on making a budget.

- **Canadian Foundation for Economic Education:**

Look for the section “*Money and Youth*” @ [www.cfee.org](http://www.cfee.org) This site has a book for sale, but it, and a teachers’ guide can be downloaded. Different topics are addressed in different chapters. See *Part III—Working with Money* (page 71) and check out [Chapter 9: Taking Financial Control with Budgets and Plans](#) (142 kb.) page 73 for additional information.

Internet: [www.basicskillsforliving.ca](http://www.basicskillsforliving.ca)

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Learning About Money

**Irregular expenses** come up once in a while. Some only once a year and are called **annual expenses**. Because they are not paid every month, we sometimes forget to plan for them. This can cause problems balancing our spending.

For example—you may buy clothes with the change of season, or when sales are on. Or, you have to pay taxes, renew your drivers’ license, or pay your annual premium for insurance.

By planning ahead you can avoid not having enough money for these types of expenses. Here is one way to manage these expenses.

It will help you decide the amount of money you need to set aside regularly. You can do this once a month, or each payday. Follow these steps . . .

- Estimate the amount you will spend on each item over the coming year. You can estimate the cost based on last year’s amount.
- Add the estimated annual and irregular expenses together for a yearly total.
- Divide this total by the number of times you will set aside money each month—e.g. once a month would be 12, or twice a month would be 26.
- Set up a separate saving account in which to deposit this amount regularly. When needed, you can transfer to your regular account when the bill is to be paid.
- Fill in the **actual amounts** as these are paid. Use these amounts the next time you need to calculate these irregular expenses.



**Helpful Hint!** Have a separate daily interest account for these expenses. During the first year, add additional money to this account so that you will always be able to meet these expenses as they come due.

Complete the form in the next column to determine what your irregular expenses are for the year and how much you need to save regularly.

**Acknowledgement:** This form has been revised and adapted with permission from Manitoba Agriculture, Food and Rural

Irregular & annual expenses	\$ estimated	\$ actual
• <b>Clothing:</b> total amount for family		
• <b>Insurances:</b> - vehicle - life - property - health insurance		
• <b>Dental, eye care, and/or other health needs:</b>		
• <b>School:</b> fees, books and supplies		
• <b>Taxes:</b> - property - income		
• <b>Licenses:</b> - vehicle - others		
• <b>Recreation:</b> membership fees, camp fees etc.		
• <b>Maintenance:</b> vehicle, home and garden		
• <b>Gifts and special holidays:</b>		
• <b>Travel and vacation:</b>		
• <b>Contributions/donations:</b>		
• <b>Others:</b> subscriptions, other special purchases		
<b>Total expenses</b>	<b>\$</b>	<b>\$</b>

Total expenses \$ \_\_\_\_\_ ÷ \_\_\_\_\_ = \$ \_\_\_\_\_

*This is the amount you need to put regularly into savings for these expenses.*

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Is debt getting you down? If so, then it may be time to have a closer look at how much you owe. Fill in the chart below to get a picture of your situation. It will tell you how many loans and credit cards you have outstanding. So, add up the **total debt load** and find out how much you **pay out every month** for debt.

If you are behind, or finding it hard to keep up with these payments, then call a non-profit credit counselling agency in your community. For more information see the website [www.creditcounsellingcanada.ca](http://www.creditcounsellingcanada.ca) Make an appointment to see a counsellor who can help you review your situation and suggest ways to get out of debt.

If you are wanting to learn more about your credit record, then see the fact sheet called **Your Credit Record**. For more information on credit, see the section on **Understanding Credit** in this resource.

Name of loan or credit card	Account #	\$ Total balance	Monthly payment	Annual interest rate (%)	Are you behind? How much?
	<b>TOTALS:</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>

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