

# Money Matters

## Workbook 1 Spending Plans



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## Welcome to *Money Matters!*

We designed *Money Matters* to help you take better care of yourself by taking better care of your money. When you feel good about your money management, you're less stressed, and you have more energy for the things that are important to you.

That's part of what we do at ABC Life Literacy Canada: we help Canadians get the tools they need to increase their literacy so they can live a fully engaged life. *Money Matters* gives you basic, practical information about money. It'll help you better understand spending, borrowing and saving—how you can put the money you have to work for you.

It also shows you ways to reach your long-term goals. You'll learn about registered savings plans for helping your money grow more quickly. Do you have kids? You'll also learn about ways to help you save for their future.

When you're done the program, you'll have new knowledge but also new questions. We have a list of extra resources for you, so you can get answers and keep improving your financial literacy.

We hope you enjoy *Money Matters!*

Sincerely,

A handwritten signature in dark ink, appearing to read "Mack Rogers", with a long, sweeping flourish extending to the right.

Mack Rogers, Executive Director  
ABC Life Literacy Canada

# Workbook 1

## Spending Plans

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

### Learning Outcome:

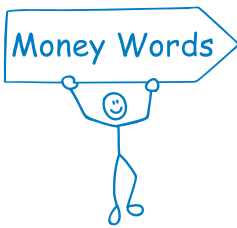
Learn ways to get the most out of your money.



### What Will You Learn?

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

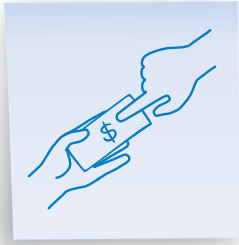
A Place for Your Notes:

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Activity 1



## Getting in Touch With Your Money

### A self-assessment quiz

What to do

- Check off the statement that best applies to you.
- Think about your money, your life, your family.
- Do you have enough money to meet your needs, now and for the future?

- My money goes out faster than it comes in. I can't make ends meet.
- I pay my bills, but there's nothing left over. How can I even think about saving for the future?
- I manage to save a bit of money, but I don't think I'm saving enough to meet my future needs and goals.
- None of the above applies to me. Here's my situation:

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A Place for Your Notes:

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Activity 2



## Meet Tenzin and Riley

### Tenzin

Tenzin works hard for his money, but runs out of cash before the next paycheque. He’s not sure where all his money goes. There’s the cell phone plan, rent, cable and internet, credit cards, and of course, a guy’s got to eat. He usually grabs a bite at a sandwich place around the corner from his work, or orders take-out. He uses the bank machine at the corner store close to his place. There’s always something he needs... and the place is open night and day.

### Riley

Riley’s good at making money stretch. She knows how much money is coming into the family (income), and exactly where it goes (expenses). She uses coupons, comparison shops, and makes the family’s meals at home. She puts a little money aside each month for a “rainy day”, but wishes she could save more. She’d like to set aside enough by the time her kids grow up to help pay for their education, but isn’t quite sure how to go about it. One option she wants to learn more about is **Registered Education Savings Plans**, and the help she can get from the Canadian government to help her savings grow.



### What’s Your Story?

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**A Registered Education Savings Plan** is a special savings account to help you save for your child’s future education.

Activity 3

### Do you have more in common with Tenzin? Or Riley?

What are some things that Riley does that helps her save?

What are some things that Tenzin does that he could change in order to spend less?

- Think of examples of your spending and saving.
- If Tenzin is #1 and Riley #5, what number would you give to yourself?
- Why?



Spends a lot. Saves no money.



Spends carefully. Saves for her future.

\_\_\_\_\_

1

2

3

4

5

Examples of my spending and saving:

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Activity 4



### Group Discussion

Does money bring happiness?

Will more money make you happier?

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

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



What's important to you? Take the time to think about it and decide where you want your money to go.

If I had a bit more money:

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If I had a lot more money:

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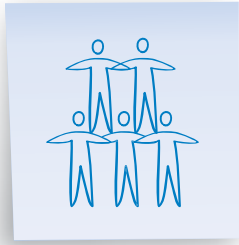
Your answer to what you would do with a little more money may be a short-term money goal for you.

Your answer to what you would do with a lot more money may be a long-term money goal for you.

A **spending plan** can help you reach those goals.



**Activity 5**



**Try This Group Activity**

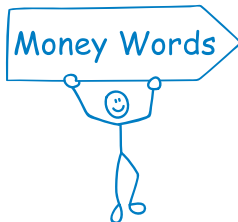
Let's make a spending plan.

A spending plan will help you with your day-to-day expenses, and also help you save for your future, whatever your goal.

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

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

- Think of all your monthly **expenses**, those things you pay each month.
- Together brainstorm a list of the kinds of items that are monthly expenses for group members.
- Then pick from the list the items that apply to you personally.



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

My monthly expenses...

1. Shelter \_\_\_\_\_
2. Food \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Activity 6



## 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?



Money Challenge

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:

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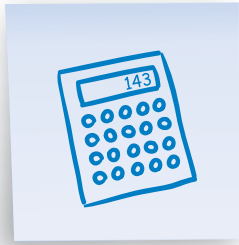
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Activity 7



### 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 per year.

Suppose you add a muffin for about another dollar each day. That's \$7 per week more, and \$364 per year. In total, you're spending about \$1001 per year.

#### In a week...

Cost of coffee		\$1.75		Cost of muffin		\$1.00
Days in a week	X	7		Days in a week	X	7
		<b>Total:</b>				<b>Total:</b>
		<b>\$12.25</b>				<b>\$7.00</b>

#### Weekly expense...

Cost of coffee	\$12.25
Cost of muffin	+ \$7.00
<b>Total:</b>	<b>\$19.25</b>



Work with a partner. Do the math together to figure out the cost of a muffin and coffee for:

- A month
- A year
- Ten years

A Place for Your Notes:

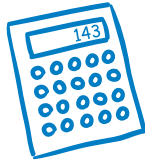
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## More Money Math

We can find savings in all the choices we make. On your own or with a partner, do the math together on the following expenses.

### 1. Lunch Expense

Cost of bottle of water or pop:	\$1.50
Cost of sandwich:	+ \$4.00
Cost per day:	= \$ .

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Days in a week you buy lunch:	5
Cost per day (from above math):	× \$ .
Total cost per week:	= \$ .

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Number of weeks in a month:	4
Cost per week (from above math):	× \$ .
Total cost per month:	= \$ .

2. Now it is time to do the math on one of your weekly expenses. Do you smoke, or take taxis, or go to movies on a weekly basis? If so, pick an expense and complete the math to see how you can save.

Cost per day:	\$ .
Number of days a week:	×
Total cost per week:	= \$ .

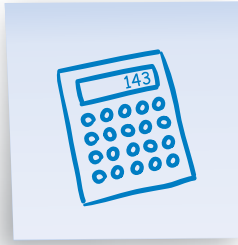
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Number of weeks in a month:	4
Cost per week (from above math):	× \$ .
Total cost per month:	= \$ .



Work out the savings per year if you were to cut down or cut out the above expenses.

Activity 8



### 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:

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Here's what it costs me each time:

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Do the math. Figure it out. How much are you spending a week, month, year?



How much would you save by:

- Cutting down from a pack of cigarettes per day to a pack per week?
- Buying a case rather than pop or bottled water individually?
- Using a refillable thermos rather than bottled water?
- "Brown-bagging" it rather than buying lunch at work or school?
- Brewing coffee at home rather than buying it at a coffee shop?

Activity 9



### Group Discussion

How does the amount you regularly spend compare to the amount you'd need to meet your short-term money goal?

Your long-term money goal?



**A spending plan** tracks your expenses, but it's also about your goals. It helps you make sure you're spending your money the best possible way for you.

### What kind of shopper are you?

In general, do you spend money because you need something or because you like to shop?

Do you buy on impulse, or do you plan each purchase?

How does shopping make you feel?

A Place for Your Notes:

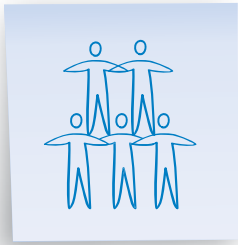
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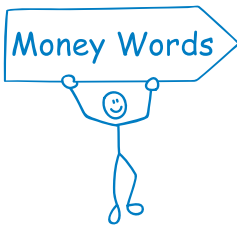
Activity 10



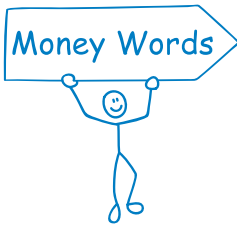
### Try This Group Activity

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

- Look at the monthly expenses list you created as a group.
- Together decide what items are needs and what are wants.



**Needs** are basic expenses, things you cannot do without. We need shelter, food and water. Needs keep us alive!



**Wants** are things we want to have, but don't need to survive. They're our extra expenses—the "nice-to-have" things. It doesn't matter how much you want them. They don't keep us alive, so they aren't needs.

A Place for Your Notes:

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Activity 11



### What's Important to You?

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



Good money management includes your needs and your wants. It just means you deal with your needs first. Then you can think about the things you want to have.

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



Look at your **Wants** (Extra Expenses) to find places where you might save money or trim spending.

Look at your **Needs** (Basic Expenses) 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?

A Place for Your Notes:

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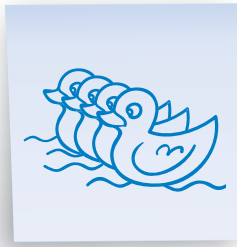
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Activity 12



## 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.
- Add up your monthly expenses.
- How do the two numbers compare?

### Think about it

Next take a look at your Extra Expenses list.

- Which item would be easiest to give up?
- The hardest?



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

Set up a “money jar” to cover your extras, maybe the cost of that coffee per day, or a new pair of jeans.

Put in the money jar the amount you’ve budgeted to spend, 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:** \_\_\_\_\_

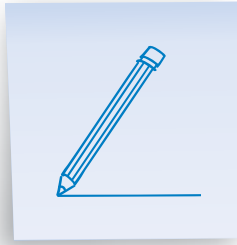
**How am I doing?**

Income - Expenses = \_\_\_\_\_

Activity 13

### Fill in the Details

Work to get a clearer picture of your monthly expenses.



It's easy to make a budget that covers big things, but misses all the little things we spend money on. Take the time to figure out all the places you want your money to go.

### Try this

- Keep a money journal for a month. Record every purchase or payment you make.
- Keep all of 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 the withdrawals.

### Making Change

Make changes to your spending plan worksheet based on what you've learned by keeping track of your spending.

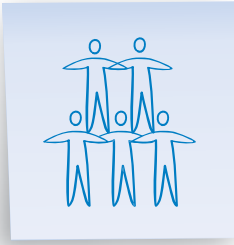
Think about where you might shift spending to meet your basic needs, balance your income and expenses, or save money. Make these changes on your spending plan.

Plan for some fun too!



Sure, entertainment is always going to be a want, not a need. But it's important to leave some room for fun in your spending plans.

Activity 14



### Try This Group Activity

Share your successes and ideas. Do you have money tips that others in the group might find helpful? What works for you? How do you make ends meet?

Do you put aside money for an emergency? Have you ever had to spend a large amount of money for an unexpected event? Something you didn't plan for?

Do you have advice for others who might find themselves in a similar situation?

Are you saving for your child's future education? How do you go about it? Do you have ideas to share? Is an RESP something you've set up, or would like to set up?



Take a money tip or idea suggested by a group member, and try it for a week or so. Does it work for you?

### Learning More

For more information about Registered Education Savings Plans, Canada Learning Bonds and Canada Education Savings Plans, visit [www.canlearn.ca](http://www.canlearn.ca).

“Making a Budget and Sticking to it,” Financial Consumer Agency of Canada, [www.fcac.gc.ca](http://www.fcac.gc.ca).

A Place for Your Notes:

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A Place for Your Math:

**Activity 7 Answers**

**1. Lunch Expense**

Cost of bottle of water or pop:	\$1.50
Cost of sandwich:	+ \$4.00
Cost per day:	= <u>\$5.50</u>

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Days in a week you buy lunch:	5
Cost per day (from above math):	× \$ 5.50
Total cost per week:	= <u>\$27.50</u>

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Number of weeks in a month:	4
Cost per week (from above math):	× \$ 27.50
Total cost per month:	= <u>\$ 110.00</u>

2. Please check with your tutor or practitioner as answers will be unique to your choices.

A Place for Your Notes:

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A Place for Your Math:

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**expenses**

what you spend your money on

**income**

the money you make

**needs**

things you must have and can't do without, such as food

**Registered Education Savings Plan**

a special savings account to help you save for your child's future education. Also known as a RESP

**spending plan**

a plan for how you will spend your money so that you can best meet your needs; also called a budget

**wants**

things that would be nice to have, but that you can live without



## Congratulations!

You've now completed Workbook 1 of *Money Matters*, a program designed to help you make your money work for you.

You've taken an important step to a better understanding of how to take care of yourself by taking care of your money. This is called **financial literacy**.

We hope you've learned things that you can put to practice in your life. We also hope that you feel more comfortable going to a bank or another financial institution to ask questions, get advice, and choose the best money option for you.

### **Don't forget! Remember!**

Now please take the time to finish filling out the course evaluations. This will help us to improve the course and make changes you need.







Thank you for participating  
in the *Money Matters* program.



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