

Spending & Savings Plan (SSP) Activity Lesson

Use with Camp Millionaire and The Money Game

Materials/Equipment needed:

Flip chart, large flip chart markers (PILOT MARKERS work great)
Budget pages (2-sided), pencils (not pens)
Calculators
Volunteers (one per group of 4 participants is the best scenario)

Prerequisite Activity:

Wants and Needs Debate Activity Lesson

Main Objectives:

- To understand the importance of planning your spending and savings
- To practice making a budget
- To see the importance of putting needs before wants
- To learn the three reason why you do a budget: planning, tracking, evaluating
- To have a reality check BEFORE they leave home and freak out!

Key Terms, Callbacks:

SSP, budget, want, need, expense, fixed, variable, review of money jars.

Principles, Sayings, Declarations:

Most people don't plan to fail, they fail to plan
It's better to tell your money where to go than to ask it where it went

Set up/Preparation:

Get a fresh sheet of flip chart paper and all materials ready. You can pre-draw part of the flip chart if desired but leave lines where you will fill in the amounts.

Dialogue/How to:

Now that you know the difference between a Need and a Want, let's learn another habit of financially free people. How many of you think that rich people keep track of their money? Right. And why do they do that? Exactly. Rich people believe it's better to tell their money where to go than ask it where it went!

Why do you think it's important to make plans for saving and spending your money? Right. It's because if you don't, you'll never know how much you have or don't have. People who don't keep track often end up having too much month at the end of their money!

This means people run out of money before they get paid instead of having enough money to take

them through the month. How many of you would like a simple tool to make sure you always know where your money is?

We're going to learn how to know exactly what you're doing with all your money each month. Who can tell me/us what that might be called? (You want them to come up with the word 'budget'). It's called a bud_____ (let them complete it).

Lots of grown-ups don't like to do a budget because they see a budget as something that limits or restricts them rather than seeing a budget as a tool to reach their goals. A lot of grown ups equate going on a budget with going on a money diet. Most people who go on a diet lose the weight they want in a couple of months and then stop dieting. You can't just go on a diet for a couple of months and expect to have lifelong results. What if you went on a budget for a couple of months, saved the money you needed, and then went back to not having a budget? You'd quickly end up back where you started. Instead of a diet, people might want to change their lifestyles and develop a healthy a meal plan and instead of a budget, people might want to go on a SPENDING AND SAVINGS PLAN or an SSP for short.

An SSP is a tool that helps you plan where your money goes so you have control over it, not the other way around. An SSP is a way to plan, track and evaluate your spending habits.

Who should budget?

1. Individuals
2. Families
3. Companies
4. Governments

NOTE: Get them into groups of 3-4. Use "I Pay Myself First" for four (4) groups and "Pay Yourself First" for three (3) groups. Pass out the worksheets, pencils and calculators now and have the flip chart and markets ready. Stand by the flip chart...

So, here's what we're going to do...we're going to imagine that you all just got out of school and have your first full-time job. You're making \$3000 a month and this is your gross pay, your what pay? (Callback: gross). Right. How much is that a year? (Answer - \$36,000 a year) Is that a lot of money? Can anyone figure out how much an hour that is? Answer: \$18.75.

Write your gross pay amount on the top of your budget sheets across from Gross Pay.

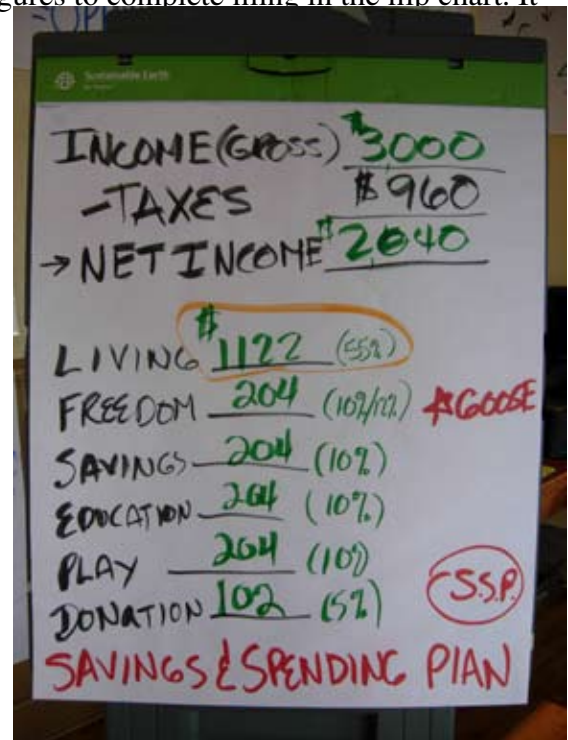
Now do you get to spend the whole \$3000? No. Why not? (They should say taxes). So we're going to say your taxes are 32% of your paycheck and that's \$960. So, write \$960 in the line for taxes. What does that mean your actually paycheck is? Right, \$2040. And we call that your what income? Right, your NET income. Good job.

OK, now that we know how much your paycheck is, we need to figure out how much goes into your money jars so we know how much you have in Living Jar. In your groups, using your calculators, take a couple of minutes to figure out how much money goes into each jar. (Use volunteers here to

help).

NOTE: Once they are finished, have them give you the figures to complete filing in the flip chart. It should look like this:

Salary - Gross income	\$3000.00
Taxes (30%)	\$ 960.00
Net Income (or take home pay)	\$2040.00
Spending Jar	\$1122.00
Freedom Jar	\$ 204.00
Saving Jar	\$ 204.00
Education Jar	\$ 204.00
Play Jar	\$ 204.00
Donation Jar	\$ 102.00
TOTAL	\$2040.00



So, who can tell me how much money you have to live on each month? Right...\$1122. How many of you think that's a lot of money? Well, we're going to see how far it goes.

OK, go ahead and look at the next page (or turn over the page if you printed them back to back).

This is an SSP or budget as adults call them. Let's look at what's here. Notice that down the left column there are headings (light green if printed in color, otherwise they are light grey). What are the headings? (Let them find them and read them out loud so they understand).

And under each heading, you have choices to make. Let's look across from left to right. The first thing is Options. We've given you a low option and a high option as far as what it might cost. You can choose the low or the high or anywhere in between. (They learn they have to choose the lower options:-).

What's next? Right...the Fixed and Variable column. Who can tell me what a fixed expense is? Exactly, these are expenses that are the same every month. What kind of expenses might be fixed? Right...rent, car payments, house payments, loan payments, etc. When you're working on your budget, the first expenses you want to identify are your fixed ones and then move on to the variable ones.

What is variable expense? Exactly...an expense that changes month to month. Someone tell me an expense you might have that never changes? Right...telephone bill, food, gas, etc. Good work. You'll need to circle whether the expense is Fixed or Variable.

What's next? Right...this is where you write in what you choose to spend 'as a group' each month. Budgets are based on a month. Notice the two places where we've already written in "0". What is the first expense that is 0? Right...we're assuming you're renting and most landlords pay for garbage and water. What's the second? Right...it's your health insurance. A high percentage of employees have

health insurance through their employers. But...if you are running your own business, who has to pay for your health insurance? Exactly...YOU DO!

So, what's next? Right...you need to circle whether it is a Want or a Need.

Now, in your groups you get to figure out how to live on \$1122 a month. How many of you think you can do that? We'll be walking around to help you so don't hesitate to ask us.

NOTE: Give them 15-30 minutes to figure out how to live on \$1122. It's great when you have a volunteer for each group.

When they are finished, go over this project with them. See how many of them were able to live on the money in their Living Jar. Ask them what they learned from the activity.

Be prepared for some interesting questions and comments. This is probably the most important project you do with the students besides the "How much does it cost to raise me" wealth work they do with their parents (see below).

End with...

So, everyone repeat after me...IT'S BETTER TO TELL YOUR MONEY WHERE TO GO THAN TO ASK IT WHERE IT WENT. You will never achieve your financial goals, whatever they are, unless you plan and track your money carefully.

BONUS ACTIVITY:

One of the activities we use as Wealth Work (aka homework for wealthy people in training) is called What it costs to raise me. We ask them to go over this sheet with their parents and bring it back the next day. It's very powerful and kids and teens tell us they didn't realize they were so spoiled. They have no idea how much it costs because parents don't tell them. Feel free to use the bonus activity as you wish.