



# **KEY 5 Facilitator Guide** **Paying Bills and Budgeting**

JIM CASEY YOUTH OPPORTUNITIES INITIATIVE

THE ANNIE E. CASEY FOUNDATION

# KEY 5 PAYING BILLS AND BUDGETING

## FACILITATOR GUIDE



Read the *Guide to Facilitating Keys to Your Financial Future* if you have not already done so. This important resource will provide you with information and tips to effectively and efficiently use this curriculum.

### Introduction

This facilitator guide includes complete instructions for leading activities to provide a highly interactive training for young people. All instructions are next to their corresponding pages in the participant guide — instructions on the left and the participant guide on the right. The participant guide pages included in the facilitator guide have answers to activities and exercises — the answers are NOT included in the participant guides. This is meant to help you as a facilitator understand the range of answers that may come from participants and highlight answers that participants may not have considered.

Where you are prompted to provide information, use the text within the participant guide on the right side. The same information is NOT repeated in the instructions on the left side to keep the instructions as streamlined as possible with a focus on setting up, facilitating and processing activities.

Finally, you may be tempted to cut activities or small group work to save time and present the information instead. Avoid this. If you are pressed for time, cover less material in the key. Discussions, exercises and activities in pairs or small groups are more engaging and therefore, more effective.

### Before the training:

Set up the room so small groups of participants are sitting around tables.

Make sure you have flipcharts or a whiteboard and the appropriate markers. Only use black, blue, brown, purple and dark green markers.

Review the facilitator guide. This includes reading the corresponding page in the participant guide.

Remember, most content is contained in the participant guide — the right side of this document.

Prepare/set up for specific activities using “Notes” in the facilitator guide.

Develop your own examples to augment information provided in the participant guide and facilitator guide.

Identify local resources where prompted so you can share and discuss them with the participants.





## **KEY 5 Participant Guide**

### **Paying Bills and Budgeting**

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## Introduction (continued)

### List of training activities:

TRAINING METHOD	TOPIC	TIME ESTIMATE
Presentation	Welcome and Session Objectives	5 minutes
Presentation, Vote With Your Body and Small Group Exercise	Spending Money and Key Activity: Layla's Needs, Obligations and Wants	15 minutes
Presentation	Bills vs. Expenses	3 minutes
Carousel	Paying Your Bills and Key Activity: Benefits and Risks of Different Ways to Pay	7 minutes
Presentation	Checking Accounts and Keeping Track of Your Checking Account	5 minutes
Presentation	Online and Mobile Ways to Pay Bills	5 minutes
Exercise in Pairs (Optional)	Bill Calendar and Key Activity: Levi Uses a Bill Calendar (Optional)	10 minutes
Presentation	Key to Your Financial Future: Create Your Bill Calendar	3 minutes
Facilitated Discussion	Different Ways to Budget	5 minutes
Presentation	Tracking Spending and Key to Your Financial Future: My Spending Tracker	3 minutes
Presentation or Participant Presentation	Habits and Rules of Thumb and Key Activity: Habits and Rules of Thumb	10 minutes
Small Group Exercise and Scenario (Optional)	Budget for a Specific Purpose and Key Activity: Geraldine Makes a Housing Budget (Optional)	10 minutes
Presentation	Making a Budget	5 minutes
Exercise With Partner	Key Activity: Read Alicia's Cash-Flow Budget	15 minutes
Small Group Exercise	Bringing Budgets Into Balance and Key Activity: Strategies for Bringing Your Budget Into Balance (Optional)	10 minutes
Presentation	Key to Your Financial Future: Your Cash-Flow Budget	5 minutes
Reading a Chart as a Large Group (Optional)	How Much Do People Spend? (Optional)	5 minutes
Small Group Exercise (Optional)	When There Isn't Enough Income and Key Activity: Antonio Can't Pay His Bills (Optional)	10 minutes
Presentation and Individual Activity	Key to Your Financial Future: Paying Bills When Money Is Short	5 minutes
Individual Activity (Optional)	Wrap Up: Paying Bills and Budgeting (Optional)	5 minutes
Closing	Key Information From This Section	2 minutes
Closing Activity (Optional)		5 minutes
TOTAL TIME ESTIMATE		Approx. 1 hour and 45 minutes, not including optional activities





## **KEY 5 Participant Guide**

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## PRESENTATION

### Welcome and Session Objectives



- Welcome participants.
- Explain the following:
  - ***Keys to Your Financial Future*** is designed to help you plan how to get, manage and use money now and in the future so you can have the life you envision for yourself.
  - This fifth section of ***Keys to Your Financial Future*** is about paying bills and budgeting.
- Quickly orient participants to the contents in the key using the table of contents on page 2 of the participant guide.

**Note:** The term “key” is used instead of module or chapter throughout this curriculum.

- Explain the following:
  - We will be talking about many Key Concepts as a group, but we will also do some activities in pairs or small groups.
  - Working with a partner or in small groups will help keep this training more interesting and help you practice some of the ideas we are learning together.

**Note:** Before training, read through the facilitator guide and figure out how to identify the pairs and small groups for each activity. There is guidance with many of the activities, but you may want to think about: group dynamics — consider moving participants to different groups during the training to improve the training environment; group size — if there are only five participants, breaking into small groups may not make sense but working with a partner may; and room arrangement — everyone around one table, participants seated around tables or participants sitting at desks. (Participants sitting at desks is not advisable but may be unavoidable depending on the resources you have in your community for training space.)



## KEY 5

# Paying Bills and Budgeting



“Paying Bills and Budgeting” is the fifth key in *Keys to Your Financial Future*, a financial capability curriculum for young people. This key covers spending on needs, wants and obligations and different ways to keep track of and pay for bills. Key 5 also examines different ways to budget, including using a spending tracker, relying on habits and rules of thumb, creating a budget for a specific purpose and making a cash-flow budget.

## What You’ll Find in This Key

What You’re Going to Know or Be Able to Do . . . . .	3
Spending Money . . . . .	4
KEY ACTIVITY: Layla’s Needs, Obligations and Wants . . . . .	5
Bills vs. Expenses . . . . .	6
Paying Your Bills . . . . .	7
KEY ACTIVITY: Benefits and Risks of Different Ways to Pay . . . . .	7
Checking Accounts . . . . .	9
Keeping Track of Your Checking Account . . . . .	10
Bill Calendar . . . . .	11
KEY ACTIVITY: Levi Uses a Bill Calendar . . . . .	12
Key to Your Financial Future: Create Your Bill Calendar . . . . .	14
Different Ways to Budget . . . . .	15
Tracking Spending . . . . .	15
Key to Your Financial Future: My Spending Tracker . . . . .	16
Habits and Rules of Thumb . . . . .	17
KEY ACTIVITY: Habits and Rules of Thumb . . . . .	18
Budget for a Specific Purpose . . . . .	19
KEY ACTIVITY: Geraldine Makes a Housing Budget . . . . .	19
Making a Budget . . . . .	21
KEY ACTIVITY: Read Alicia’s Cash-Flow Budget . . . . .	22
Bringing Budgets Into Balance . . . . .	24
KEY ACTIVITY: Strategies for Bringing Your Budget Into Balance . . . . .	25
Key to Your Financial Future: Your Cash-Flow Budget . . . . .	26
How Much Do People Spend? . . . . .	29
When There Isn’t Enough Income . . . . .	29
KEY ACTIVITY: Antonio Can’t Pay His Bills . . . . .	30
Key to Your Financial Future: Paying Bills When Money Is Short . . . . .	31
Wrap Up: Paying Bills and Budgeting . . . . .	33
Key Information From This Section . . . . .	34

## PRESENTATION (continued)

### Welcome and Session Objectives

- Review the session objectives on page 3 of the participant guide — What You're Going to Know or Be Able to Do.

**Note:** Paraphrase them; don't read them.

## SUMMARIZE/TRANSITION

- *Let's start by learning the ways you can use your income.*



## What You're Going to Know or Be Able to Do

By the end of this key, you'll know or be able to do the following:

- ☐ **EXPLAIN** the differences among needs, wants and obligations.
- ☐ **EXPLAIN** the difference between expenses and recurring bills and the consequences of not paying certain bills/expenses.
- ☐ **DESCRIBE** ways to pay bills and the risks associated with each.
- ☐ **USE A SPENDING TRACKER** — paper, mobile or online — to document how money is spent and identify patterns in spending as well as opportunities to make changes.
- ☐ **UNDERSTAND** on average how much people spend on major expense categories.
- ☐ **DESCRIBE** different approaches to budgeting and when to use them.
- ☐ **LIST** strategies for living within your means — with the income and financial resources you have.



## PRESENTATION, VOTE WITH YOUR BODY AND SMALL GROUP EXERCISE

### Spending Money and Key Activity: Layla's Needs, Obligations and Wants



- Review the ways you can use your income.
- Explain Key Concept: Saving or Investing and Key Concept: Sharing.
- Define needs, obligations and wants.

**Note:** You can do both activities or select one.

#### ACTIVITY 1: Vote With Your Body

**Note:** Before the training, hang up three signs on the walls: “Need,” “Want” and “Obligation.”

- Tell participants you are going to read off a list of items that you could spend money on. Use the list of example expenses below or use others that may be more contextually or culturally relevant to the people you are training. Limit the number of examples to three to five.
- Ask participants to stand under the sign that best represents the category they would put that item in: need, want or obligation.
- After you read each item, facilitate a discussion to uncover the reasons people have voted the way they have.
- Be sure to ask questions like:
  - o What are some of the reasons you see the item as a need? Want? Obligation?
  - o What could be some of the reasons people see the same item so differently?
  - o How does this relate to budgeting?
- Example expenses:
  - o Smart phone
  - o Cell phone plan including data plan
  - o Paper towels
  - o Haircuts, hair color, manicures, etc. — personal grooming expenses
  - o Bottled water
  - o Coffee
  - o Pet food
  - o Credit card payment
  - o Home-based internet connection
  - o Baby formula
  - o Cigarettes





## SAVING OR INVESTING

Is saving or investing spending your money? Not technically, but it's a use of your income. You can think about it as spending because it's a planned use of your income.

## SHARING

Sharing means using your money to help others. This could be helping a family member, contributing to your community of faith or donating to your favorite charity. People get joy from sharing their financial resources.

In general, it's productive to plan your giving. This means, not responding to every "in the moment" request from friends or family. Sharing financial resources should not keep you from paying for your own needs and obligations. Make sure your bills and essential expenses are covered before you share.

# SPENDING MONEY

There are three ways to use your income. You can:

- + save or invest it;
- + share it; and
- + spend it.

You can spend your money on:

- + needs — things you must have to survive;
- + obligations — things you must pay because you owe the money, are under contract or have been ordered by the courts or government to pay them; and
- + wants — things you desire but are not necessary for survival.

The definitions of needs, obligations and wants may seem clear, but people get them confused. For example, shelter is a need. But, there may be many choices for shelter. As the features and amenities increase so does the amount you have to spend. Food is another example. Everyone would agree it's a necessity. However, money is spent on food because it is convenient, a form of entertainment or just preferable — not just necessary to sustain health.

How people see expenses — as needs, obligations or wants — is often based on their own values.



## PRESENTATION, VOTE WITH YOUR BODY AND SMALL GROUP EXERCISE (continued)

### Spending Money and Key Activity: Layla's Needs, Obligations and Wants

#### ACTIVITY 2: Key Activity: Layla's Needs, Obligations and Wants (Optional)

- In small groups, ask participants to read Key Activity: Layla's Needs, Obligations and Wants.
- Instruct them to discuss and then answer the questions that follow.
- After 5–7 minutes, solicit answers from the group.
- Use the answer key to add to their answers.

#### SUMMARIZE/TRANSITION

- *Now that you have learned about the ways you can use your income — save it, share it or spend it — AND how you can spend it on needs, wants or obligations, you're going to look at how bills are different from expenses and ways to pay your bills.*



## KEY ACTIVITY

# Layla's Needs, Obligations and Wants

Identify the needs, obligations and wants Layla spends her money on.

Layla just started working as a paralegal in a law firm. She is so excited. She waited tables in a local restaurant six nights a week to earn money to pay for school. To start work, Layla felt she needed professional attire. She went to a department store and bought two new suits. While there, she invested in high-quality makeup, too. During her orientation at her new job, she was invited to open a 401(k). Anything she saved in her 401(k) would be matched by her employer. Since retirement was so far in the future and she needed all her money now, she did not fill out the paperwork.

### What were Layla's needs?

Answers will vary:  
professional attire, groceries

### What were her wants?

Answers will vary: professional attire from a department store, high-quality makeup, going out to lunch, massage

### What values do you see reflected in Layla's spending choices?

- Status/making a good impression
- Education
- Job recognition
- Self-care

On her second day of work, her new colleagues invited her out to lunch. She couldn't say no. She ended up eating lunch in nice restaurants every day.

On Wednesday, she got a call from her caseworker. She had fallen two months behind on her child support payments. To avoid wage garnishment, she took a cash advance on her credit card to catch up. On Saturday, she sat down to pay her bills. She was late on her cell phone payment, and her car payment was due next week. She also needed to go grocery shopping. On the way to the store, she got a massage because she was feeling so much stress.

### What were her obligations?

Answers will vary:  
child support payments, credit card payments, car payment, cell phone payment

### Did she confuse her needs, wants and obligations? If yes, which ones?

- Yes. She needed professional attire and possibly makeup but could have found discount or free sources for the clothing and more economical choices for the cosmetics.
- Going out to lunch vs. eating her packed lunch
- Choosing clothing over child support payments

### What could she have done differently to ensure her needs and obligations were met?

- Found more economical choices for clothing and cosmetics
- Not spend money for lunch OR go with the group and eat sack lunch
- Take care of obligations first — child support, etc.
- And, for her own long-term needs, she could have signed up with the 401(k) plan at work especially with an employer match. *By not doing this, she is leaving thousands of the dollars on the table unclaimed — not getting the match from her employer.*

## PRESENTATION

### Bills vs. Expenses

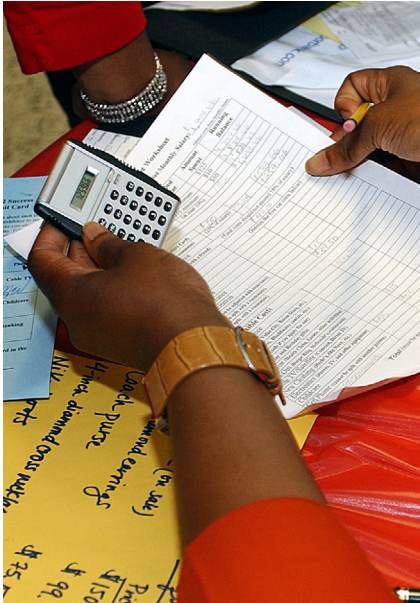


3

minutes

- Review the difference between bills and expenses.
- Instruct participants to complete the Key Resource: Get Help if You Can't Pay Your Bills.
  - o Remind participants this is not who they are going to for money but for guidance in figuring out how to prioritize their bills if they run into trouble.





## BILLS VS. EXPENSES

Covering all your needs, obligations and wants with your income can be tricky. One reason is that some bills are recurring — this means they happen regularly and predictably. Rent is a recurring bill. You generally pay the same amount on the same day every month. Some bills are periodic. You may only pay them quarterly, twice a year or annually. If you owe money for income taxes, this is an annual payment.

Then there are ongoing expenses that aren't bills, but you must spend your money on them. Two examples are groceries and household supplies such as toilet paper, paper towels and shampoo. Both the amount you pay and when you pay for these expenses varies.

Most people find they can plan for bills, but planning for ongoing expenses is more difficult.

### KEY RESOURCE

#### GET HELP IF YOU CAN'T PAY YOUR BILLS

If you find you don't have the income to pay your bills, get help first. Write the contacts of some people you can turn to for guidance if you cannot pay your bills:

Trusted adult:

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Caseworker:

---

Bank or credit union staff:

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Nonprofit financial counselor or coach:

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## CAROUSEL

### Paying Your Bills and Key Activity: Benefits and Risks of Different Ways to Pay



**Note:** Before the training, make six flipcharts with grids that look like the empty tables on page 8 in the participant guide. Number them one through six. Hang these throughout the room folded up so participants cannot see their headers.

- Count participants off one through six.
- Instruct ones to stand by flipchart one (cash), twos to stand by flipchart two (prepaid cards) and so on. Give each group some markers. Instruct participants to remove tape and reveal the headers on each flipchart.
- Tell participants this is a carousel.
- They will as a group have about 30 seconds to brainstorm benefits or risks to paying bills based on the method on the flipchart in front of them.
- Explain that when they hear time, they should rotate to the next flipchart and do the same thing but ADD to what the group(s) ahead of them wrote.
- Rotate so participants end up at the flipchart where they started.

# PAYING YOUR BILLS

If you don't have bills right now, you may want to mark this section to read later. If, however, you are getting ready to transition to or are already living independently, this section is very important to you.

One of the most important things you can do when it comes to managing your money is pay your bills on time — ***all the time***.

By paying your bills on time, you:

- + avoid late fees and penalties — so you save money;
- + avoid loss of services, such as utilities or cell phone;
- + avoid large deposits to re-establish services cut off due to late or nonpayment;
- + avoid repossession of vehicles;
- + avoid losing your apartment or home;
- + maintain or improve your credit history and scores; and
- + ensure people will continue doing business with you.



There are many ways to pay your bills.

## KEY ACTIVITY

### Benefits and Risks of Different Ways to Pay

With other members of your group, list the benefits and risks or potential costs of different ways to pay your bills.

BENEFITS OF USING CASH		RISKS/POTENTIAL COSTS OF USING CASH	
<ul style="list-style-type: none"><li>• Easy to get — don't have to have a good credit history, etc.</li><li>• Easy to understand how to use it</li><li>• May be easier to budget with so you'll have the cash on hand to pay bills when needed</li></ul>		<ul style="list-style-type: none"><li>• No record of payment — must keep own records</li><li>• Must get receipts or no proof of payment</li><li>• Not safe to send through the mail</li><li>• Can be easily stolen</li><li>• No one to advocate for you (bank, for example) if you paid but merchant says you did not</li><li>• May not be acceptable or possible payment for some bills</li><li>• May be more time consuming to pay bills this way especially if you must make the payment in person</li></ul>	
BENEFITS OF PREPAID CARDS		RISKS/POTENTIAL COSTS OF PREPAID CARDS	
<ul style="list-style-type: none"><li>• Easy to get — don't have to have good credit, etc.</li><li>• Widely available at stores, gas stations, etc.</li><li>• Easy to use</li><li>• May be safer than cash — if you've set up your card and it's lost or stolen, others must have PIN to access the funds</li><li>• Some protections if card is</li></ul>		<ul style="list-style-type: none"><li>lost or stolen IF you register the card</li><li>• If you register the card, you can keep track of your transactions through an online statement — this provides proof of payment</li><li>• Widely accepted</li><li>• Can't overspend — cannot use more than you've loaded on the card</li></ul>	
		<ul style="list-style-type: none"><li>• Fees, fees and more fees</li><li>• Fees to load money, make purchases, check balances, etc.</li><li>• Fees may use up balance on card</li><li>• If not registered, you may not get full access to the features and protections offered by the card including record of transactions, which can be proof of payment</li></ul>	

## **CAROUSEL (continued)**

### **Paying Your Bills and Key Activity: Benefits and Risks of Different Ways to Pay**

- Invite a member of each group to present that group's flipchart.
- Instruct participants to take notes in their participant guides.
- Use the possible answers written in the tables in the participant guide to add to the reports from each group.
- Invite participants to use the space in their guides to take notes.



<p><b>BENEFITS OF CHECKS</b></p> <p>(You must have a checking account to use checks. You can also use a debit card, make withdrawals of cash using an ATM, use online bill payment and set up automatic payments once you have a checking account.)</p> <ul style="list-style-type: none"> <li>• Record of transactions — proof of payment</li> <li>• Safe to send through the mail</li> <li>• May be the form of payment preferred by some recipients, but this is changing quickly</li> </ul>	<p><b>RISKS/POTENTIAL COSTS OF CHECKS</b></p> <ul style="list-style-type: none"> <li>• Not understanding the rules of the account</li> <li>• Overdrawing account — writing checks for amounts that are more than the amount of money you have in the account</li> <li>• Fees related to overdrawing account or not following the rules of the account (going below the minimum balance required for the account)</li> <li>• Not keeping track of debit card transactions, fees and ATM withdrawals that come out of account</li> <li>• Negative banking history report if you overdraw account too many times or owe fees</li> <li>• Even with overdraft protection, you may end up owing bank or credit union a lot of money. (Overdraft protection is a product sold by banks and credit unions that covers overdrafts, but costs money each time you overdraw AND you must repay the amount “borrowed,” often with interest.)</li> </ul>
<p><b>BENEFITS OF AUTOMATIC BILL PAYMENT</b></p> <p>(If participants do not know about this, explain that automatic bill payment must be linked to a credit card, debit card, bank account or REGISTERED prepaid card branded with a major credit card network — VISA, MasterCard, American Express or Discover. This is where the money comes from.)</p> <ul style="list-style-type: none"> <li>• You’re never late with a payment, but only works with regular payments (in terms of amounts and due dates)</li> <li>• Easy to set up</li> <li>• Saves you time</li> <li>• Record of transactions — proof of payment</li> <li>• You may be charged a little less for a service by setting up an automatic payment</li> </ul> <p>Note: Sometimes this is called automatic debit.</p>	<p><b>RISKS/POTENTIAL COSTS OF AUTOMATIC BILL PAYMENT</b></p> <ul style="list-style-type: none"> <li>• Not having enough money in your account when the payment is scheduled</li> <li>• Forgetting to cancel payments when you want to discontinue a service</li> <li>• Even if you cancel the payments, sometimes they continue</li> <li>• Must monitor payments, though, in case something goes wrong — sometimes a payment is NOT made and then you face late fees, etc.; may not always be clear the reason behind the missed payment</li> <li>• If you switch accounts — the credit card or bank account the automatic payment is made from — you must be extra careful to make sure the payment happened as it was supposed to</li> </ul>
<p><b>BENEFITS OF ONLINE BANKING</b></p> <p>(If participants do not know this, explain that they must first open an account at a bank or credit union to use online banking. This can also be an online bank.)</p> <ul style="list-style-type: none"> <li>• 24-hour access to account</li> <li>• Efficient — saves time and in some cases money</li> <li>• Can pay bills online, saving time and money</li> <li>• Can regularly monitor accounts to ensure transactions are correct, you have money in your account and check for fraud</li> </ul>	<p><b>RISKS/POTENTIAL COSTS OF ONLINE BANKING</b></p> <ul style="list-style-type: none"> <li>• May be more difficult to get help</li> <li>• Must use secure Internet or Wi-Fi connections to avoid theft of information</li> </ul>
<p><b>BENEFITS OF PEER-TO-PEER PAYMENT SERVICE</b></p> <p>(Examples of this include PayPal, Apple Pay, Zelle, Venmo and Square’s Cash app.) (If participants do not know about this, explain that these services must be linked to a credit card, debit card, checking account or REGISTERED prepaid card branded with a major credit card network — VISA, MasterCard, American Express or Discover. This is where the money comes from.)</p> <ul style="list-style-type: none"> <li>• Convenient — can send money from a cell phone, computer or other device to anyone else who has the same app at any time of day or night</li> <li>• Easy to set up</li> <li>• Provides a record of transactions</li> <li>• Generally considered safe — transactions are encrypted (scrambled so they cannot be read)</li> </ul>	<p><b>RISKS/POTENTIAL COSTS OF PEER-TO-PEER PAYMENT SERVICE</b></p> <ul style="list-style-type: none"> <li>• Nearly impossible to get a refund in the case of a misdirected payment — you accidentally send money to the wrong recipient — UNLESS the recipient is willing to return your money</li> <li>• Increasingly becoming a platform for scams and fraud</li> <li>• Data may not be private — used for advertising purposes</li> <li>• Some systems have types of purchases public by default (this means they are automatically public) and encourage you to be part of their “community”</li> <li>• Rights and obligations unclear in user agreements in the case of errors or fraud (Source: Consumer Reports, Inc., 2019)</li> <li>• Must use secure Internet or Wi-Fi connections to avoid theft of information</li> </ul>

## PRESENTATION

### Checking Accounts and Keeping Track of Your Checking Account



5

minutes

**Note:** Because many young people will get and use checking accounts, spend a few minutes reviewing the basics of checking accounts. Paraphrase this information.

- Review the information about checking accounts. Be sure to cover the way you can pay for bills out of your checking account, ways to make sure you don't run into trouble with checking accounts and authorization holds.
- Review Key Concept: Getting a Checking Account.

# Checking Accounts

A **checking account** is an account at a bank or credit union. When you open a checking account, you deposit money into it. What is in your account is called your balance.

You can pay for bills or other expenses by:

- + writing checks;
- + using your debit card;
- + making withdrawals of cash at ATM (automatic teller machines) and using cash;
- + using online bill payment; and
- + setting up automatic debits from your account.

Each time you use any one of these options to pay for bills or other expenses, your balance goes down.

Checking accounts can provide a safe and convenient way to pay bills. But, you can get into trouble with them.

If you use your account and there isn't enough money in the account, the transaction will be declined or you will pay fees if you have overdraft protection. This will happen if you use your debit card, write a check, have an automatic debt scheduled or withdraw funds using an ATM. The bank or credit union will charge you **NSF** (nonsufficient funds) or **overdraft fees**. The businesses that the payments were intended for may also charge fees.

The best way to make sure you don't run into trouble with a checking account is to keep track of each:

- + deposit or withdrawal you make online, using a mobile app, in person or at an ATM;
- + bill you pay electronically out of your checking account;
- + automatic debit;
- + purchase you make with a debit card; and
- + check you write.

Also, be aware of “authorization holds” on your account. This happens when you use your debit card to buy gas, rent a car or get a hotel room. When you swipe or insert your debit card, the merchant places a hold on funds over the amount you will likely owe. This is because the total amount owed is not known when the authorization is given. While the funds are being held, you cannot use them. Authorization holds are generally lifted within a couple of days, but they can last longer.

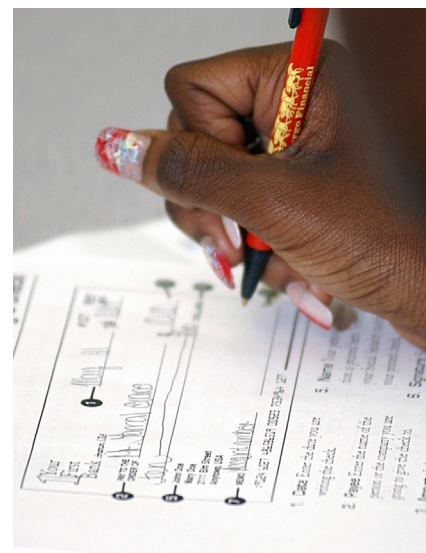


## GETTING A CHECKING ACCOUNT

A checking account is the most common tool people use to pay bills.

You can open a checking account at a bank or credit union. It pays to comparison shop when picking a checking account. In general, you will want to find out:

- Are there minimum balance requirements? If yes, what are they?
- Will the account earn interest? What is it?
- Will you be charged an account maintenance fee?
- Will you get a debit card with the account? ATM card? Will you pay fees when you use your debit card or ATM?
- What are your options for overdraft protection?
- How can you get help with managing this account?



## PRESENTATION (continued)

### Checking Accounts and Keeping Track of Your Checking Account

- Review Key Concept: NSF vs. Overdraft.
- Review the tips for keeping track of your checking account.

## SUMMARIZE/TRANSITION

- *There are many ways to pay your expenses and bills.*
- *There are benefits and risks associated with each.*
- *Now, you're going to learn about a simple tool for staying on top of your bills no matter how you pay them — a bill calendar.*





## NSF vs. OVERDRAFT

If you write a check and you do not have enough funds to cover it, the bank or credit union can:

- Cover the check and charge you overdraft fees for using its funds. You will owe them the money used to cover the check.
- Decline the check and charge you a nonsufficient funds fee. The business receiving your check may also charge a fee in this case.

If you use a debit card and there is not enough money in your account, it will be declined unless you have said “yes” to the bank or credit union’s overdraft protection program. This is expensive as you may be charged daily fees and interest on the amount you “borrowed” from the bank to cover the transaction until you pay it back.

A less expensive way is to provide your own overdraft protection. Have your checking account linked to a credit card or line of credit in case of overdraft by check, credit or automatic debit.



## Keeping Track of Your Checking Account

There are several ways to keep track of your checking account.

- + Use the check register provided by the bank or credit union. Write down the date, purpose and amount of each transaction.
- + Sign up for online banking. You can check your account any time of the day from a computer with a secure connection.
- + Use the bank or credit union’s mobile app. Like online banking, you can check your account anywhere from your mobile device.
- + Review your account statements. If you have online banking or mobile app, you will have almost real-time access to your statements all day every day.

## EXERCISE IN PAIRS (optional)

### Bill Calendar and Key Activity: Levi Uses a Bill Calendar



- Review Key Concept: What Could be Missing From Your Online Statements or Mobile App?
- Review Key Concept: Online Security.
- Explain what a bill calendar is, why to use one and how to make one.
- Explain the following:
  - o If you are paying bills, make a bill payment calendar for yourself.
  - o You can use a paper calendar, online calendar, online program or mobile app.
  - o Check to see whether the online calendar, program or mobile app can email reminders or texts when bills are coming due.
  - o When you use a bill calendar, make sure you build in enough time for the payment to arrive. You don't use the due date but when you need to send the payment.

Here are the guidelines:

    - Check or money order through the mail — write the “due date” 5 to 7 days before the actual due date to ensure the payment arrives on time.
    - In person — write the due date a few days before the actual due date just in case you are too busy on the actual due date; it's better to be early with a bill than late.
    - Online banking or online or mobile payment — put the due date a few days before the actual due date in case you are too busy to make payment on the date the bill is due.
    - Automatic bill payment or automatic debit — write the actual due date on the calendar.



## WHAT COULD BE MISSING FROM YOUR ONLINE STATEMENTS OR MOBILE APP?

While online banking and mobile apps provide real-time access to your account information, some information may be missing.

For example:

1. Deposits you made may not have cleared. This means they are not available for use.
2. Checks you have written may not have been cashed. This can cause big problems if you do not keep track of checks written against your balance.

## ONLINE SECURITY

Before using any online site to manage your money, make sure it is secure. First, check to see if there is an “s” after the “http” in the URL. This means the site uses encrypted technology — it scrambles data so they can’t be easily read. There should also be a little picture of a lock 🔒.

Second, look for the “seals of approval” from the Better Business Bureau Online (BBBOnline), VeriSign and TRUSTe.

Finally, check to see that the site has a privacy and security policy.

## Bill Calendar

One simple tool to help you make all your payments on time is a bill calendar. A bill calendar is where you write in the dates when payments are due. If you get a regular income, you can also write the days you expect to be paid on the calendar, too.

Do you use the actual due date on the bill calendar? It depends on how you pay your bills.

- **Check or money order through the mail** — write the “due date” five to seven days before the actual due date to ensure the payment arrives on time.
- **In person** — write the due date a few days before the actual due date just in case you are too busy on the actual due date; it’s better to be early with a bill than late.
- **Online banking or online or mobile payment** — put the due date a few days before the actual due date in case you are too busy to make payment on the date the bill is due.
- **Automatic bill payment or automatic debit** — write the actual due date onto the calendar.



## **EXERCISE IN PAIRS (optional) (continued)**

### **Bill Calendar and Key Activity: Levi Uses a Bill Calendar**

- Instruct participants to work in pairs to complete the bill calendar for Levi.



## KEY ACTIVITY

### Levi Uses a Bill Calendar

Using the information below, complete a bill payment calendar for one month for Levi.

Levi has a problem keeping track of his bills. He has just transitioned out of foster care and is living in an apartment with a friend he met on the Youth Board. He is working full time at a locally owned restaurant as a server. He is working to earn his GED®.

He recently learned about using a bill payment calendar to stay on track with bills. Using the information below, help Levi prepare a bill calendar for the month of August. Remember to allow time for his payments to arrive.

Business, Organization or Individual to Be Paid	Amount	Due Date and Payment Method
Platinum Properties	\$425 — This is his half of the rent and includes electricity; he pays the landlord directly.	On or before the 1st of the month <i>Using mobile payment app</i>
National Credit Card Company	\$50 — He owes \$920 at 23%; he is making fixed monthly payments, so he can pay it off in 23 months.	On the 15th of the month <i>Online bill payment</i>
Department Store Charge Card	\$25 — He owes \$540 at 18%; he is making a fixed monthly payment, so he can pay it off in 27 months.	On the 15th unless Sunday <i>Mail check</i>
Southbell Cell	\$59.99 — For cell phone, messaging and data plan.	On the 6th of the month <i>Online bill payment</i>
Community Hospital	\$37.86 — On payment plan for expenses incurred beyond Medicaid coverage.	On or before the last day of the month <i>Automatic bill payment</i>
Community YMCA	\$20 — For gym membership.	On the 10th of the month <i>Automatic bill payment</i>
Super Satellite Television Service	\$22.50 — This is his half of the satellite television service; he sends the bill, so he must collect roommate's portion of the payment in advance.	The last day of the month for the following month's service <i>Mail check</i>
Community Credit Union	\$130.95 — For automobile loan; he borrowed \$4,000 at 11% for 3 years.	On the 15th of the month <i>Online bill payment</i>
State USA Auto Insure	\$102 — For automobile insurance, with a \$250 deductible for state required minimum coverage.	On the 21st of the month for coverage for the following month <i>Mail check</i>

## EXERCISE IN PAIRS (optional) (continued)

### Bill Calendar and Key Activity: Levi Uses a Bill Calendar

- After 7–10 minutes, review the answers using the answer key.
- Facilitate a discussion using the questions that follow.

**ASK:** *What do you notice about the timing of Levi's bills?*

- Listen to responses. Add the following if not mentioned:
  - o He has a lot of bills due the second week of the month — every day he must make a payment.
  - o He has no bills the third week.
  - o He needs most of his money in the first two weeks of the month.
  - o If he does not earn enough money from one paycheck, he needs to make sure he is saving enough money at the end of the month to cover the expenses he has the first two weeks of the month.

**ASK:** *How can you see a tool like this being useful to you? Or not useful to you?*

- This is an opinion question. Answers and comments will vary.  
Listen to answers. Make summary statements.

## SUMMARIZE/TRANSITION

- *Now that you have practiced with Levi, you can make your own bill calendar if you think this is something that may help you.*



## Bill Calendar for August

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 Platinum Properties \$425	2	3	4 Southbell Cell \$59.99	5	6	7
8	9 Department Store Charge Card \$25	10 Community YMCA \$20	11 Community Credit Union \$130.95	12 National Credit Card Company \$50	13 State USA Auto Insure \$102	14
15	16	17	18	19	20	21
22	23 Super Satellite Television Service \$22.50	24	25	26	27	28
29	30	31 Community Hospital \$37.86				

## PRESENTATION

### Key to Your Financial Future: Create Your Bill Calendar



- Explain how to complete Key to Your Financial Future: Create Your Bill Calendar.

## SUMMARIZE/TRANSITION

- *While a bill calendar keeps you on track with your bills, budgeting helps you plan for all your saving, sharing and spending.*
- *But there are many different approaches to budgeting.*
- *You're going to look at what budgeting is and a few approaches to budgeting.*
- *If possible, post the calendar where you can see it. It can serve as a daily reminder of when your bills are due and keep you on track for making all your payments on time and in full.*



## Key to Your Financial Future: Create Your Bill Calendar

If you are paying bills, make a bill calendar for yourself. You can use a paper calendar, online calendar, online program or mobile app. Check to see whether the online calendar, online program or mobile app can email reminders or texts when bills are coming due. If you are not yet paying bills, you can skip this step for now.

Use the chart to make a list of your bills. Then use a calendar form or app of your choice to create a bill calendar. If possible, post the calendar where you can see it. It can serve as a daily reminder of when your bills are due and keep you on track for making all your payments on time and in full.

Business, Organization or Individual to Pay	Account Information (Account Number) and Amount	Due Date and Payment Method

## FACILITATED DISCUSSION

### Different Ways to Budget



**ASK:** *What is a budget?*

- Write their ideas on a flipchart or whiteboard.
- Add to their ideas from participant guide.

**ASK:** *How do you feel about budgets?*

- Write their ideas on a flipchart or whiteboard.
- Add to their ideas from participant guide.

**ASK:** *Why don't budgets work for some people?*

- Write their ideas on a flipchart or whiteboard.
- Add to their ideas from participant guide.
- Explain the many approaches to budgeting using the information in the participant guide.

# DIFFERENT WAYS TO BUDGET

## What is a budget?

A budget is a plan to use your money to reach your goals.

## How do you feel about budgets?

Answers will vary.

Budgets work for some people and don't for others.

## Why don't budgets work for some people?

- They are not focused on goals.
- They are seen as restrictive rather than as a plan to bring about goals.
- They are not used on an ongoing basis.
- They are not based on actual information.

Budgets can be useful at specific times, or another approach altogether may work for you. There are many approaches to budgeting. Some really aren't budgeting in the traditional sense, but they are strategies that may help you stay on track with your money. The important thing is finding a strategy or combination of strategies that works for you.

## Tracking Spending

Some people track spending instead of making a budget. By paying attention to what you spend, you tend not to overspend. You can use paper, online tools or mobile apps to track spending. Using debit or credit cards, you have a record of your spending. And, if you have online banking or access to your credit card transactions, you can keep track of your spending in real time.

You can use this information to make changes to bring your spending into balance with your income. Or you can use it to cut back on your spending, so you can save for your goals.



## PRESENTATION

### Tracking Spending and Key to Your Financial Future: My Spending Tracker



- Explain how tracking spending can help people to not overspend.
- Review the Key to Your Financial Future: My Spending Tracker.
- Encourage participants to try this approach.

## Key to Your Financial Future: My Spending Tracker

Use the spending tracker, your own calendar, a mobile app or a notebook to track your spending for a week, two weeks or even a month. Keep receipts and use other records of your spending. At the end of the day or week, categorize them. At the end of each week, you can see how much money you spent in total and in each category. You can use this information to see where you may be able to cut back on spending. Or you can use it to make a budget.

	Week 1	Week 2	Week 3	Week 4	Week 5	TOTAL BY CATEGORY
<b>SAVING</b>						
Saving for emergencies						
Saving for goals						
Other saving: _____						
<b>SHARING</b>						
Charitable contributions						
Tithes or donations to faith community						
Money to family/friends						
Other sharing: _____						
<b>SPENDING</b>						
Credit card payment						
Car payment						
Student loan payment						
Other debt: _____						
Rent						
Utilities						
Cell Phone						
Food						
Meals out/fast food						
Household supplies						
Clothing						
Transportation						
Child care						
Pet care						
Medical expenses						
Entertainment						
Activities for child/ren: _____						
Other bills or expenses: _____						
Other bills or expenses: _____						
<b>TOTAL FOR WEEK</b>						



# PRESENTATION OR PARTICIPANT PRESENTATION

## Habits and Rules of Thumb and

### Key Activity: Habits and Rules of Thumb



**Note:** There are three options for this exercise. Select one before the training.

#### **OPTION 1: Presentation**

- Present the habits and rules of thumb.
- Ask questions as you go or provide examples.
- Have participants complete Key Activity: Habits and Rules of Thumb.
- Ask participants to share what additional habit they think can help budget.
- Write their ideas on a flipchart or whiteboard.
- Ask participants to share additional rules of thumb they would add to the list.
- Write their ideas on a flipchart or whiteboard.
- Invite participants to write some of the new ideas in their guides.

#### **OPTION 2: Participant Presentation**

- Assign each rule of thumb or habit to a participant to present.
- Encourage them to add their own interpretation, experience or anecdote to the rule of thumb or habit they present.
- Have participants complete Key Activity: Habits and Rules of Thumb.
- Ask participants to share what additional habit they think can help budget.
- Write their ideas on a flipchart or whiteboard.
- Ask participants to share additional rules of thumb they would add to the list.
- Write their ideas on a flipchart or whiteboard.
- Invite participants to write some of the new ideas in their guides.

# Habits and Rules of Thumb

Building habits or living by specific rules can be another way to help you live within your means.

Habits are things you do without thinking about it. With electronic banking and mobile apps, you can automate some habits.

## ☐ Automate savings.

If you have a job, set up an account and have your paycheck directly deposited. Then, every paycheck, have a specific amount transferred into savings. You set this up automatically in person at your bank or credit union, using online banking or using a mobile app. If you can't open a bank account, use a payroll card and access the savings features on it. If your job offers a retirement savings, sign up for it. Work with the human resources staff to understand the program. Often your employer will match whatever you save. That's money above your pay. You will set up the account, and the amount you designate will be deducted from your pay.

## ☐ Save half of any raise, gift or large sum of money.

If you get a \$1.00 an hour raise, direct half of it to savings. For example, if you work 40 hours per week, increase your savings by \$20 ( $\$1.00 \times .5 = \$.50$ ;  $\$.50 \times 40 \text{ hours} = \$20$ ). If you get a \$510 Earned Income Tax Credit refund, save \$255.

## ☐ Use text and email alerts for recurring bills.

## ☐ Use online bill payment through your bank and schedule payments to be automatically paid on due dates.

## ☐ Pack your lunch and drinks.

Spending on meals, soft drinks and coffee out during the workday is one of the biggest habits that can lead to over-spending. Plan to eat out from time to time, but bring your lunch and drinks as often as you can.

## ☐ Shop with a list and never shop hungry.

Even better than a list, order your groceries in advance and pick up your order — a service offered by an increasing number of stores.

## ☐ For bigger items or impulse purchases, ask: Is it worth it at this time?

Try dividing the cost of the item by your hourly wage. This will tell you how many hours of work are needed to buy the item. For example, you would have to work at least 25 hours to afford a new pair of \$180 sneakers if you earn minimum wage:  $\$180/\$7.25$ . With other bills, living expenses and savings for goals, is it worth it at this time?

## ☐ Always buy less than you can afford.

If you can afford the \$180 kicks, consider spending less. Spend 75 percent of what you can, and you'll always have a cushion. In this case, spend \$135 on your shoes:  $\$180 \times .75 = \$135$



## PRESENTATION OR PARTICIPANT PRESENTATION (continued)

### Habits and Rules of Thumb and

### Key Activity: Habits and Rules of Thumb

**OPTION 3: Select six or so of the habits from the list. Write them at the top of flipchart paper and hang them around the room.**

- Briefly explain each “habit.”
- Ask people to move to the habit they think would make the biggest difference for them.  
(Vote With Your Body)
- Have them form small groups based on their vote.
- Instruct them to make a poster (billboard), song/rap or skit/video that highlights the benefits of developing this habit for other young people like them.

**Note:** If you offer the video option, be sure you have the technological know-how and equipment to be able to show the videos to the entire group.

- After 7–10 minutes, ask participants to share the group work.

☐ **Spend no more than one-third of your gross (or total before taxes and deductions are taken out) income on housing.**

This includes all costs associated with housing from rent or mortgage to insurance and utilities to furnishing and landscaping. Keep your housing and transportation budget below 45 percent of your total income. If you earn \$1,700 per month, keep your housing costs below \$561:  $\$1,700 \times .33$ . Keep your transportation and housing costs combined below \$765:  $\$1,700 \times .45$ .



☐ **Cut back or cut out.**

For recurring bills, make sure you are not paying too much. Examine what you are paying for phone, internet, streaming services and cable/satellite television. Consider what you really use and cut out the rest.

☐ **Organize your stuff and use what you have.**

From food in the fridge to personal care items to tools, people often spend unnecessarily because they can't find an item or forget what they have.

☐ **Negotiate for a better deal.**

For credit card payments, phone and data plans, cable and satellite service, insurance and other recurring bills, negotiate with your provider to get better terms. Ask for a lower interest rate on your credit card if you have always paid your bills on time. Find out if there is a more favorable plan for your mobile phone and data. Compare auto insurance to see if you can get good coverage at a lower rate.

## KEY ACTIVITY

# Habits and Rules of Thumb

**What additional habits do you think can help you budget?**

Answers will vary.

**What rules of thumb would you add to the list?**

Answers will vary.

## SMALL GROUP EXERCISE AND SCENARIO (optional)

### Budget for a Specific Purpose and

#### Key Activity: Geraldine Makes a Housing Budget



**ASK:** *When would you make a budget for a specific purpose?*

- Write participant responses on a flipchart or whiteboard.
- Add to their responses using the information from the participant guide.
- Instruct participants to complete Key Activity: Geraldine Makes a Housing Budget by reading the scenario first and then making her housing budget.
- Instruct them to answer the questions that follow the budget form.
- Give participants 7 minutes to complete the activity.
- Review answers using the answer key.



## Budget for a Specific Purpose

Sometimes, it can be useful to make a budget if you are trying to figure out what you can afford.

### When would you use a budget for a specific purpose?

When making a big purchase that has many expenses as part of it.

- Housing — renting a new place
- Housing — buying a condo, co-op or house
- Transportation — buying a car
- Education
- Starting a business
- Having or adopting a child
- Adopting a pet

On average, people spend one-third of their income on housing. But when it comes to housing, it's important to think about more than just the rent or mortgage payment — some costs are one-time but required to get into a house, and others are ongoing.

### KEY ACTIVITY

## Geraldine Makes a Housing Budget

Complete Geraldine's housing budget and answer the questions.

Geraldine has been living with roommates for five years. She is ready for her own place. She has a good job managing a local restaurant and makes \$14.50/hour or \$2,500 per month. She has saved \$1,800 for this move and has an additional \$900 in an emergency savings fund. She's found a small apartment she loves for \$800 per month.

The security deposit is \$800. She does not have to pay deposits on her utilities but has been given an estimate of \$150/month for all her utilities not including her cell phone or internet service. Internet service will be an additional \$35 per month. Renter's insurance will cost \$12 per month. She has a bed, dresser, couch and television she plans to move. She has budgeted \$600 to get a small kitchen table, a chair and coffee table. She also needs new linens (\$200), some basic kitchen appliances like a coffee maker (\$200) and cleaning supplies like a broom, mop, cleaner and paper towels (\$100) — a total of \$500 for all of these costs.



## **SMALL GROUP EXERCISE AND SCENARIO (optional) (continued)**

**Budget for a Specific Purpose and**

**Key Activity: Geraldine Makes a Housing Budget**

Geraldine's Housing Budget	One-Time or Occasional Expenses	Ongoing or Monthly Expenses
First month's rent and security deposit	\$1,600	
Utility deposits <ul style="list-style-type: none"> <li>• Electricity</li> <li>• Gas</li> <li>• Water</li> <li>• Cable or satellite television</li> <li>• Other</li> </ul>		
Furniture (include lamps, chairs, tables, couches, bed and dresser)	\$600	
Sheets, bedding and towels	\$200	
Kitchen — pots, pans, plates, bowls, appliances (blender, toaster and microwave) and utensils	\$200	
Electronics <ul style="list-style-type: none"> <li>• Television</li> <li>• Music (something to play music on)</li> <li>• Computer (unless you already have one)</li> </ul>		
Household supplies (cleaning equipment and supplies)	\$100	
Décor (pictures, posters, curtains, etc.)		
Other		
Other one-time expenses		
Rent		\$800
Utilities <ul style="list-style-type: none"> <li>• Electricity</li> <li>• Gas</li> <li>• Water</li> <li>• Cable or satellite television</li> <li>• Other</li> </ul>		\$185
Parking		
Renter's insurance		\$12
Other		
Totals	Total One-Time or Maintenance Costs \$2,700	Total Ongoing or Monthly Costs \$997

## PRESENTATION

### Making a Budget



5

minutes

- Review the information on page 21 of the participant guide about making a budget.
- Review Key Concept: Budgeting With Gross or Net Income.
- Review Key Concept: Budgeting With Benefits on page 22.

**Do you think she can afford this new apartment? Why/why not?**

It's probably a little more than she can afford right now.

Answers may vary, but it's probably because she would have to use all her savings and emergency savings to afford the one-time costs.

Her ongoing costs would require nearly 40 percent of her income ( $\$997/\$2,500 = .4$  or 40 percent), which is higher than generally recommended for housing costs.



## Making a Budget

You may decide making and following a budget is right for you. A budget is actually a plan for how you are going to use your income to reach your goals and cover your bills and living expenses. In fact, a budget is about using your money to get what you want. Because your money is not unlimited, a budget helps you focus on what is most important.

There are many approaches to budgeting:

1. The envelope system
2. Monthly budget
3. Cash-flow budget
4. Online budgeting
5. Mobile budgeting apps

You are going to learn about the cash-flow budget in this key. Even though there are many approaches, they are all designed to do one thing: **put you in control of your money so you can reach your goals.**



### BUDGETING WITH GROSS OR NET INCOME

Should you budget using gross income or net income? The answer: you can use either.

If you use your gross income, be sure to include taxes (federal, state, local and FICA) on your budget form as a “use of income.”

If you use net income, you don't have to include the taxes.

It really comes down to personal preference.

As you get older, you may want to use gross income, so you can keep track of taxes as well as other benefits or deductions that may come out of your paycheck.



## EXERCISE WITH PARTNER

### Key Activity: Read Alicia's Cash-Flow Budget



- Review sources and uses of income from the top of page 22 in the participant guide.
- Explain how a cash-flow budget is different from a monthly budget.
- Provide a quick orientation to Alicia's cash-flow budget. Don't go into the detail of it, just how it is generally structured.
- Instruct participants to read the scenario, review the cash-flow budget and then answer the questions that follow on page 24.
- Explain that they do NOT have to do any math to actually answer the questions.



## BUDGETING WITH BENEFITS

If you receive public benefits, include them in your budget.

Some public benefits give you money:

- Cash assistance through TANF (it may be called something else in your state)
- Supplemental Security Income (SSI)
- Social Security Disability Income (SSDI)

Other benefits pay for specific necessities and can only be used for those purposes:

- SNAP or food stamps
- Housing assistance
- Child care subsidy
- WIC (Women, Infants and Children)

There are two reasons to include public benefits in your budget:

1. Your budget will be incomplete without them.
2. You can understand the financial value of the benefits. If you want to or must give up public assistance, you will know how much additional income you must bring in to replace the benefit.

To make any kind of budget, you will need to know your **sources of income**. For example:

- + wages from a job;
- + earnings from self-employment;
- + stipends from participation on a youth board or summer program;
- + gifts from family members or friends; and
- + amounts of public benefits.

You will also need to list your **uses of income**. These may include:

- + **savings**;
- + **sharing** — charitable contributions to other organizations;
- + **debt repayment** — credit card, student debt, pay day loan and car payments, for example; and
- + **expenses** — all other expenses from recurring bills such as rent and utilities to ongoing expenses such as bus passes, child care and gasoline to clothing and entertainment.

### Cash-Flow Budget

One challenge with the monthly budget is it does not take into account **timing** of income and uses of income.

Cash pays the bills. A cash-flow budget is about projecting from week to week whether you will have the cash on hand to cover your obligations as well as your other expenses.

## KEY ACTIVITY

### Read Alicia's Cash-Flow Budget

Alicia wants to save money so she can return to school to become an EMT (emergency medical technician). She started school but stopped attending when her life got complicated — she was taking care of her grandmother during an illness. Unfortunately, she had \$15,000 in student loan debt and no degree. She has a construction job earning \$12.50 per hour. This is full time. She also provides child care for a cousin on weekends and is paid in cash.

She shares an apartment with two friends and all expenses related to the apartment are divided among the three of them including the pet care expenses for their dog and cat. Despite a steady job and SNAP benefits, she still finds herself falling behind on payments from time to time, and she can't figure out why.

Use the cash-flow budget on the next page to answer the questions that follow.

## EXERCISE WITH PARTNER (continued)

### Key Activity: Read Alicia's Cash-Flow Budget

**Note:** Before the training, please review this cash flow in depth. Use the tips that follow to better understand the cash-flow statement.

1. The beginning cash balance is basically all the money Alicia has on hand that she could use to pay bills. This includes cash, balances on prepaid cards, checking account balance or any other resources she has to pay bills or expenses.
2. The ending balance for one week becomes the beginning cash balance for the next week.
3. If you add up TOTAL SOURCES OF CASH AND FINANCIAL RESOURCES you will NOT get the total of cash and financial resources she brings in that month because the beginning cash balance is factored in. In Alicia's case, her total cash and financial resources for this month are \$2,019.88 (her wages + her self-employment income + SNAP benefit), and this DOES NOT INCLUDE THE STARTING CASH BALANCE OF \$125.
3. Her total expenses for the month are \$1,992.62.
4. If she had done a regular monthly budget, she would have had a surplus of cash of \$27 (rounded). This is a problem with monthly budgets — challenges related to the TIMING of income and expenses that crop up week to week are masked. So, on the one hand someone feels like they are struggling, but on the other it looks like they are fine in the context of a monthly budget.

	Week 1	Week 2	Week 3	Week 4
Beginning cash balance*	\$ 125.00	\$(191.00)	\$ 1.37	\$(375.63)
<b>SOURCES OF CASH AND OTHER FINANCIAL RESOURCES</b>				
Wages from job (this is net pay)		\$ 787.99		\$ 787.99
Wages from second/part-time job				
Self-employment income	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
Benefit 1: SNAP	\$ 334.00			
<b>TOTAL SOURCES OF CASH AND FINANCIAL RESOURCES</b>	<b>\$ 509.00</b>	<b>\$ 646.99</b>	<b>\$ 51.37</b>	<b>\$ 462.36</b>
<b>USES OF CASH AND OTHER FINANCIAL RESOURCES</b>				
Emergency savings				\$ 25.00
Sharing	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Credit card (3.5% of balance of \$1,200)			\$ 42.00	
Student loan debt (\$15,000 at 6.8% for 10 years)		\$ 172.62		
Payday loan				
Other debt: \$2,000 loan from grandmother				\$ 50.00
Rent or mortgage payment	\$ 500.00			
Homeowners or rental insurance			\$ 20.00	
Electricity		\$ 45.00		
Cable or satellite television		\$ 25.00		
Internet service			\$ 22.00	
Phone and/or cell phone service			\$ 50.00	
Car payment or public transportation		\$ 168.00		
Insurance			\$ 88.00	
Fuel	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Maintenance				
Groceries	\$ 100.00	\$ 100.00	\$ 100.00	\$ 50.00
Household supplies		\$ 40.00		
Eating out (meals and beverages)	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Personal care	\$ 15.00		\$ 20.00	
Pet care		\$ 10.00		\$ 10.00
Entertainment	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
<b>TOTAL USES OF CASH AND OTHER FINANCIAL RESOURCES</b>	<b>\$ 700.00</b>	<b>\$ 645.62</b>	<b>\$ 427.00</b>	<b>\$ 220.00</b>
<b>ENDING BALANCE: SOURCES - USES</b>	<b>\$(191.00)</b>	<b>\$ 1.37</b>	<b>\$(375.63)</b>	<b>\$ 242.36</b>

\*Cash, balances on prepaid cards, checking account balance or any resources Alicia uses to pay for bills and expenses.

## EXERCISE WITH PARTNER (continued)

### Key Activity: Read Alicia's Cash-Flow Budget

- After 7 minutes, solicit answers from participants.
- Add to their answers using the answers filled into the participant guide.
  - o Participants may have additional ideas — affirm them and check to see that they are ideas that could be implemented.
  - o Share the following with them after the answers to the questions are discussed:
    1. Alicia would most likely qualify for an income contingent repayment plan IF her loans are ALL FEDERAL LOANS. If she **applied and were approved**, her monthly loan payment would drop to around \$70 under the Income-Based Repayment (IBR) program.
    2. She actually has enough money and financial resources to make ends meet. Her total income for the month is \$2,019.88 while her total expenses are \$1,992.62, leaving a \$27 surplus. The reason she is not making ends meet has to do with the timing of her bills compared to her income. IF she had a GREATER starting monthly balance instead of \$125 (it would have had to be \$500.63 to not fall behind at all during the month), she may not have fallen behind on her payments.

## SMALL GROUP EXERCISE

### Bringing Budgets Into Balance and Key Activity: Strategies for Bringing Your Budget Into Balance



10  
minutes

- Review the ways to bring budgets into balance.





**When does Alicia seem to run out of money?**

At the end of week 1.

**What causes her to run out of money?**

Having little income (only \$50) and rent due in the same week.

**How does the SNAP benefit factor into her budget?**

SNAP is an important resource for her budget. But, it can only be used for groceries. So, even though she has \$509 in sources of cash and financial resources, \$334 of that total can only be used for groceries.



**What can Alicia do to improve her cash flow?**

- Ask to have her rent moved to the week before it is due or to the second week of the month.
- Or ask to have her rent split into two payments.
- Ask to have insurance and cell phone payment moved to the fourth week of the month.
- See if she qualifies for an income-contingent repayment plan for her student loan.
- Bundle television, internet and phone.

## Bringing Budgets Into Balance

When it comes to bringing a budget into balance, there are four strategies:

- + increase sources of income and financial resources;
- + decrease uses of income and financial resources;
- + match the timing of sources and uses; and
- + get help.

## **SMALL GROUP EXERCISE (continued)**

### **Bringing Budgets Into Balance and Key Activity: Strategies for Bringing Your Budget Into Balance**

- Give small groups of participants flipchart paper.
- Instruct them to make grids.
- Ask them to write increase sources of cash and financial resources in one quadrant, decrease uses of cash and financial resources in another quadrant, match timing in another quadrant and get help in the final quadrant.
- Instruct them to brainstorm specific strategies for each.
- After 5 minutes, have one group present its flipchart.
- Have other groups ADD to the presentation.
- Use the information in the answer key to add to the groups' ideas.

## Strategies for Bringing Your Budget Into Balance

List ideas for each strategy.

<p><b>Increase Sources of Cash and Financial Resources</b></p> <ul style="list-style-type: none"> <li>• <b>One-time increase</b> <ul style="list-style-type: none"> <li>• Sell things you own</li> <li>• File taxes and get a tax refund</li> <li>• File for tax credits</li> </ul> </li> <li>• <b>Ongoing increase</b> <ul style="list-style-type: none"> <li>• Ask for a raise</li> <li>• Apply for public benefits you may qualify for</li> <li>• Take a part-time job</li> <li>• Turn a hobby or skill into a small business</li> <li>• Get more education or training</li> <li>• Invest</li> <li>• Do odd jobs</li> <li>• Rent a room to someone else</li> </ul> </li> </ul>	<p><b>Decrease Uses of Cash and Financial Resources</b></p> <ul style="list-style-type: none"> <li>• <b>One-time decrease</b> <ul style="list-style-type: none"> <li>• Cut out a service you don't use — streaming service, cable package, gym membership, etc.</li> <li>• Avoid late fees</li> <li>• Avoid fees associated with financial services — checking, cashing, out of network ATMs, etc.</li> </ul> </li> <li>• <b>Ongoing decrease</b> <ul style="list-style-type: none"> <li>• If paying back student loans, see if you qualify for an income-contingent repayment plan</li> <li>• Shop around for better cell phone, cable, internet plans</li> <li>• Shop around for better prices on insurance</li> <li>• Cut out one meal or drink out per week</li> <li>• Walk or bike more (less gasoline and car maintenance)</li> <li>• Find ways to cut back on energy use — turn off lights, switch to LED lightbulbs, etc.</li> </ul> </li> </ul>
<p><b>Match Timing</b></p> <ul style="list-style-type: none"> <li>• Generally, move bills to week you are paid, i.e., pay rent, car payment and student loan payment on the weeks you are paid</li> </ul> <p>Note: If you are paid on Friday, it would be the week immediately following.</p>	<p><b>Get Help</b></p> <ul style="list-style-type: none"> <li>• Bank or credit union</li> <li>• Financial counselor or coach</li> <li>• Staff from organization providing this training</li> <li>• Caseworker</li> <li>• Another trusted adult</li> </ul>

## PRESENTATION

### Key to Your Financial Future: Your Cash-Flow Budget



- Review the steps for making a cash-flow budget.
- Orient participants to the cash-flow form.
- Ask participants if they have any questions.

## SUMMARIZE/TRANSITION

- *There are many approaches to budgeting.*
- *The key is finding one or maybe a couple that work for you.*
- *Budgeting can help ensure that you use your money to reflect your values, reach your goals and achieve the life you envision for yourself.*
- *It can also be useful to see, on average, how people use their money.*

# Key to Your Financial Future: Your Cash-Flow Budget

Use the form on the following pages to make your own cash-flow budget.

## 1 STEP ONE

**Set (or revisit) your goals.** This is the purpose of your cash flow. It will give you your savings target for each week.

## 2 STEP TWO

**Figure out how much and when you can expect your income and other financial resources every week.** If you already have a paycheck, use your paycheck stub to get the amount. If you receive public benefits, include them. Use your benefits statements to get the exact amounts you receive.

## 3 STEP THREE

**Write down your current spending — both amounts and timing.** Get copies of bills, statements (credit card statements, for example) and receipts so you can see how much you spend. Or use your spending tracker or bill calendar.

This will help you identify the budget categories you need. If you are under 18, you may only have a few categories in your budget.

If you have transitioned to independence, you may have many categories.

## 4 STEP FOUR

**Identify obligations.** This is a really important step. Obligations are the items you must pay.

## 5 STEP FIVE

**Make the cash-flow budget.**

## 6 STEP SIX

**Track your actual spending and compare it to your cash-flow budget.** Sometimes people make a cash-flow budget, but they don't use it. Tracking your actual spending and comparing it to your cash-flow budget helps keep you accountable to the decisions you made.

### GOALS:

Answers will vary.

**PRESENTATION (continued)**  
**Key to Your Financial Future: Your Cash-Flow Budget**



	Week 1	Week 2	Week 3	Week 4
Beginning cash balance*				
<b>SOURCES OF CASH AND OTHER FINANCIAL RESOURCES</b>				
Wages from job				
Wages from second/part-time job				
Self-employment income				
Benefit 1:				
Benefit 2:				
Benefit 3:				
Child support				
Other:				
Other:				
<b>TOTAL SOURCES OF CASH AND FINANCIAL RESOURCES</b>				
<b>USES OF CASH AND OTHER FINANCIAL RESOURCES</b>				
Emergency savings				
Saving for goal 1:				
Saving for goal 2:				
Sharing				
Credit card				
Student loan debt				
Payday loan				
Other debt:				
Other debt:				
Rent or mortgage payment				
Homeowners or rental insurance				
Electricity				
Gas				
Water and sewer				
Cable or satellite television				
Internet service				
Phone and/or cell phone service				
Car payment or public transportation				
Insurance				

**PRESENTATION (continued)**  
**Key to Your Financial Future: Your Cash-Flow Budget**

Fuel				
Maintenance				
Groceries				
Household supplies				
Eating out (meals and beverages)				
Personal care				
Pet care				
School supplies/fees				
Tools of the trade and other job-related expenses				
Child care				
Health insurance				
Health care deductibles and co-pays				
Entertainment				
Other:				
Other:				
Other:				
<b>TOTAL USES OF CASH AND OTHER FINANCIAL RESOURCES</b>				
<b>SOURCES - USES</b>				
<b>ENDING BALANCE</b>				

\*Cash, balances on prepaid cards, checking account balance or any resources you use to pay for bills and expenses.

## READING A CHART AS A LARGE GROUP (optional)

### How Much Do People Spend?



**ASK:** *What is this chart telling you?*

- After a few responses, explain:
  - It shows how much U.S. households spend on average on a wide range of categories.
  - Note that this chart does not include child care expenses. This is particularly important if you have young parents in the room.

**ASK:** *Assume your monthly income is \$1,000. If you spent the average, how much would you spend on housing?*

- After a few responses, give the answer: \$330

**ASK:** *Assume your monthly income is \$1,000. If you spent the average, how much would you spend on transportation?*

- After a few responses, give the answer: \$160

**ASK:** *Assume your monthly income is \$1,000. If you spent the average, how much would you spend on food?*

- After a few responses, give the answer: \$130

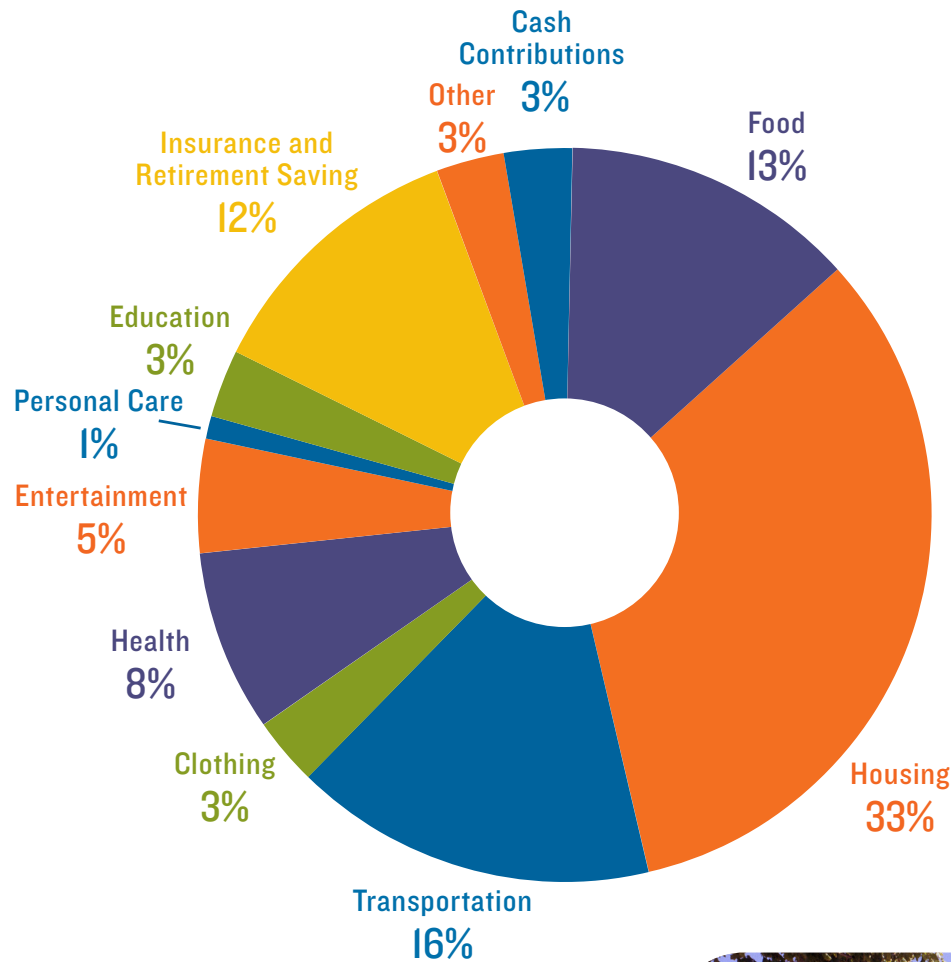
**ASK:** *How much do you think monthly child care costs? Is it important to track this expense as part of your spending?*

**ASK:** *How can you use this information?*

- After a few responses, explain:
  - You can use it as a guide for your spending.
  - It's not a rule, of course, but can tell you about what percentage of your income will help keep your budget in balance.

# HOW MUCH DO PEOPLE SPEND?

Sometimes it can be helpful to know what typical household spending looks like in the United States. You can compare your spending patterns to what is average. Here is a breakdown of the percentage of net income households spend in different categories.



SOURCE: Bureau of Labor Statistics. (2018, April). *Consumer expenditures in 2016*. Retrieved November 2, 2018, from [www.bls.gov/opub/reports/consumer-expenditures/2016/home.htm](http://www.bls.gov/opub/reports/consumer-expenditures/2016/home.htm)

## WHEN THERE ISN'T ENOUGH INCOME

There may be times when you can't pay your bills. It's important to prioritize your bills and expenses because there are consequences for not paying your bills. But, some consequences are worse than others.



## SMALL GROUP EXERCISE (optional)

### When There Isn't Enough Income and Key Activity: Antonio Can't Pay His Bills



- Instruct participants to read the scenario and answer the questions that follow.
- After 5 minutes, solicit answers to the questions from participants.
- Add to their responses using the answer key.
- Review the reasons not to automatically pay the person or business that demands payment the most frequently.
  - o You may get calls from debt collectors.
  - o Getting calls or any kind of communication from debt collectors can be scary and intimidating.
  - o They often use scary language.
  - o While there are laws that say they cannot use threatening or abusive language, some debt collectors don't follow these laws or operate just on the edge of them.
  - o Remember, they are experts at getting people to pay, and they use words they know scare or guilt people into paying them often.
  - o You may owe money to a debt collector, but try not to let their pressure convince you to make payments on old debts over other priorities. This is very important.



## Antonio Can't Pay His Bills

Antonio has been working at a local department store for a year. He makes nearly \$11.00/hour. His job is 12 miles from his apartment, and he relies on his car to get to and from work as well as trade school in the evenings. Business has been slow, and he's only been working about 28 hours per week. He usually works 40 hours and often gets six to 12 hours of overtime.

With his hours cut, he can't pay all his bills. He has rent, utilities, a car payment, car insurance, renter's insurance, a cell phone bill and a couple of bills in collections he has been late paying.

He's paid his rent, most of his utilities and his cell phone bill. And, because of all the calls from the debt collectors, he made those payments, too. Now, he doesn't have enough money for his car payment. He assumes that since it's just one month he's missing his car payment that he should be okay.

**What do you think could be the short-term consequences of Antonio not making his car payment?**

- He may have to pay late fees.
- He may have his car repossessed — taken by the lender as collateral for not making his loan payment.
- He may lose his job if he is unable to show up reliably — every day and on time.
- If he loses his job, he may not be able to pay other bills including rent, which could lead to eviction and loss of other services.

**What could be the long-term consequences of Antonio not making his car payment?**

- Negative entries on his credit reports.
- Drops in his credit scores.
- Bills in collections.
- Harder to get services he needs due to history with possible repossession, eviction and loss of services.
- If approved for services, he will likely have to pay more — high deposits, higher interest rates, higher costs overall.

With the stress of not being able to pay bills, sometimes people pay debt collectors first to get them to stop contacting them. While there are consequences for not paying any bills, some consequences are greater and last longer. A key financial capability skill is identifying and anticipating the consequences of not paying bills and expenses. Then you can plan to pay the most important bills and expenses first. This limits the negative consequences when money is short.

## PRESENTATION AND INDIVIDUAL ACTIVITY

### Key to Your Financial Future: Paying Bills When Money Is Short



- Review Key to Your Financial Future: Paying Bills When Money Is Short with participants.
- Explain the following about garnishment:
  - Garnishment gives creditors and the government the right to take some of your paycheck to repay a debt.
  - Your employer would get an order of garnishment from the federal government if you owe back student loan debt or taxes.
  - A creditor has to take you to court to get an order of wage garnishment.
  - There are limits to how much of your wages can be garnished. There are federal limits, but there may also be state limits. If your state law is different from the federal law, you follow the state law.  
**Note:** If you want to learn more about federal garnishment limits to share with participants, visit: [www.dol.gov/whd/regs/compliance/whdfs30.pdf](http://www.dol.gov/whd/regs/compliance/whdfs30.pdf).
  - The end result of garnishment is that you have less take-home income.
  - If you have very limited income, garnishment may be less of a risk.
  - You may be what is considered “judgment proof.” The court basically says to a creditor: “You cannot take any income from this person. They need what they are earning to survive.”
  - If you get notice that a creditor is going to sue you, get help from Legal Aid. Don’t ignore it.
- Have them begin filling it in during the training if applicable (they have bills and expenses).
- Encourage them to complete this on their own following the training because it’s an important part of being financially capable and keeping themselves economically secure.

## SUMMARIZE/TRANSITION

- *Even when you budget carefully, there may be times when you don’t have enough money or other financial resources to cover all your bills and expenses.*
- *Remember to plan — prioritize your payments — and consider the consequences, don’t just pay the individual, business or creditor hassling you the most for payment.*

# Key to Your Financial Future: Paying Bills When Money Is Short

Use this worksheet to prioritize your bills when you don't have enough money to cover all of them. This can help minimize negative and long-term consequences of not paying some bills. Make this plan **BEFORE** experiencing this situation.

STRATEGY	YOUR BILLS AND EXPENSES	
	Bill or Expense	Amount
<p><b>Protect Your Job and Income</b></p> <p><b>Pay all the bills and expenses associated with getting to and keeping your job.</b> If you rely on a car, make sure you make your car payment, pay for car insurance, take care of maintenance and have enough money for gas.</p> <p>This category could include other expenses such as:</p> <ul style="list-style-type: none"> <li>• child care;</li> <li>• tools needed for your job;</li> <li>• uniforms or specific clothing;</li> <li>• training or education; and</li> <li>• cell phone (if required for your job).</li> </ul> <p><b>Another way to protect your income is to avoid administrative wage garnishment.</b> This happens when you don't pay federal taxes, federal student loans and child support. Wage garnishment means less money in every paycheck.</p> <p><b>Finally, if you receive benefits, make sure you are following the rules for keeping those benefits.</b> Benefits can be an important part of your income picture.</p> <p><b>The costs of losing your job or income can lead to inability to pay for all other expenses.</b></p>		
<p><b>Protect Your Shelter</b></p> <p><b>Pay all the expenses and bills associated with keeping your shelter</b> such as:</p> <ul style="list-style-type: none"> <li>• rent or mortgage;</li> <li>• insurance; and</li> <li>• utilities.</li> </ul> <p>Getting evicted or foreclosed on, finding new shelter and re-establishing utilities with deposits can be extremely costly and stressful.</p>		

**PRESENTATION AND INDIVIDUAL ACTIVITY (continued)**  
**Key to Your Financial Future: Paying Bills When Money Is Short**

<p><b>Protect Your Assets</b></p> <p>Your assets are the things that you own that have value. Assets are the foundation of economic security. One of your key assets is your health. Expenses associated with protecting your assets can be:</p> <ul style="list-style-type: none"> <li>• insurance;</li> <li>• maintenance; and</li> <li>• accessing proper health care when you need it.</li> </ul>		
<b>TOTAL</b>		



## INDIVIDUAL ACTIVITY (optional)

### Wrap Up: Paying Bills and Budgeting



5

minutes

- Congratulate participants on finishing up.
- Instruct participants to complete the wrap-up page.
- After 5 minutes, review the answers in a participatory way — ask individuals to shout out their responses.



# WRAP UP:

## Paying Bills and Budgeting

Congratulations on finishing this section of *Keys to Your Financial Future*. Let's check what you learned:

1. A want is something you must have to live.

☐ True ☒ False

2. A recurring bill happens regularly and predictably — you pay the same amount on the same day every month, quarter or year.

☒ True ☐ False

3. There are only one or two options for paying bills and other expenses.

☐ True ☒ False

4. Nonsufficient funds and overdraft protection are the same.

☐ True ☒ False

5. What are examples of obligations? (select all that apply)

☒ a. Cell phone contract

☐ b. Groceries

☒ c. Child support

☒ d. Student loan debt

☐ e. None of the above

6. The risks of paying for your bills with cash include (select all that apply):

☒ a. No evidence if there is no receipt

☐ b. Easy to use

☒ c. Not safe to send through the mail

☒ d. Difficult or impossible to replace if funds are lost or stolen

☐ e. No bank account required to get cash to pay bills

7. When using a bill payment calendar, it's important to put the due date for anything sent through the mail at least five to seven days before the actual due date.

☒ True ☐ False

8. There is only one right way to budget.

☐ True ☒ False

9. Tracking your spending money may help keep you from overspending.

☒ True ☐ False

10. Examples of habits or rules of thumb include:

☐ a. Automate your savings

☐ b. Save half your raise

☐ c. Shop with a list

☐ d. Ask: Is it worth it at this time?

☒ e. All of the above

## CLOSING

### Key Information From This Section

- Review the Key Information From This Section.



2  
minutes

## Key Information From This Section

- ❑ **YOU CAN SAVE, SHARE OR SPEND YOUR INCOME.**
- ❑ **SPENDING CAN BE ORGANIZED INTO THREE CATEGORIES:** needs, obligations and wants. Part of managing your money is knowing the difference among these.
- ❑ **SOME SPENDING IS IN THE FORM OF RECURRING BILLS** — you pay the same amount on the same day every month, quarter or year. Examples include rent and utilities. Some spending is variable, such as groceries and gasoline.
- ❑ **BY PAYING YOUR BILLS ON TIME ALL THE TIME,** you avoid: fees, repossession of assets, foreclosure, eviction, utility shutoffs, negative entries on your credit reports, drops in your credit scores and businesses not wanting to do business with you.
- ❑ **THERE ARE DIFFERENT WAYS TO PAY YOUR BILLS.** Use approaches that you understand and can maintain.
- ❑ **CHECKING ACCOUNTS** are a common way to pay bills because they are versatile. You can write checks, use a debit card, use online banking, using a mobile app linked to your checking or get cash from an ATM. But, people run into trouble with checking accounts because they don't keep track of their balances.

## CLOSING (continued)

### Key Information From This Section

#### CLOSING ACTIVITY (optional)



- Ask the approach they think they will take to budgeting based on what they learned in the training and the reason for their choice.

*OR*

- Ask each participant to share the most important thing they learned from the training.
- Give each participant a chance to respond.

## Key Information From This Section

- ❑ **A BILL CALENDAR** can help you get organized with your bills. It will also help you anticipate when you need money on hand to pay your bills.
- ❑ **A BUDGET** is a plan to use your money to reach your goals.
- ❑ **THERE ARE MANY APPROACHES TO BUDGETING.**
- ❑ **COMPLETING A BUDGET FORM** and monitoring your spending against it does not work for everyone.

Consider another approach:

- Tracking spending.
- Adopting habits and rules of thumb.
- Using budgets for specific or big purchases like housing, car or education and training.



## ABOUT THE ANNIE E. CASEY FOUNDATION

The Annie E. Casey Foundation is a private philanthropy that creates a brighter future for the nation's children by developing solutions to strengthen families, build paths to economic opportunity and transform struggling communities into safer and healthier places to live, work and grow.

For more information, visit [www.aecf.org](http://www.aecf.org).

## ABOUT THE JIM CASEY YOUTH OPPORTUNITIES INITIATIVE

A unit of the Casey Foundation, the Jim Casey Youth Opportunities Initiative® works to improve outcomes for all young people in the United States ages 14 to 26 who have spent at least one day in foster care after their 14th birthday — a population of nearly 1 million.

Working with 17 sites across the country, the Jim Casey Initiative influences policy and practices to improve outcomes for teenagers and young adults who have experienced foster care as they transition to adulthood.