



2019-2021

Facilitators' guide to developing a personal budget

Consumer Science 340: Financial Assets & Capability



UniverCity Year
Better • Places • Together

INTRODUCTION: The goal of this script and following budget sheet is to have a process to work alongside individuals whose attendance is mandatory. When working with these individuals, remember to work as teammates and not as teacher and student. Being on this person's side and helping them understand their goals and finances can make a great impact on their future. The goal of this script is to give you a way to ask your clients questions about their finances in a way that makes you have a conversation with them. You are here to help them plan for future and current expenses while teaching them the importance of budgeting. The budgeting script is meant for you to work through once with your clients while filling out the budgeting sheet. You can relate the script information to your client by reading them through the intros in each section and then going through the provided questions. Feel free to add more questions as needed for each client's needs. The budgeting sheet is intended for the client to continue updating at a minimum on a monthly basis, you can help them with this if you meet repeatedly. Please share all of this information with your client.

GOAL SETTING: The first step in working with someone and their finances is to talk to them about their goals and aspirations. To soften interactions with your individual, talk about what gets them excited or what they look forward to doing. You can refer to this goal when helping budget in the next part. An example of a goal a client may have is: I would like to start a savings account by the end of this month and by December 30th have \$250 saved. Make sure goals are specific, measurable, attainable, relevant, and given a time to complete. Feel free to lay out steps a client can take to reach their goals.

What is their Goal? _____

SCRIPT

<p>(1) INCOME - Income is money that you get from working or assistance. Any money you have coming in is important to count as that helps determine how much you have to budget with. Income comes in all forms from government benefits, paychecks, and side work. Government benefits can include social security, food stamps, housing assistance, etc. Cash jobs are also crucial in counting income even if it is "off the books".</p> <ul style="list-style-type: none"> Sometimes things like government assistance are embarrassing to talk about, remember to keep this in mind 	<p>(2) HOUSING EXPENSES - The biggest expense many families face are housing expenses. Housing expenses include payments for rent or for a mortgage, utilities like water, heating, electricity, internet, phone and T.V. and other things that you have to spend money on to keep up your living space.</p> <ul style="list-style-type: none"> Clients may have governmental housing assistance and it is important to know if this is long term or short term Ask about checking and savings accounts to help encourage better
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<ul style="list-style-type: none"> • Additionally cash coming in may not always be reported to the government, make your client aware you are not here to get them in trouble and it is important for you to know about so you can help them budget accordingly. <p>EXAMPLES: Paycheck, Unemployment, Social Security, Benefits, Side Jobs, Child Support, Cash Income</p> <p>QUESTIONS:</p> <ul style="list-style-type: none"> • I see that you have a job. What do you usually expect to get from it per month? <ul style="list-style-type: none"> ◦ Is your income stable throughout the year? Or are there some months where you have more or less income coming in? • I understand that you don't have a job right now, do you have any other sources of money coming in? • Do you have a system in place to keep track of your income? 	<p>saving practice for larger expenses (roof leak, new water heater).</p> <p>EXAMPLES: Rent/Mortgage, Electricity, Heating fuel, Water, Maintenance, Internet/phone/TV</p> <p>QUESTIONS:</p> <ul style="list-style-type: none"> • What's your current living situation right now? Are you paying a monthly rent or mortgage payment? <ul style="list-style-type: none"> ◦ Do you have additional expenses related to owning a home or renting? Such as electricity, heating, or lawn care? ◦ Do you perform maintenance on your property or is that done by someone else
<p>(3) LIVING EXPENSES - Next living expenses are a necessary cost for everyone. Living expenses includes the money you pay on everyday things/activities. This can be any purchase you deem necessary and regular.</p> <p>EXAMPLES: Food, Child Care, Clothing, Pet Care, Toiletries</p> <p>QUESTIONS:</p> <ul style="list-style-type: none"> • Do you pay for your groceries out of pocket or do you have access to food stamps (SNAP)? 	<p>(4) TRANSPORTATION - Moving forward, Transportation costs include money that you spend on car payments, maintenance, and gas. If you pay a friend or family member to use their car or ride along this is included.</p> <p>EXAMPLES: Car Pooling, Car Payment, Gas, Maintenance</p> <p>QUESTIONS:</p> <ul style="list-style-type: none"> • How do you normally get from place to place? To your job?

<ul style="list-style-type: none"> ○ How much do you spend on groceries after SNAP? (If they use) ● Do you have any children that require care? <ul style="list-style-type: none"> ○ Is there any money that should be allocated towards this? Is it the same amount week-to-week? 	<ul style="list-style-type: none"> ○ Is your vehicle reliable? Will money need to be set aside for frequent maintenance? ○ Do your gas costs fluctuate heavily? How much? ● Is there an average amount you typically set aside for carpooling payment?
<p>(5) INSURANCE - Insurance to some may feel like an expensive unnecessary cost; however it can be extremely important to avoid large payments. It is important to note insurance is not for you to pay less overall but to avoid having a large sum payment at one time. Any payments you make toward homeowners/renters insurance, auto insurance, health insurance, life insurance, or any other types of insurance. Insurance you buy is based on individual needs.</p> <ul style="list-style-type: none"> ● If the client has a car, talk to them about auto insurance options ● If they have young dependents talk about life insurance <ul style="list-style-type: none"> ○ Ask them what areas if they had a large expense in they would be unable to pay for and recommend insurance options based on their response ● If you do not know much about insurance options, direct them towards other resources if possible (online, counselors, etc.) <p>EXAMPLES: Homeowners/Renters, Auto, Health, Life</p> <p>QUESTIONS:</p> <ul style="list-style-type: none"> ● Do you have any experience with insurance policies? 	<p>(6) COURT ORDERED PAYMENT - The next area we will cover are court ordered payments. Any costs, fines, or restitution you have been ordered to pay are included in this cost. This is an important cost to discuss as each month this is a required payment that can add unforeseen burdance to one's budget.</p> <ul style="list-style-type: none"> ● When discussing, remember this may cause discomfort to talk about. ● Avoid accusing questions and relate to your client as much as possible (everyone's situation is different) <p>EXAMPLES: Traffic Tickets, Fines, Drug Court, Child Support</p> <p>QUESTIONS:</p> <ul style="list-style-type: none"> ● How much have you been ordered to pay each month? <ul style="list-style-type: none"> ○ For how many months? ○ Do you have upcoming costs we can plan for now?

<ul style="list-style-type: none"> ○ Do you know what types of insurance are important for you or your family to have? ● Do you have any kind of insurance you make payments on? 	
<p>(7) LOANS/IOU'S - This category includes any money you owe to banks, companies, or other people. This can be both large and small loans or payments you owe others.</p> <p>EXAMPLES: Credit Card Bills, Personal Loans, Auto Loans, Money owed to others</p> <p>QUESTIONS:</p> <ul style="list-style-type: none"> ● Do you have a credit card or debit card? <ul style="list-style-type: none"> ○ Do you have any debt that needs to be paid off? ● Is there any money that you owe other people? ● Do you make loan payments on your car? house? 	<p>(8) OTHER EXPENSES - Other expenses is a very broad category. This budgeting area includes any expense not mentioned above or below or things that people need to do for themselves to keep their spirits up. Other expenses is an area where you can include money to save up to purchase something you want.</p> <p>EXAMPLES: Movie Ticket, Cost of Cigarettes, Hobbies, Salon Visit.</p> <p>QUESTIONS:</p> <ul style="list-style-type: none"> ● Are there any other expenses that are regular purchases? <ul style="list-style-type: none"> ○ Is there something you really want but need to save up for? ● Do you have any regular hobbies? Or needs?
<p>(9) SAVINGS/EMERGENCY FUND - Lastly, setting some money aside for an emergency fund is important in case you have any expenses you didn't expect to have. Additionally, having a savings fund can help you pay for large purchases such as a home or car.</p> <p>QUESTIONS:</p> <ul style="list-style-type: none"> ● Have you ever had something happen where you had to pay more than you planned for? How did that make you feel? ● Would it put your mind at ease if you had some money in savings? 	<p>GRAND TOTAL</p> <p>START WITH 0 (ZERO)</p> <p>+ INCOME</p> <p>- HOUSING EXPENSES</p> <p>- LIVING EXPENSES</p> <p>- TRANSPORTATION</p> <p>- INSURANCE</p> <p>- COURT ORDERED PAYMENT</p> <p>- DEBT</p> <p>- OTHER EXPENSES</p> <p>- SAVINGS/EMERGENCY FUND</p> <p>= TOTAL LEFT OVER</p>

BUDGETING SHEET

INCOME (1)	(+)
Paycheck	
Unemployment/Social Security	
Government Benefits	
Child Support	
TOTAL	

HOUSE EXPENSE (2)	(-)
Rent/Mortgage	
Electricity	
Heating Fuel	
Telephone/Internet/Cable	
Water	
Garbage/Recycling	
TOTAL	

LIVING EXPENSES (3)	(-)
Food	
Child Care	
Clothing	
Pet Care	
TOTAL	

TRANSPORTATION (4)	(-)
Car Payments	
Gas	
Maintenance	
Car Pooling	

TOTAL	
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INSURANCE (5)	(-)
Homeowners/Renters	
Auto	
TOTAL	

COURT ORDERED PAYMENTS (6)	(-)
TOTAL	

MONEY OWED (7)	(-)
Credit Card	
Personal Loans	
Money Owed To Friends/Family	
TOTAL	

OTHER EXPENSES (8)	(-)
Entertainment	
Subscriptions	
Travel / Vacation	
TOTAL	

SAVINGS/EMERGENCY FUND (9)	(-)
TOTAL	
GRAND TOTAL	

MONTHLY BUDGET WORKSHEET

INCOME

Income (after taxes)	Monthly total
Wages / salary / bonus	
Government benefits (Social Security, food assistance, etc.)	
Child support / alimony	
Interest income	
Support from family or friends	
Other:	
Other:	
Total Income	



BE SURE TO KEEP RECORD YOUR INCOME FOR EACH MONTH TO TRACK SUDDEN INCREASES OR DECRESES.

EXPENSES

Total Expenses:
\$ _____

Expense	Current Estimate	Want or Need?
FAMILY AND PETS		
Childcare		
Child support		
Allowances		
Tuition and fees		
Textbooks and supplies		
Pet food and supplies, veterinarian		
Other:		
Other:		
Subtotals:		
HEALTH AND GROOMING		
Health insurance (monthly)		
Medical visits, co-pays		
Prescription medication		
Other medical bills		
Gym/health club		
Grooming (hair, nails, etc.)		
Other:		
Other:		
Subtotals:		
FOOD, CLOTHING, AND ENTERTAINMENT		
Groceries and household items		
Eating out (all meals, snacks)		
Tobacco/alcohol		
Clothing, shoes, and accessories		
Movies, concerts, other events		
CDs, DVDs, other home entertainment		
Newspapers, magazines, books		
Clubs, sports, hobbies		
Other:		
Other:		
Subtotals:		

Expense	Current Estimate	Want or Need?
HOUSING AND UTILITIES		
Rent/mortgage		
Utilities (gas/oil, electric, water, etc.)		
Home maintenance		
Phone (cell phone, family plan, etc.)		
Cable/satellite television service		
Internet		
Other:		
Subtotals:		
LOANS AND CREDIT CARDS		
Credit card payments		
Personal loan payments		
Student loan payments		
Other:		
Subtotals:		
SAVINGS AND INVESTING		
Emergency savings		
College/education savings		
Retirement (IRA, Roth IRA)		
Other:		
Subtotals:		
TRANSPORTATION		
Auto loan payments		
Auto insurance		
Gas and maintenance		
Public transportation		
Other:		
Other:		
Subtotals:		

TIPS FOR FINANCIAL STABILITY

INCOME - EXPENSES = SAVINGS

1 in 3 Americans has \$0 saved for retirement, don't get left behind!

Don't get too caught up in financial struggles, happiness is just as important!

THE POWER OF AN EMERGENCY FUND



Did you know ...

63% of Americans may not have enough to pay for an unexpected \$500 car repair?¹

The average costs of:

 Two New Tires	\$244.48 – \$276.54 ²
 An Engine Replacement	\$6,400 ³
 A New Transmission	\$5,400 ³

How prepared are you?

Facilitator Guide

Walking Through the Worksheet

1. Start with income

- Make sure it's only after tax income
- Have them take some time to consider all forms of income that might not come to mind right away.
- Make sure to stay upbeat while going through the numbers, having the wrong tone while reviewing the numbers out loud might be disheartening or embarrassing for them.

2. Move on to expenses

- Go through every category to record as many expenses as possible. Mention that more expenses recorded will lead to a more accurate and helpful worksheet
- Make sure to remind them of the want/need section before they start.
- At the end of every subgroup, ask for additional expenses that aren't listed. Put them in the "Other:" section.
- Be sure to ask for any court ordered or penalty expenses.

Ask thought-provoking questions in the "Savings and Investing" category:

- What are your goals for retirement?
- Do you have a plan on paper to help reach those goals?
- Is there an age you have in mind to retire at?
- When going through the retirement section make sure to read out the acronym IRA. When going through it, be sure to read out fully, "IRA, an Individual Retirement Account...".
 - If this section is blank, recommend looking online for options or talking to an advisor, which is usually free.
- Mention that investing is a good way to create an income, and encourage any interest in learning more.
- Total up all subtotals

3. Make sure total expenses equals total income

- If income exceeds expenses, recommend growing savings and retirement planning first, but remember ultimately it's their own decision to make.
- If expenses exceed income, go through the expenses to eliminate any "wants" that they feel are least necessary. Again, use caution when recommending what to eliminate, it's a sensitive process that can be tough to decide on.
- Let them read any extra side notes and advice on their own, let them interpret the facts on their own. Of course if they strike up discussion on the points, have a discussion! The points are there as thought-provoking conversation/action starters.

4. Discussion: Post Budgeting Worksheet:

- Have you used, or do you currently use a budget?
- What have you found to be helpful or difficult about budgeting?
- Any helpful methods or tips for sticking to a budget.
- What did you find interesting, surprising, or challenging about this exercise?
- Did you learn anything about your spending habits?
- How can this information help you build toward your goals?
- Is there anyone you can think of that would be happy to help keep you on track with your budget?
- Is there anyone you can think of that you would share this with?

About UniverCity Year



UniverCity Year is a three-phase partnership between UW-Madison and one community in Wisconsin. The concept is simple. The community partner identifies projects that would benefit from UW-Madison expertise. Faculty from across the university incorporate these projects into their courses, and UniverCity Year staff provide administrative support to ensure the collaboration's success. The results are powerful. Partners receive big ideas and feasible recommendations that spark momentum towards a more sustainable, livable, and resilient future. Join us as we create **better places together.**