



NEED TO KNOW SERIES

Smart Money Management— Step Up Your Money Game

Section **1.1**

How do I manage my money? How do I create a budget?

Making a budget is the best way to save money.

Make a monthly budget and stick to it.

To get an idea of how much money you make and spend each month, follow these steps:

Step **1**

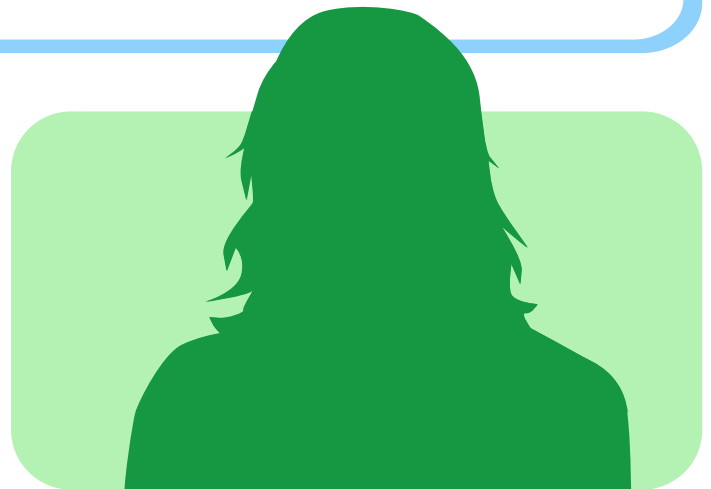
Calculate how much money you make each month.

Step **2**

Create a list of what you spend your money on each month. Add up how much you spend.

Step **3**

Subtract how much you spend from how much you make.



Step **4**

Do you have money left over, or is the amount of money you spend more than the amount you make each month?

Step **5**

Begin to make a budget.

Once you have figured out what you spend each month, you then need to take the first step to prioritize how you spend your money.



NEED TO KNOW SERIES

Smart Money Management— Step Up Your Money Game

Section **1.2**

Make a list of your “**needs**” and your “**wants**.”

A **need** is something that is necessary for survival. Needs are expenses or bills like rent, utilities like electric and heat, transportation, and food.

A **want** is something that a person wishes or desires to have like going out to eat, streaming services like Netflix, or a new video game.

It is important to make **needs** a priority.

A priority is something that is more urgent or important than other things.

Make sure to put some money aside for emergencies. Unplanned expenses or repairs, unemployment or getting less hours at work, or a health emergency can really hit your budget hard. Plan for these types of emergencies by having an emergency fund in your budget.





NEED TO KNOW SERIES

Smart Money Management— Step Up Your Money Game

Section **1.3**

Budgeting

The following are some examples of budget categories to help you identify your expenses and then prioritize them. You can use these examples to create your own budget. You may have individual expenses that are not listed here.



Bills/Living Expenses

- Rent
- Dorm costs if in college
- Utilities (electric, heat, water, etc.)
- Internet
- Phone

Daily Living and Household Supplies

- Laundry
- Cleaning Supplies
- Personal care (haircuts, shampoo, toothpaste, toilet paper, medicine, prescriptions, etc.)
- Necessary clothing items for work and activities, including shoes and seasonal clothes
- Furniture, kitchen supplies, bedding

Educational Costs

- Tuition
- Books
- Fees

Groceries

(3 meals a day and snacks)

- Produce (fruits and vegetables)
- Dairy
- Protein (meats, eggs, beans, etc.)
- Snacks
- College meal plan

Transportation

- Car payment
- Car insurance
- Gas
- Tolls
- Parking
- Public transportation
- Taxis or ridesharing (Uber, Lyft, etc.)

Savings

- Emergency fund
- Savings (for something big like a car or going to college)
- Investments
- Retirement account (IRA, 401(k), etc.)
- Life insurance

Eating Out

- Take-out
- Unplanned snacks or “grab and go” foods or drinks
- Eating at restaurants, tipping
- Food delivery services

Shopping

- Clothes/shoes that are “wanted” instead of “needed”
- Jewelry
- Home decorations
- Extra items that are a “want” and not a “need”

Self-Care

- Hobbies
- Gym membership
- Self-care classes like meditation or services such as massage, nail care, spa
- Activities

Entertainment

- Subscription or streaming services
- Going to the movies
- Concerts
- Going out with friends

Travels

- Vacations
- Day trips



NEED TO KNOW SERIES



Smart Money Management— Step Up Your Money Game

Section **1.4**

Bank Services

Check out different banks to find the best fit for your needs. Banks may have different services, fees for late payments, and hours. You can look this information up online or visit in-person and speak with a worker in the bank about what you want for your account.

Credit Unions can be a great option and may offer extra perks, services, or loan opportunities.

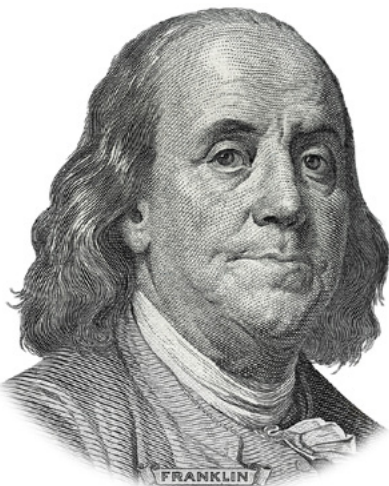
Use banking services so you can avoid places that cash your checks for you and keep a percent from your check, and always consider direct deposit of your paycheck into your bank account if your employer offers it. Review your account transactions and statements for accuracy and avoid bouncing checks or exceeding your credit limit.

Shop Smart

Take advantage of things on sale. Use coupons, layaway plans, shop for clearance items, and shop at “consignment” or “thrift” stores. By doing this you will have more money for other things. Compare prices when shopping in-person or online – do your research to get the best deal and wait for prices to come down on new items.

Pay Your Bills on Time

Avoid fees and late charges. Your payment history impacts your credit score. With good budgeting and money management skills you can stay on track. For example, it is important to pay your rent when it is due to avoid a possible eviction.



A penny saved is a penny earned.

— Benjamin Franklin



NEED TO KNOW SERIES



Smart Money Management— Step Up Your Money Game

Section **1.5**

Some Ways You Can Pay Bills

- Check or debit card (pay with the money in your bank account)
- Electronically online (using money in your bank account)
- Sign-up for autopay. For example, arrange with your cell phone company to take the money for your bill out of your bank account automatically on a monthly basis. Doing this can help you avoid late charges, but you must make sure the money is in your account each month to cover the bill.
- Money order
- Cash (make sure to get a receipt)

Credit cards

A credit card may seem like free money, but if the balance is not paid off monthly it can quickly add up and you can end up with a large debt.

- Credit cards have different interest rates and fees, so look for ones with the lowest rate or talk to your bank about your options.
- The dollar limit for each credit card is also different and is typically based on a credit check.
- Some credit cards offer cash back for items like gas or groceries.
- Save your credit card for emergencies or needs like gas or car related expenses.
- Try to spend only what you have.
- Try to pay the credit card balance off each month by only charging what you can pay off quickly.





NEED TO KNOW SERIES

Smart Money Management— Step Up Your Money Game

Section **1.6**

Resources

There are various resources, sites, and applications out there that will assist you in starting to manage your finances. There are also financial advisors that can assist and guide you in managing your finances. It is important to protect your personal information and understand how any financial advisor gets paid.



Some of the resources, sites and applications are listed below:

- Financial Literacy for Youth in Foster Care - Child Welfare Information Gateway
<https://www.childwelfare.gov/topics/systemwide/youth/resourcesforyouth>
- Budget Checkup (Fidelity)
<https://communications.fidelity.com/pi/calculators/budgetcheckup>
- Budget Tracker & Planner | Free Online Money Management | Mint (Intuit)
<https://mint.intuit.com>
- Teaching Teens About Money (Fidelity)
<https://www.fidelity.com/learning-center/personal-finance/teens-and-money-learning-path>
- Money 101
<http://money.com/money/collection/money-101>
- Wealth Management | The Private Bank | Wells Fargo
<https://www.wellsfargo.com/the-private-bank>



NEED TO KNOW SERIES

Smart Money Management— Step Up Your Money Game

Section **1.7**

Other Helpful Resources

- What is an IRA? | Why you should invest | Fidelity
<https://www.fidelity.com/building-savings/learn-about-iras/what-is-an-ira>
- How to Gain Financial Stability in Retirement (AAG)
<https://www.aag.com/articles/finance/how-to-gain-financial-stability-in-retirement>
- Benefits | SSA
<https://www.ssa.gov/benefits>
- Retirement Benefits | SSA
<https://www.ssa.gov/benefits/retirement>
- Disability Benefits | SSA
<https://www.ssa.gov/benefits/disability>
- Supplemental Security Income | SSA
<https://www.ssa.gov/benefits/ssi>
- Government Benefits | USAGov
<https://www.usa.gov/benefits>
- The Differences Between a Credit Card and a Debit Card | Credit One Bank
<https://www.creditonebank.com/articles/the-differences-between-a-credit-card-and-a-debit-card>
- Navigating the college journey | Fidelity
<https://myguidance.fidelity.com/ftgw/pna/public/lifeevents/content/sending-child-to-college/overview>
- Help Your Teen Build Good Credit | Teens and Money | Fidelity
<https://www.fidelity.com/learning-center/personal-finance/teach-teens-about-credi>
- Why College is Worth It | Investing in College | Fidelity
<https://www.fidelity.com/learning-center/smart-money/why-college-is-worth-it>
- Student Loan Debt | How to Pay off Student Loans | Fidelity
<https://myguidance.fidelity.com/ftgw/pna/public/lifeevents/content/sending-child-to-college/overview/student-debt>
- Balancing Debt and Saving | Step-by-step Guide | Fidelity
<https://www.fidelity.com/viewpoints/personal-finance/how-to-pay-off-debt>