

The background of the slide is a yellow triangle on the left side, filled with various financial and business icons. These include a money bag with a dollar sign, a smartphone, a laptop, a bar chart, a line graph with arrows, a pie chart, a scale of justice, and a person's head profile. The icons are scattered across the yellow area, which is separated from the black background on the right by a diagonal line.

UMBC
Financial**Smarts**

more than educated, financially smart

College Budgeting
4/5/2021

Presented by Dr. Jesse Ketterman

UNIVERSITY OF
MARYLAND
EXTENSION

Agenda for Today

- Learn Strategies to develop a budget / spending plan



“Male, 38, still living with his parents. They asked us to keep him overnight so they could change the locks.”



Money Topics You Should Know

- Setting Financial Goals
- Savings – Short, Medium, and Long Term
- Income
- Paying Bills
- Budgeting / Spending Plans
- Debt
- Credit / Credit Reports
- Protecting Your Money / Insurance / Identity



Assets - Liabilities =
Net Worth



Net Worth

Anthony's Balance Sheet

Wealth-building assets	Amount
Cash	\$ 1,500
Savings account	1,000
Stocks, bonds and other investments	5,000
401(k) retirement plan/IRA	25,000
Market value of home	0
Other assets	
Market value of car	14,000
Total assets	\$ 46,500
Liabilities	Amount
Home mortgage	\$ 0
Home equity loan	0
Car loan balance	13,000
Credit card balances	3,000
Student loan	5,000
Miscellaneous liabilities	1,500
Total liabilities	\$ 22,500
Net worth	\$ 24,000



50 / 20 / 30 Rule

My spending rule to live by

A common rule of thumb

“Use the 50/20/30 rule to manage spending—apply 50 percent of your take-home pay to needs, 20 percent to savings and debt payments, and no more than 30 percent to your wants.”

Consumers have told us that they sometimes find common financial rules of thumb—like “spend no more than 30% of your take-home pay on your wants”—hard to apply to their own circumstances. Don’t feel discouraged, you can decide on your own personal rule to live by that works for your financial situation. Give yourself simple guidelines for managing your spending on today’s wants.

Instructions: Use this worksheet to create your own personal rule to live by that will help you meet your savings goals. Breaking your goals into small actionable steps will keep you from feeling overwhelmed. Writing down your goal will make you much more likely to stick to it.

CFPB Spending Rules to Live By

https://files.consumerfinance.gov/f/201603_cfpb_rules-to-live-by_my-spending-rule-to-live-by.pdf



Case Study



Jennifer is a single mom with two children. Madison is almost 6 and Jaden is 8. Jennifer works full time at the local “Bigmart” as an assistant supervisor.

Her take-home pay is \$1,640 per month.

Jennifer pays \$600 a month for a two-bedroom apartment. Electricity this month was \$30. Heat and water are included in the rent.

She pays \$50 a month for cable television so the kids have some entertainment. Her cell phone costs about \$50 a month and includes internet.

Jennifer has an older car. It costs her about \$250 a month for the car payment, gas, and maintenance. Insurance is \$50 a month.

Day care after school costs \$320 a month. When Jennifer works late, her mother pick the kids up and watches them. Her mom could pick them up from school and look after them each day.

Jennifer would like to save some money for emergencies and for gifts. She usually can't save anything. Her goal for March is to save 5 percent of her take home pay, or about \$80 per month.

February Expenses

FOOD		CLOTHING		HOUSEHOLD		GROOMING		MEDICAL	
Groceries	\$165	Coins for laundry	\$10	Bathroom cleaner	\$5	Toothpaste	\$4	Saved	\$10
Groceries	\$75	Detergent	\$8			Soap, shampoo	\$6	Saved	\$10
Groceries	\$210	Coins for laundry	\$12					Saved	\$10
Groceries	\$125							Saved	\$10
Total	\$575	Total	\$30	Total	\$5	Total	\$10	Total	\$40

Jennifer charged \$370 on her credit card this month for groceries, gas and daycare. Next month, she will have a minimum payment of \$15.



Category	Tracked Spending for February (month #1)	Planned Spending for March (month #2)	Tracked Spending for March (month #2)	Differences +/- Notes
SPENDING				
Savings			\$80	Goal of \$20 per week
Housing	\$600	\$600		
Utilities (electric)	\$30	\$30		
Phone, internet, TV	\$100	\$100		
Transportation	\$250	\$250		
Insurance (car)	\$50	\$50		
Medical expenses	\$40	\$40		
Food (USDA average for family size and age)	\$575	\$575		
Child care	\$320	\$0		-\$320 (no daycare)
School supplies and fees				
Clothing and laundry	\$30	\$30		
Home care; cleaning supplies	\$5	\$5		
Grooming, personal products	\$10	\$10		
Fun				
Giving (charity, religion)				
Gifts				
Debts and fees			\$15	Credit card minimum payment
Alcohol				
Tobacco				
Lottery, gambling, pools				
Other				
TOTAL Spending	\$2,010	\$1,785		



Category	Tracked Spending for February (month #1)	Planned Spending for March (month #2)	Tracked Spending for March (month #2)	Differences +/- Notes
INCOME				
Wages 1 (take home)	\$1,640	\$1,640		
Wages 2 (take home)				
Unemployment				
Social Security				
Child Support				
Assistance (including SNAP)		\$258		Received SNAP benefits
Other				
TOTAL Income	\$1,640	\$1,898		
minus Total Spending	-\$2,010	-\$1,785		
= Amount saved or overspent	= -\$370 overspent	= \$113 saved		
Where did the extra money come from if you overspent, or go if you saved?	Charged \$370 on her credit card	Pay an extra \$113 on her credit card		



College Budgeting Scenario

- Jack is a typical college student who works full-time in the summers and part-time during the school year. In the summer he makes about \$480 per week and during school he makes about \$240 per week.
- Jack lives in on-campus housing and pays \$6000 a year. Payments are made at the beginning of the semester. In the summer, Jack lives at home with family.
- Other expenses include:



Yearly Financial Planning Chart

	May	June	July	August	September	October	November	December	January	February	March	April
Sources of Income												
Work	1920	1920	1920	1920	960	960	960	960	960	960	960	960
Scholarships (Directly Received)				1767					1767			
Student Loan Refund												
Parent / Guardian												
Government Benefits												
Other												
Total	1920	1920	1920	3687	960	960	960	960	2727	960	960	960



Expenses												
Cell Phone	100	100	100	100	100	100	100	100	100	100	100	100
Credit Card Payments												
Car Payments												
Loan Payments												
Childcare												
School Supplies				350					350			
Tuition / Room & Board				\$5,471					5471			
Entertainment	200	200	200	100	100	100	100	100	100	100	100	100
Personal Care												
Groceries				125	125	125	125	125	125	125	125	125
Dining Out				80	80	80	80	80	80	80	80	80
Health Care Expenses												
Donations / Charities												
Gifts												
Pets												
Housing / Rent												
Utilities												
Transportation Costs	150	150	150	150	150	150	150	150	150	150	150	150
Car Insurance	50	50	50	50	50	50	50	50	50	50	50	50
Total	500	500	500	6426	605	605	605	605	6426	605	605	605
	1420	1420	1420	-2739	355	355	355	355	-3699	355	355	355



Cash flow

- What is a cash flow budget?
- How is it different from a regular budget?
- What do you think may be the benefit of this approach?



Tool: Creating a cash flow budget

		WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5
BEGINNING WEEKLY BALANCE	Starting balance	\$250	\$400	\$	\$	\$
+ ADD MONEY YOU RECEIVE EACH WEEK		+ 300				
		+ 100				
	Total income	= 650	=	=	=	=
- SUBTRACT YOUR WEEKLY EXPENSES		- 200				
		- 35				
		- 15				
ENDING WEEKLY BALANCE		= 400	=	=	=	=



Managing cash flow scenario

	Week 1	Week 2	Week 3	Week 4
Beginning Balance for the Week	\$257.00	-\$361.00	\$65.52	-\$463.22
Sources of Cash & Other Financial Resources				
<i>Income from Job</i>		\$990.00		\$990.00
<i>Income from Part-Time Job</i>	\$220.00	\$220.00	\$220.00	\$220.00
SNAP	\$412.00			
Total Sources of Cash & Other Financial Resources	\$889.00	\$849.00	\$285.52	\$746.78
Uses of Cash & Other Financial Resources				
<i>Debt Payments</i>				
Credit Card Payments			\$90.00	
Personal loan payments				\$100.00
Student Loan		\$235.00		
<i>Savings</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>Housing (Rent including utilities)</i>	\$845.00			
<i>Utilities</i>				
Television		\$63.48		
Internet Service			\$22.74	
Phone and Cell Phone Service			\$86.00	
<i>Household Supplies & Expenses</i>		\$25.00		
Groceries	\$200.00	\$80.00	\$100.00	\$80.00
Eating Out (Meals and Beverage)	\$25.00	\$25.00	\$25.00	\$25.00
<i>Transportation</i>				
Car Payment			\$245.00	
Fuel	\$60.00	\$60.00	\$60.00	\$60.00
Auto Insurance		\$175.00		
Childcare	\$70.00	\$70.00	\$70.00	\$70.00
Misc.	\$50.00	\$50.00	\$50.00	\$50.00
Total Uses of Cash & Other Financial Resources	\$1,250.00	\$783.48	\$748.74	\$385.00
Ending Balance for the Week (Sources - Uses)	-\$361.00	\$65.52	-\$463.22	\$361.78

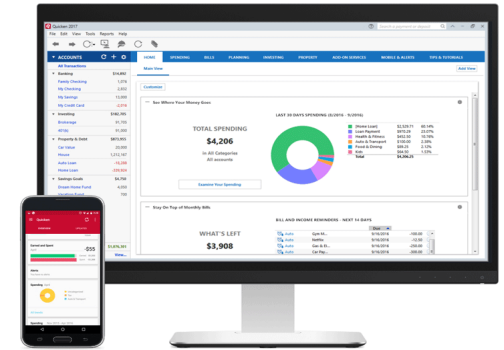


	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15
Beginning Weekly Balance	5000	5032.5	5227.5	5360	5555	5587.5	5782.5	5915	6110	6142.5	6337.5	6470	6665	6697.5	6892.5
Income															
Work	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240
Total Income	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240



Track Spending for 30 Days

- ▶ Online Sources- Mint.com, Credit Unions, Banks
- ▶ Apps: EveryDollar, Mint, PocketGuard, Dollarbird, Wally
- ▶ Quicken
- ▶ Google
- ▶ Excel Spreadsheet
- ▶ Notebook / Pencil



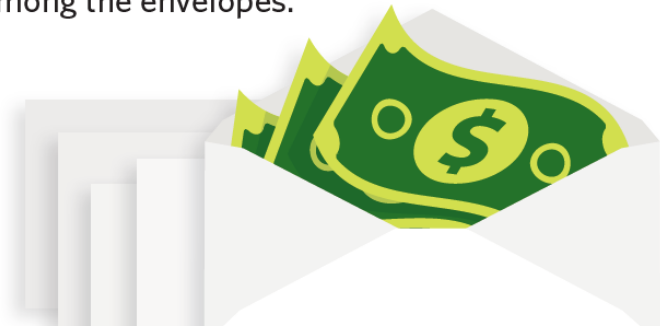
<https://www.youtube.com/watch?v=zhQg6wsiq6Q>



Credit Card vs Cash

Envelope Budgeting Steps

- 1 Label an envelope for each spending category: food, housing, transportation, clothes, debt payments, etc.
- 2 Write the amount you spend in each category on the outside of the envelope.
- 3 When you get your paycheck, divide your cash among the envelopes.



Envelope Budgeting Tips

- \$ Store the envelopes in a safe place.
- \$ Take only what money you need to the store.
- \$ Try not to shift money from envelope to envelope.
- \$ If you have money left over, start a special savings envelope or bank account.
- \$ If you run out of money in some envelopes, adjust the amount in each envelope next month.



Building Wealth

A Beginner's Guide to Securing Your Financial Future

<https://www.dallasfed.org/~media/documents/cd/wealth/wealth.pdf>



Your Money, Your Goals

A financial empowerment toolkit

Download individual tools and handouts

The 43 tools and handouts from the full toolkit are now available as individual, fillable pdfs. Find resources below to help meet the needs of each person you're working with.

[Starting the Money Conversation](#)

[Setting Goals](#)

[Saving](#)

[Tracking Income and Benefits](#)

[Paying Bills](#)

[Getting through the Month](#)

[Dealing with Debt](#)

[Understanding Credit Reports and Scores](#)

[Choosing Financial Products and Services](#)

[Protecting your Money](#)



The Missing Semester

Your financial choices
have consequences.

Will you choose wisely?



Matt Kabala
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Questions

Evaluations

<http://tinyurl.com/hx9w42n>

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