

Making Ends Meet: Strategies for Young Families (Lesson)

Author: Lori Hendrickson, Extension Educator, Family Resource Management, Grand Rapids Regional Office, Grand Rapids, MN

Objectives:

1. Assist families in analyzing regular spending habits to find ways to reduce expenditures and save money.
2. Assist families in preparing a budget that can be followed.
3. Assist families in understanding the importance of their credit history and the role this plays in everyday financial management.
4. Assist families in managing credit usage to prevent excessive debt.

Note to Instructors:

You may or may not already have an already established relationship with the family(ies) you work with. When families provide personal information (on finances, etc.) to someone else, it is important that they trust the person they are sharing the information with. It is important to remember that each individual and family need to make their own choices without judgment. In your role, try to provide information without imparting your own values.

It is also important to note that the presentation and handouts provided with this lesson may not be appropriate for every audience. Depending on whether you are using the materials in a large class setting or on a one-on-one home visit, adaptation may be needed.

Supplies Needed:

- Presentation:
 - Making Ends Meet: Strategies for Young Families
- Handouts:
 - Spending Plan
 - The Case of the Missing Money
 - Twenty-Five Ways to Live on Less
 - Twenty Ways to Save Money
 - Economic Adjustment Strategies Assessment
- Other Supplies
 - Individual bag of M Ms for each student (if doing activity found on slide 3 of the presentation)
 - Pencil, pen, or other writing utensil

Ideas for Teaching This Topic:

1. *Budgeting Basics*

A spending plan is an important tool in managing your budget. It helps us to know where we want the money to go and guides us in our planned spending. Using a spending plan also helps us do these budgeting basics:

- Set financial goals— There may be goals for individual family members as well as for the whole family.
- Track expenses— Tracking spending provides us an accurate estimate of what we plan to spend.
- Prepare a plan— Plan for all categories in which we plan to spend money.
- Follow a plan— Following a plan this is the most difficult part but if the plan is only on paper and not carried out, it won't benefit us.
- Evaluate the plan— Make sure the plan works for your family, if not, adjust as needed within income available.
- Prepare for emergency and future events— Savings is an important part of your spending plan and should be included from the beginning of the process.

Use the *Spending Plan* form included as part of this lesson to create a spending plan for your own family.

2. *Ways to Cut Spending*

Very often our spending habits can become very automated and a part of what we do everyday (for example, stopping at the convenience store for a bottle of pop). We may not even realize the amount we are spending on that pop daily. By tracking our expenses and being thoughtful about the spending decisions we are making, we can better assess spending choices that meet our needs and ones by which we might reduce spending.

Look at the *Twenty-Five Ways to Live on Less* document and your records on spending (the completed Spending Plan document or other tracking records) and answer these questions:

- Are there expenses that don't meet your goals?
- Are there items to reduce or cut for a short period of time?
- Can behaviors or habits be altered to reduce spending?

3. *Saving Strategies*

Look at the *Twenty Ways to Save Money* handout. Some saving strategies are:

- Saving spare change (save coins).
- Paying yourself first (save a portion of your money before spending it).
- Saving refunds or rebates that you receive.
- Are there other strategies that you can think of?

4. *Importance of Maintaining a Good Credit*

Basic money management can aid your credit score by:

- Keeping credit use in check
- Growing savings
- Helping you pay bills on time

Check your credit report annually. Go to www.annualcreditreport.com and check your credit report from each of the three credit reporting bureaus annually. Each report may be somewhat different. It is important to review this information to make sure that the information is accurate, that inaccuracies are corrected, and possible identity theft is reported.

5. *Stay Out of Debt*

There are a number of ways that the whole family can become involved in supporting the family's spending & saving plan. By getting the whole family involved, there is a greater chance that your spending plan will work. Perhaps there are already activities that the family does that children can be involved in (for example: low or no cost family events that can be a source of entertainment; recycling pop cans for additional income that may become savings, etc.).

- Kids don't need to know it all, but give them a good start.
- Help kids to understand your goals and how to reach them.
- Ask kids to make contributions in ways they can assist.

6. *Summary*

These are just a few items to address, but together, they can help each of us to address our current spending and think about where changes may be possible. Remember to do the following:

- Look at your current spending.
- Use a spending plan and stick to it.
- Understand your credit-history, availability, and need.
- Involve your family to make the plan work.

Source:

Anderson-Porisch, Heins, Petersen, Hooper, and Bauer (2007). *Dollar Works 2: A Personal Financial Education Program* (Item 08503; units 3 and 5). St. Paul, MN: University of Minnesota Extension.

Additional Information:

This is part of the Take and Teach Lesson Series for Times in Economic Crisis. To see the other lessons available visit www.extension.umn.edu/ToughTimes/takeandteach.html.

For more information on Dollar Works 2 is available at www.extension.umn.edu/dollarworks.