

# MONEY Skills

## SPENDING AND SAVING

### LESSON 1

Do you ever wonder where your money goes? A budget, or spending plan, can give you more control over your expenses. It will help you decide where you should spend your money, and it will also help show where you are spending your money, so you can make any needed changes. A budget is one of the most important tools to help you be smart with your money!

#### Online Activity 1: What Do I Want? What Do I Need?

Before you can develop a budget, you need to come up with your priorities. What are the things you want, and what are the things you need? Your instructor will tell you how to use iThryv Professor to complete this activity online.

#### Online Activity 2: Meet a Savings Goal

Use the information from "What Do I Want? What Do I Need?" to answer the following questions:

1. If Kari saves the same amount every month, how long will it take her to save \$5000 for a new car?
2. If Kari had taken all of the money she spent on "wants" this month and put it in her new car fund instead, how much would she have saved toward her new car this month?
3. If Kari had taken half of the money she spent on "wants" this month and put it in her new car fund instead, how much would she have saved toward her new car this month?
4. If Kari cuts her "wants" spending in half every month, and puts the money she saves in her new car fund, how long will it take her to save \$5000 for a new car?

#### Paper Activity: Caitlin's Budget

She spent her money on the following items this month:

|            |         |                             |        |
|------------|---------|-----------------------------|--------|
| Savings:   | \$10.00 | Popcorn at school assembly: | \$1.00 |
| Shirt:     | \$10.00 | Music from iTunes:          | \$4.95 |
| Socks:     | \$2.97  | Ice cream at the mall:      | \$3.50 |
| Magazines: | \$11.50 | Birthday card for mom:      | \$4.95 |

Fill out Caitlin's budget form.  
Did she stick to her budget?



#### Caitlin's Budget

|                                      |       |
|--------------------------------------|-------|
| Monthly allowance                    | 40.00 |
| Income for petsitting neighbor's cat | 20.00 |
| Total available this month           | 60.00 |

| <u>Expenses</u>        | <u>Budget</u> | <u>Actual</u> |
|------------------------|---------------|---------------|
| Savings                | 10.00         | _____         |
| Clothing + accessories | 15.00         | _____         |
| Magazines + books      | 10.00         | _____         |
| Music + Entertainment  | 10.00         | _____         |
| Food + drink           | 5.00          | _____         |
| Toys + Games           | 5.00          | _____         |
| Other                  | 5.00          | _____         |

THE OKLAHOMAN

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If you've got money, you need a bank account. A bank provides a safe, insured place to keep your funds. Banks also provide many valuable services.

#### Online Activity: Balance Your Books

Balance the monthly statement in your Student Supplement with the register you used in Lesson 1. Your instructor will tell you how to use iThryv Professor to complete this activity online.

#### Paper Activity: Deposits and Checks

Transaction 1 — Fill out a deposit slip with the following information:

**Date:** Today's date

**Currency (bills):** \$13.00

**Coins (change):** \$5.25

**Checks:** For \$20.00 from Maria Harris for baby-sitting, and for \$25.00 from your aunt, for your birthday

| CHECKING ACCOUNT DEPOSIT TICKET                        |                    | Dollars | Cents |
|--|--------------------|---------|-------|
| DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL |                    |         |       |
| DATE _____ 20____                                      | Cash               |         |       |
|  | Checks             |         |       |
|  |                    |         |       |
|  | Total Deposit      |         |       |
|  | Less Cash Received |         |       |
|  | Net Deposit        |         |       |

Sign on line above only if cash is received.

#103901562# 8079311'

Transaction 2 — Write a check using the following information:

**Date:** Today's date

**To:** Manuel's Clothing Store

**Amount:** \$25.59

**For:** Shirt

|                           |                |
|---------------------------|----------------|
|                           | No. 112        |
|                           | 58-202<br>550  |
|                           | _____ 20 _____ |
| PAY TO THE ORDER OF _____ | \$ _____       |
|                           | _____ DOLLARS  |
| <b>Mytown Bank</b>        |                |
| FOR _____                 |                |
| #103901562#               | 8079311' 112   |



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When you're figuring out the best way to earn your income, you may choose to be self-employed, or you may decide to work for someone else. You need to examine all of the pros and cons, as well as the expenses and other trade-offs, to decide which job is best for you, and whether you want to be your own boss.

#### Online Activity: The Cost of Working

Felix and Shanna have to pay expenses related to their jobs. Your instructor will tell you how to use iThryv Professor to complete this activity online. There is a paper activity for this lesson in your Student Supplement.

FELIX

Felix sells items on eBay. Some of his sales are his own personal items, such as video games he no longer plays. Others are items he buys at garage sales and thrift stores. He also sells items for his friends and family members and splits the profit with them.

| Date    | Item    | Description        | Amount  |
|---------|---------|--------------------|---------|
| 4/01/09 | Deposit | Sale - video games | \$90.00 |
| 4/06/09 | Deposit | Sale - CDs         | \$25.00 |
| 4/10/09 | Deposit | Sale - jeans       | \$26.00 |

Felix needs to pay the following business expenses.

|         |                |                          |         |
|---------|----------------|--------------------------|---------|
| 4/01/09 | Post Office    | Shipping                 | \$15.00 |
| 4/03/09 | eBay           | Fees                     | \$1.50  |
| 4/04/09 | Salvation Army | Jeans                    | \$5.00  |
| 4/05/09 | Wal-Mart       | Boxes and shipping tape  | \$7.95  |
| 4/06/09 | Chuck Wilson   | Chuck's share of CD sale | \$8.50  |
| 4/07/09 | Post Office    | Shipping                 | \$5.00  |
| 4/07/09 | eBay           | Fees                     | \$2.00  |
| 4/10/09 | Post Office    | Shipping                 | \$5.00  |
| 4/10/09 | eBay           | Fees                     | \$2.00  |

SHANNA

Shanna delivers pizza. She drives her own car and must pay for her own gas and insurance. She is also required to wear a shirt with the pizza restaurant's logo that she must buy from the restaurant.

| Date    | Item    | Description | Amount   |
|---------|---------|-------------|----------|
| 4/01/09 | Deposit | Paycheck    | \$150.00 |
| 4/01/09 | Deposit | Tips        | \$55.00  |
| 4/08/09 | Deposit | Paycheck    | \$125.00 |
| 4/08/09 | Deposit | Tips        | \$30.00  |

Shanna needs to pay the following business expenses.

|         |                       |                               |         |
|---------|-----------------------|-------------------------------|---------|
| 4/03/09 | Pizza Place           | Work shirt                    | \$15.00 |
| 4/05/09 | Ted's Service Station | Gasoline                      | \$45.00 |
| 4/10/09 | State Auto Insurance  | Monthly car insurance premium | \$30.00 |



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Benjamin Franklin said, "In this world, nothing is certain but death and taxes." When you start earning an income, you will find that taxes are unavoidable, whether you are self-employed or working for others. Taxes and other deductions will affect the size of your paycheck.

#### Online Activity: Preparing for Tax Time

Carson is self-employed and pays his income tax directly to the IRS four times a year. Malini chooses to have the maximum amount withheld from her paycheck. Alfonso chooses to have the minimum amount withheld from his paycheck. Your instructor will tell you how to use iThryv Professor to complete this activity online.

*Carson* pays his estimated federal income tax quarterly. He believes he will owe about \$1000 in federal income tax this year. Make \$250 payments to the IRS on the following dates – April 15, June 15, September 15 (2009), and January 15 (2010).

*Malini's* pay stub is below. She predicts she will owe \$1000 in federal income tax this year. She gets paid twice a month. If everything on her pay stub stays the same throughout the year, will her federal withholding be enough to cover her taxes? If not, make a payment to her savings account to cover her expected shortfall.

|   |                            |  |                    |  |                 |
|---|----------------------------|--|--------------------|--|-----------------|
| <b>Malini Danyi</b><br>100 Main Street<br>My City, OK 70000 |                            | <b>Pay period ending:</b> 1/15/09<br><b>Pay rate:</b> \$10.00/hr |                    | <b>Tax Data</b><br>Marital status: Single<br>Allowances: 0 |                 |
| <b>Hours / Earnings</b>                                     |                            | <b>Description</b>   | <b>Rate</b>        | <b>Hours</b>   | <b>Earnings</b> |
|   |                            | Regular  | 10.00              | 35.00  | 350.00          |
|   |                            | Holiday  | 15.00              | 10.00  | 150.00          |
| <b>Total Earnings</b>                                       |                            |  |                    | 45.00  | 500.00          |
| <b>Taxes</b>  | <b>Federal withholding</b> | <b>State withholding</b>   | <b>Federal MED</b> | <b>Federal FICA</b>  |                 |
|   | 75.00                      | 18.00  | 5.00               | 5.00   |                 |
| <b>Total</b>  | <b>Total Gross</b>         | <b>Taxable Gross</b>   | <b>Total Taxes</b> | <b>Net Pay</b>   |                 |
|   | 500.00                     | 500.00   | 103.00             | 397.00   |                 |

*Alfonso's* pay stub is below. He predicts he will owe \$1000 in federal income tax this year. He gets paid twice a month. If everything on his pay stub stays the same throughout the year, will his federal withholding be enough to cover his taxes? If not, make a payment to his savings account to cover his expected shortfall.

|  |                            |  |                    |   |                 |
|--|----------------------------|--|--------------------|---|-----------------|
| <b>Alfonso Rivera</b><br>301 Elm Street<br>My City, OK 70000 |                            | <b>Pay period ending:</b> 1/15/09<br><b>Pay rate:</b> \$10.00/hr |                    | <b>Tax Data</b><br>Marital status: Married<br>Allowances: 2 |                 |
| <b>Hours / Earnings</b>                                      |                            | <b>Description</b>   | <b>Rate</b>        | <b>Hours</b>  | <b>Earnings</b> |
|  |                            | Regular  | 10.00              | 35.00   | 350.00          |
|  |                            | Holiday  | 15.00              | 10.00   | 150.00          |
| <b>Total Earnings</b>  |                            |  |                    | 45.00   | 500.00          |
| <b>Taxes</b>   | <b>Federal withholding</b> | <b>State withholding</b>   | <b>Federal MED</b> | <b>Federal FICA</b>   |                 |
|  | 25.00                      | 15.00  | 5.00               | 5.00  |                 |
| <b>Total</b>   | <b>Total Gross</b>         | <b>Taxable Gross</b>   | <b>Total Taxes</b> | <b>Net Pay</b>  |                 |
|  | 500.00                     | 500.00   | 50.00              | 450.00  |                 |

