



Fostering Financial Literacy for Youth Series: Budgeting and Saving

**March 11, 2025
10am-12pm**

Training Provider: PASE



Agenda

10 minutes	Context Setting
40 minutes	Budgeting for Financial Independence
10 minutes	Facilitation Notes for Budgeting Lesson
10 minutes	Break
30 minutes	Continuing Education and How to Pay for It
10 minutes	Facilitation Notes for Continuing Education Lesson
10 minutes	Reflection & Closing



BUDGETING FOR FINANCIAL INDEPENDENCE FACILITATION NOTES

Note to Facilitator:

1. This activity takes approximately 90-100 minutes to teach
2. Its purpose is to:
 - define budgeting and Pay Yourself First
 - differentiate between saving, spending and sharing
 - apply the 20-70-10 rule to create a financial independence budget

Facilitation Process:

To best ensure a learner-centered focus:

1. Scholars should work individually to answer the **Let's Review** questions about the reading before pairing up discuss their answers with their peers.
2. Create some sample 20-70-10 review questions to review with the whole group of scholars prior to releasing them to complete the practice questions individually or in pairs.
3. Allow students think time to calculate the percentages for the examples you complete as a class.
4. Allow space and time for discussion about the reflection questions.
5. Challenge scholars to complete one of the budget templates at home. If their income is inconsistent, they should use the **Weekly Budget Template**. If they have a steady part-time job, then they can use the **Monthly Budget Template**.



Managing Money

Budgeting for Financial Independence

OVERVIEW

In this section, you will learn about how to create a plan for your money using a budget. Budgeting is one of the most important habits that you can develop on your road to financial independence. Robert Kiyosaki, the creator of the Cash Flow Quadrant, once said that “it’s not how much money you make, but how much money you keep and how long you keep it for”. Let’s learn about how to use a budget to help you keep more money so that you can become financially independent sooner!





Budgeting for Young investors

<https://bit.ly/207010Budget>



WHAT DID YOU LEARN?

What do the numbers 20, 70, and 10 represent?

What does PYF mean?



LET'S DIG DEEPER!

What is a budget?

A **budget** is a plan for how you will save, spend and share your money. Most people follow a monthly budget, but as a young investor your income may not be the same every month, so a weekly budget may work better for you. It doesn't matter if it is weekly or monthly, you can always apply the 20/70/10 Rule

The habit of living by a budget helps you to live below your means, where you spend less than you make. People who spend more than they make develop bad money habits such as going into debt with credit cards and other loans to pay for a lifestyle that they cannot afford. You'll learn more about credit and debt in chapter six. Let's dive into budgeting for financial independence!

20/70/10 Rule

Save 20%

One of the most important rules to remember is the PYF Rule. **PYF** means Pay Yourself First. When you receive income, this is the first rule to follow. You must **pay yourself first!** Try to reach the goal of paying yourself at least 20% of your income. This money will be used for savings and investments.

Your first savings goal should be to build an emergency fund of \$500. Emergency expenses will come up in life, but it helps when you are prepared for them. You can use money from this account to pay for incidents like:

- Leaving your new jacket at a movie theater, which most likely won't be seen again.
- Using up all the family data on your monthly cell phone plan accidentally.
- Throwing a basketball through a neighbor's window during a friendly game.

After building your emergency account to \$500, your second goal is to use your savings for investments so that your money works hard for you. You're going to learn more about how to invest your money in chapters 10-12 of this handbook.



Opening a Bank Account

Once you start saving money, you should start shopping around for a bank where you'd like to keep your money. The bank is a good place to keep your money until you are ready to invest it because it is protected by the **Federal Deposit Insurance Corporation (FDIC)**. In the event that the bank where you save your money was robbed or lost, the FDIC will ensure that you get every penny of your money back. If you save your money at home and someone steals it, then unfortunately, it's lost forever.

It is never too early to start developing a relationship with your local bank. Most large banks offer free account services for young bankers so make sure you set aside some time to visit your local bank and open up an account.

Spend 70%

70% of your income should be used for spending. You should use spending money to pay for needs first and then, some wants. Maybe you have to pay a part of your cell phone bill each month. This is a need that you would pay from your spending money. If you don't pay your cell phone bill, you risk it being taken away or perhaps the service being cut off. If you want to go out to the movies with your friends on the weekend or buy a new pair of sneakers, this is a want that you would also pay from your spending money.

Share 10%

Use 10% of your income for sharing. Find a charity, church or cause that you want to support by donating at least 10% of what you earn. Sharing is one of the best ways to show gratitude for what you have. Your giving will always be a blessing to those who are in need!

The Relationship between Budgeting and Financial Independence

The purpose of a budget is to use your money to take care of your responsibilities while investing to eventually achieve financial independence. For this reason, when you budget your money it is very important to use your savings to purchase appreciating assets. An asset is a valuable item that is owned. An **appreciating asset** is a valuable item that increases in value over time. There are some appreciating assets that you can buy which can also pay passive income. Some examples of these types of assets include: stocks and real estate.



There are also **depreciating assets** that, even though you own them, they decrease in value over time. Designer clothes and most cars are depreciating assets because they decrease in value immediately after you purchase them. The more you use your money to buy appreciating assets that also pay passive income, the sooner you will be able to achieve financial independence.

The opposite of an asset is a liability. A **liability** is a debt that is owed. Liabilities take money out of your pocket. Some examples of liabilities include student loans and credit cards. A **loan** is money that is borrowed from a bank or lending institution, with the expectation of being paid back with interest. You must be very careful when deciding to take on liabilities like loans and credit cards because if you borrow without a clear plan of how you can pay it back you will end up in serious financial trouble. The more you use your money to buy depreciating assets and pay off liabilities the longer it will take for you to achieve financial independence.

LET'S REVIEW!



Explain the two purposes for the money that you set aside for savings.



What is the relationship between budgeting and financial independence?



Use a calculator to determine the amount of money that Jose, Shelly and Mark should set aside for saving, spending, and sharing based on the 20/70/10 Rule.

1. Jose is a high school senior and walks dogs three days a week after school to earn extra money. Jose earned \$80 **last week**. How much money should he set aside for spending, saving, and sharing using the 20/70/10 Rule?
2. Shelly babysits on the weekends as a side hustle to earn extra money. Shelly earned \$300 **last month**. How much money should she set aside for spending, saving, and sharing using the 20/70/10 Rule?
3. Mark creates social media content for his neighbor's business. He earned \$90 **last week**. How much money should Mark set aside for spending, saving, and sharing using the 20/70/10 Rule?
4. Carrie has a YouTube channel that teaches make-up tips and tricks. She made \$500 **last month**. How much money should she set aside for spending, saving, and sharing using the 20/70/10 Rule?

Try Creating Your Own Budget! Use the template on the following pages to create your own weekly or monthly budget using the 20/70/10 Rule!

LET'S REFLECT!

Considering what you now know about budgeting, how will you use a budget to help you manage your money better?





SAMPLE WEEKLY BUDGET

Income	Source	Amount
Week 1	Babysitting	\$50
Week 2	Dog Walking	\$60
Week 3	No Income	\$0
Week 4	Birthday Money	\$100
Expenses		
Week 1 = \$50 20% Savings = \$10 70% Spending = \$35 10% Sharing = \$5	Emergency Fund	\$10
	Lunch	\$10
	Cell Phone (pay to parents)	\$25
	Give to Salvation Army	\$5
	Total	\$50
Week 2 = \$60 20% Savings = \$12 70% Spending = \$42 10% Sharing = \$6	Emergency Fund	\$12
	Lunch	\$17
	Movies	\$25
	Give to Salvation Army	\$6
	Total	\$60
Week 3	NO INCOME	
Week 4 = \$100 20% Savings = \$20 70% Spending = \$70 10% Sharing = \$10	Stock Investment	\$20
	Lunch	\$20
	New Jacket	\$50
	Give to Salvation Army	\$10
	Total	\$100



SAMPLE MONTHLY BUDGET

Sample Monthly Budget Template	
Net Income (Take home pay):	\$1000
20% Savings = \$200	
Emergency Funds	\$100
Investments	\$100
70% Spending = \$700	
Cell Phone	\$100
Car Insurance	\$150
Gas	\$100
Entertainment	\$200
New Sneakers	\$150
10% Sharing = \$100	
Make a Wish Foundation	\$100



WEEKLY BUDGET TEMPLATE

Income	Source	
Week 1		
Week 2		
Week 3		
Week 4		
Expenses	30/60/10	
Week 1 = ____		
20% Savings = ____		
70% Spending = ____		
10% Sharing = ____		
Total		
Week 2 = ____		
20% Savings = ____		
70% Spending = ____		
10% Sharing = ____		
Total		
Week 3 = ____		
20% Savings = ____		
70% Spending = ____		
10% Sharing = ____		
Week 4 = ____		
20% Savings = ____		
70% Spending = ____		
10% Sharing = ____		
Total		



MONTHLY BUDGET TEMPLATE

Monthly Budget Template	
Net Income (Take home pay):	
20% Savings =	
Emergency Funds	
Investments	
70% Spending =	
10% Sharing =	



CONTINUING EDUCATION AND HOW TO PAY FOR IT FACILITATION NOTES

Note to Facilitator:

1. This activity takes approximately 45-50 minutes to teach
2. Its purpose is to:
 - explore various ways to finance higher education
 - differentiate between three main types of loans
 - emphasize the financial responsibility that comes with borrowing money

Facilitation Process:

To best ensure a learner-centered focus:

1. Scholars should work individually to answer the **Let's Review** questions about the reading before pairing up discuss their answers with their peers.
2. Model completing the subsidized loan column for students before releasing them to do it on their own or in pairs.
3. Allow space and time for discussion about the reflection questions.



CONTINUING EDUCATION **& HOW TO PAY FOR IT**

OVERVIEW

The cost of higher education is a source of financial burden for many Americans. Depending on where you decide to attend college you could end up paying hundreds of thousands of dollars for a degree. That amount of money is a huge investment in yourself and as a wise investor you should expect a sizable return on that investment. In this section we will explore the various ways that you can finance education after high school with little to no debt.





LET'S DIG DEEPER!

Paying for College

If you decide that pursuing a college education is the path that you want to take then you'll have to come up with a plan to pay for it. If your family has not planned in advance for your college education or if what they have saved is not enough to cover the cost, then consider one or more of the following options to help finance your college education.

1. Scholarships/Grants

Believe it or not, there are millions of dollars in free money that is available for young people who want to pursue higher education. There are scholarships and grants available to individuals based on academic merit, financial need, athletic ability and other extracurricular activities to name a few. It will take some leg work on your part to find a scholarship that you qualify for, and it will take time to complete the application, but if you end up receiving the award it will be worth the time it took to find it because you don't have to pay this money back. It's free money! One of the easiest steps you can take to determine your qualification for federal grants is to fill out the Free Application for Student Aid (FAFSA) form. The information that is collected from this form will determine how much federal and state grants you are eligible for. Also, almost all two and four-year colleges and universities use the data from this application to determine their college-funded student aid.

It's very important to fill out this application carefully. The Federal Student Aid YouTube channel is a great way to learn more about the FAFSA process and how to fill out the form correctly.



2. Advanced Placement or Dual Enrollment

If you are still in high school you may have an opportunity to earn college credits through advanced placement classes or dual enrollment at a local community college. Advanced placement classes are an acceptable option if you are a good test taker because your score on the exam will determine if you receive the college credit or not. If you are not a good test taker, speak with the guidance or college counselor at your school to find out if they have a partnership with a local college where you can take select courses for free and receive the credits if you pass the classes. Your passing grade will be determined by your class participation, attendance and performance on class assignments and tests. When you do get accepted into college you can transfer these credits, which will decrease the amount of money you have to pay in overall tuition.

3. Start at a Community College

This is an option that is oftentimes overlooked. If it's hard for you to qualify for scholarships due to your grades or if you cannot afford to pay for four years at a private college or university, then you may want to consider starting at a community college and applying to a four year college towards the end of your second year. This option will give you time to save money and improve your grades so that you can qualify for more scholarships and college-funded student aid.



4. Choose an Affordable School

If you are unable to afford your dream school without going into significant debt, then you may want to consider attending a school that is within your budget. Perhaps there is a school that offers a degree in the same field of study and is also easier on your pockets. Remember there is nothing like peace of mind, and the financial burden of student loans can be a heavy load to bear. Will the financial burden be worth it years after you graduate with your degree?

5. Employer Tuition Assistance

If you choose to work while going to school, there are many companies that offer tuition assistance. The tuition assistance can range from a few thousand dollars each year to one hundred percent of your tuition! Some companies that offer tuition assistance include, but are not limited to, Apple, McDonalds, Target, Walmart, UPS, Chipotle and Amazon.

Joining the Armed Forces is also a great way to learn while you earn. As a service member you will receive many benefits including tuition assistance of up to one hundred percent of your tuition and fees. This option is not for everyone but it is a great and honorable post-secondary path for those who desire to serve their country in this unique way.

6. Work During School

Working while in school can be a good source of income to help pay tuition and everyday living expenses. Work can take on many different forms, such as work-study, a part-time job or a side hustle. If you choose this option you'll need to determine how many hours you can work while still being able to meet your responsibilities as a student. Remember, your first priority should be passing all of your classes so that you do not have to pay to take them over again.



7. Live Off Campus

On-campus housing and food can be extremely expensive. Depending on where you go to school, it may be cheaper to rent an apartment or room off-campus and prepare your own food, or if you attend school in your hometown, live at home. Choosing this option could save you tens of thousands of dollars over four or more years of school.

8. Student Loans

Finally, there are student loans. This should be your **absolute last resort** when it comes to deciding how you will pay for college. If possible this option should be avoided at all cost because student loans provide money that you must pay back, with interest. According to the U.S. Department of Education, it can take the average American somewhere between 10–30 years to pay off their student loans. Sometimes, it can take even longer. If you are considering taking out student loans, make sure you have a clear plan of how you will repay these loans as quickly as possible after you graduate. Make sure you develop your plan before you accept the loan!

When applying for loans there are three types that you can qualify for: subsidized, unsubsidized and private. A **subsidized loan** is one where the lenders pay the interest charges during certain periods. The federal government pays all interest on subsidized federal student loans while you are in school and during periods of deferment. These loans are only available to undergraduate students who demonstrate financial need. If you can qualify for this type of loan, it would be a good option because at least you'll get some help with the interest payments while you are in school. You can also defer payments interest-free on subsidized federal student loans if you become unemployed, go through an economic hardship, join the military or pursue further education.



An **unsubsidized loan** is money that is borrowed from the federal government that requires the borrower to pay interest on the loan as soon as it is funded. The recipient does not receive any grace period where they can access the money without paying interest. This type of loan is not based on financial need but on the actual cost of school and other aid that you receive. If you don't qualify for a subsidized loan, then this is the next best option. If you take out this type of loan, it will cost you more to borrow the money and you cannot defer the interest charges.

The final option would be a **private loan**. A private loan is one that is provided by a bank or financial institution. Although almost anyone can qualify for this type of loan, the interest rates on them tend to be higher than federal loans and, like unsubsidized loans, you cannot defer the interest charges. These loans would not qualify for federal government loan forgiveness programs, because the loan is issued through a private institution. If possible avoid taking out these loans as it will cost you more to borrow over the lifetime of the loan.

Finally, if you get approved for any of these three types of loans, you do not have to accept the entire loan amount. Only borrow what you absolutely need. Go to the link below to learn more about responsible borrowing as it relates to student loans.

Responsible Borrowing



<https://bit.ly/FSAschoolloans>



LET'S REVIEW!

What are the eight options that you have for financing higher education beyond paying for it on your own?



Which financing option should be an absolute last resort? Why?



Use the chart below to record the features of subsidized, unsubsidized and private loans.

	Subsidized Loan	Unsubsidized Loan	Private Loan
Who is the lender?			
Who can qualify for this type of loan?			
Who is responsible for the interest while you are in school?			
Can interest charges be deferred?			
Can this type of loan qualify for federal loan forgiveness programs?			

LET'S REFLECT!



Why would it be important to have a clear plan to pay for college?

How can you use the information that you learned in this section to help you make better decisions about financing higher education?

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