

Section 1 | INCOME AND CHOICES

OBJECTIVES

- Participants will understand the importance of spending less than they receive.
- Participants will understand how competition based on productivity determines the wages and salaries that people receive.
- Participants will analyze a list of expenditures and make recommendations on how to begin a budget.

MATERIALS

- Section 1 of the *Your Credit Counts Challenge* participant's guide.
- Transparencies or PowerPoint slides of Visuals 1.1 through 1.14. (Note: You will need to prepare in advance for the simulated baseball draft of three people present at your workshop. Either place their scanned photos into Visual 1.3 or have the three people sign the transparency in the place left for the photos.)
- Duplicated copies of Handout 1.1: Your Financial Goals.
- Duplicated copies of Handouts 1.2 and 1.3: Clayton and Katrina's Checkbook.

PROCEDURE

Overview

Display Visual 1.1: Spend Less Than You Receive. Explain to participants that in order to accomplish any financial goal, they have to spend less than they receive. If there's only one point they take away from this session, "spend less than you receive" should be it.

Note that there will be two ways to spend less than you receive. First, we'll see how to receive more; in connection with this point we'll examine what determines wages and salaries. Second, we'll see how to spend less through basic budgeting techniques.

Presentation

1. **Distribute copies of Handout 1.1:** Your Financial Goals. Explain that we would like to know what participants' goals and financial worries are. We would like to use this information to tailor future sessions to just what our participants can use. (You will collect filled-in sheets before the first break.)

2. **Display Visual 1.2:** Three Kinds of Goals. Explain that there are three kinds of goals:

- Short-term goals: those that occur within the next two months. An example is making next month's rent payment on time. Ask: What are some other short-term goals? (*Meeting any monthly bill, saving for a present for someone's birthday six weeks from now.*)
- Medium-term goals: those that occur two months to three years into the future. An example is saving to buy a car next year. Ask: What are some other medium-term goals? (*Answers usually involve buying household durable goods including cars and appliances, or, for some participants, buying a home.*)
- Long-term goals: those that will occur three years or more into the future. An example is saving for retirement. Ask: What are some other long-term goals? (*Saving for a child's college education, saving to start a business.*)

3. Then emphasize that to make any progress toward their goals, participants have to spend less than they receive. They can do this by (1) receiving more or (2) spending less. We'll look first at receiving more. People receive higher pay by becoming more productive.

4. Explain that to demonstrate how productivity and competition determine pay, we're going to simulate a baseball draft. All of the participants are team owners. The three draft candidates are three people present at the workshop — preferably presenters, sponsors, or others known to the participants.

5. **Display Visual 1.3:** Our Baseball Draft. Ask the first candidate to stand and wave to the participants so that they can judge fan appeal. Repeat the procedure with the second and third candidates. The third candidate should be the most popular among the three, and should have outlandishly good statistics displayed (see example).

6. Now ask: Which candidate would you draft? (*The third candidate with the good statistics.*)

7. Point out that their decision depended on productivity. Then relate their choice to real life by pointing out that we're not all major league baseball players. But we do have the ability to work with a team to get a job done, and that's what employers are looking for. That's what causes our pay to increase.

8. **Display Visual 1.4:** Education and Earnings. Explain that although education isn't the only thing that determines pay, higher pay goes along with more education.

9. **Display Visual 1.5:** Other Ways to Receive More. Explain that participants should keep tabs on assistance programs and should check to see if they qualify for the Earned Income Tax Credit. Remind participants that free, confidential help with income taxes is available through VITA, the Volunteer Income Tax Assistance program.

10. Explain that take-home pay is smaller than gross pay because of a series of deductions. **Display Visual 1.6:** Alexandria's Paycheck. Point out that on the way to becoming take-home pay, a gross amount may be reduced by:

- Income taxes (but Alexandria doesn't make enough money to owe income tax and so none is withheld).
- Social Security taxes of 6.2 percent, often labeled "FICA" on paycheck stubs to denote the Federal Insurance Contributions Act that set up the Social Security program. Ask: Will employers let you skip having Social Security taken out? (*No. All wage and salary earners must participate. In addition, any self-employment income reported on your income taxes is subject to Social Security taxes.*)
- Medicare taxes of 1.45 percent, to support a government-financed medical care program for Americans 65 and older. Ask: Does this tax support medical care for you right now? (*No, not unless you're 65 or over.*)
- Benefits (only a medical insurance plan in Alexandria's case). Ask: Should Alexandria consider dropping the medical insurance? (*Probably not, because medical care benefits are hard to get and medical expenses can wreck her budget. But this deduction amounts to a large part of her pay.*)

11. **Display Visual 1.7:** Budgeting (How to Spend Less). Explain that in budgeting, there are three main steps:

- Set goals.
- Find out where the money is going.
- Find a way to save small amounts and get them out of sight.

12. Introduce the case of Clayton and Katrina, who are married with two small children, Krystal and Jared. Clayton and Katrina both have jobs and are considered relatively well off by their neighbors.

13. Katrina would like to do better, financially, and Clayton agrees, but they're spending all they make every month and so they can't save for any future goals.

14. **Distribute Handout 1.2:** Clayton and Katrina's Checkbook. Display the matching **Visual 1.8**; then show **Visual 1.9:** Clayton and Katrina's Checkbook (register with added lines), explaining that this was produced when Katrina put her check register face-down on a copier, pushed "print," and then added lines out to the right of the check register. Use **Visual 1.10:** Clayton and Katrina's Checkbook (with food column) to show how a column can be added to the right for "food." Then each amount that is spent for food is recopied in its own column. By adding those numbers, a food total can be obtained. Although participants won't fill out the grid, it's important that they see how it would be done.

15. The completed grid is Visual 1.11: Clayton and Katrina's Checkbook fully worked out. Do not display Visual 1.11 prematurely. Invite participants to work in groups of three or four to study the check ledger for five to 10 minutes, so that they can come up with recommendations on how Clayton and Katrina can cut back on expenditures and so find money to save.

16. Monitor the groups as they work. When most groups seem to have some answers, lead a discussion on what they have determined. Do not display the answers to the question, but try to get participants to contribute as many suggestions as possible. Points typically noticed by individuals will include these:

- Clayton's car hobby, which cost more than he and Katrina realized.
- The amount of money that was going to cash and then vanishing.
- Katrina's purchase of a nice dress on the 28th of the month, a Friday. This took their balance into negative territory. Katrina said Clayton's paycheck would be deposited in their account before the weekend was over, and this new deposit would beat the check she wrote for the dress to the bank.

17. After you have received the group's suggestions, **display Visual 1.11** and distribute the matching Handout 1.3: Clayton and Katrina's Checkbook Fully Worked Out. Explain that this is the final product of Katrina's work with the checkbook for a typical month.

18. **Display Visual 1.12:** Budget Summary, which wraps up what Clayton and Katrina learned. Ask how they're doing on each of the categories:

- Food? *(They're spending a lot, but some participants will point out that they do have a family of four to feed.)*
- Clothing? *(Didn't spend much at all in this month, apart from Katrina's controversial dress purchase.)*
- Housing? *(For most parts of the country, they're doing well if they can get a suitable place for this amount of money.)*
- Utilities? *(Doing fairly well, and not able to do much in the short term to change utility expenditures anyway.)*
- Transportation? *(They're doing well, as long as the car doesn't need major repairs. Note that this category excludes Clayton's speed hobby.)*
- Medical Care? *(Not bad, given that they have two small children.)*
- Recreation/Entertainment? *(This is a sore spot. Clayton's speed hobby is hurting them financially.)*
- Cash? *(It's hard to say how well they're doing here, since we don't know where the cash goes. They use cash for most of their dining out and all their charitable giving.)*

19. Summarize by noting that everyone's finances are unique, but everyone can use this technique to see where the money is going.

20. Explain to participants that when they see where their money is going, they can see places where they might cut back. At that point, they cut back and save little amounts, getting those amounts out of sight in a separate account — where they won't see it and spend it.

21. Remind participants of the "pay yourself first" principle. If people try to save what's left at the end of the month, often there's nothing left. Yet if they save first, right after being paid, they often find that they somehow get to the end of the month anyway. Therefore they should try to make saving a regular habit and pay themselves first.

22. **Display Visual 1.13:** Tax Refunds and Windfalls. Point out that tax refunds and windfalls such as bonuses or overtime pay provide a special opportunity to save. Encourage participants not to see it as an all-or-nothing choice (spend it all vs. save it all). Instead, they may take a small amount to spend frivolously and save the rest ("bounded frittering").

REVIEW

Display Visual 1.14 Review. Summarize by saying that to accomplish your financial goals, you have to spend less than you receive. Remind participants that they can make more by becoming more productive, through formal or informal education. Remind them that they can spend less by setting goals, finding out where their money is going, and then getting small amounts out of sight.

Ask:

1. Why do you have to spend less than you receive?
(Because if you don't, spending is the only goal you can accomplish.)
2. Which is easier for most people, receiving more or spending less?
(Spending less is easier for most people. They feel that they're already in the best job they can find, so that receiving more isn't likely.)
3. Why do you think people do a better job saving if they get the saved money out of sight? After all, if it's in a separate account they could get the money out and then spend it.
("Human nature" may be the best answer here. What we have we tend to spend. But if we're not immediately aware that we have it, we are less likely to spend it.)

**HANDOUT 1.1: YOUR FINANCIAL GOALS**

List three things you'd like to accomplish financially (goals):

1. _____

2. _____

3. _____

List your three biggest money worries:

1. _____

2. _____

3. _____

Turn this paper in at the first break.



HANDOUT 1.2: CLAYTON AND KATRINA'S CHECKBOOK

No.	Date	Description	Payment	Deposit	Balance
	10/1	Clayton's paycheck		1375.62	1375.62
1579	10/2	American Properties-Oct. rent	475.00		900.62
1580	10/2	Wal-Mart-Krystal's shirt	9.21		891.41
1581	10/3	Metro Utilities-water	32.14		859.27
1582	10/4	Quick Lube-Clayton's car	24.29		834.98
1583	10/4	Cash	160.00		674.98
1584	10/4	Safeway-groceries	107.49		567.49
1585	10/8	Ace Auto-Clayton's car speed parts	9.95		557.54
1586	10/8	Crewe Speed Shop-Clayton's car	201.90		355.64
	10/10	Deposit-insurance reimb.		29.78	385.42
1587	10/13	Safeway-groceries	62.36		323.06
1588	10/16	Cash-ATM	40.00		283.06
	10/16	Katrina's paycheck		985.92	1268.98
1589	10/17	Pep Boys-speed parts	49.56		1219.42
1590	10/17	Corners Exxon-Clayton's brakes	66.38		1153.04
1592	10/17	Food Lion	26.22		1126.82
1593	10/19	Cash-ATM	60.00		1066.82
1594	10/20	Dr. Kelly-Jared (ears)	58.80		1008.02
1595	10/21	Eckerd Drugs-Jared's med.	25.61		982.41
	10/21	Deposit-Clayton's mileage		8.16	990.57
1596	10/21	Wal-Mart-storage bags	12.51		978.06
1597	10/21	Safeway-groceries	141.46		836.60
1598	10/21	Master Card-chrome exhaust ext.	48.15		788.45
1599	10/21	TeleComm Sys-ph. bill	48.90		739.55
1600	10/21	Cash-ATM	85.00		654.55
1601	10/24	First Finance-Clayton's car pmt.	216.90		437.65
1602	10/24	VISA-trip to race	252.89		184.76
1603	10/27	Food Lion-groceries	50.51		134.25
1604	10/28	Cash-ATM	60.00		74.25
1606	10/28	Atlantic Power-elec. bill	68.55		5.70
1607	10/28	Belk-Katrina's dress	144.15		-138.45
Totals and ending balance			2,537.93	2,399.48	-138.45

Income and Choices

Handout 1.3: Clayton and Katrina's Checkbook Fully Worked Out

Clayton and Katrina's checkbook

No.	Date	Description	Payment	Deposit	Balance	Food	Clothing	Housing	Utils.	Transp	Med Care	Rec/Ent	Cash	Misc
1579	10/1	Clayton's paycheck	475.00	1375.62	1375.62			475.00						
1580	10/2	American Properties-Oct. rent	9.21	900.62	900.62		9.21							
1581	10/2	Wal-Mart-Krystal's shirt	32.14	859.41	859.27									
1582	10/3	Metro Utilities-water	24.29	834.98	834.98				32.14					
1583	10/4	Quick Lube-Clayton's car	160.00	674.98	674.98				24.29					
1584	10/4	Cash	107.49	567.49	107.49								160.00	
1585	10/4	Safeway-groceries	9.95	557.54	557.54							9.95		
1586	10/8	Ace Auto-Clayton's car speed parts	201.90	355.64	355.64							201.90		
1587	10/10	Crewe Speed Shop-Clayton's car	29.78	385.42	385.42									
1588	10/13	Deposit-insurance reimb.	62.36	323.06	323.06	62.36								
1589	10/16	Safeway-groceries	40.00	283.06	283.06								40.00	
1590	10/16	Cash-ATM	985.92	1268.98	1268.98									
1591	10/17	Katrina's paycheck	49.56	1219.42	1219.42							49.56		
1592	10/17	Pep Boys-speed parts	66.38	1153.04	1153.04					66.38				
1593	10/17	Corners Exxon-Clayton's brakes	26.22	1126.82	1126.82	26.22								
1594	10/19	Food Lion	60.00	1066.82	1066.82									
1595	10/20	Cash-ATM	58.80	1008.02	1008.02							58.80		
1596	10/21	Dr. Kelly-Jared (ears)	25.61	982.41	982.41						25.61			
1597	10/21	Eckerd Drugs-Jared's med.	8.16	990.57	990.57									
1598	10/21	Deposit-Clayton's mileage	12.51	978.06	978.06									12.51
1599	10/21	Wal-Mart-storage bags	141.46	836.60	141.46									
1600	10/21	Safeway-groceries	48.15	788.45	788.45									
1601	10/21	Master Card-chrome exhaust ext.	48.90	739.55	739.55							48.15		
1602	10/21	TeleComm Sys-ph. bill	85.00	654.55	654.55					48.90				
1603	10/21	Cash-ATM	216.90	437.65	437.65								85.00	
1604	10/24	First Finance-Clayton's car pmt.	252.89	184.76	184.76							252.89		
1605	10/24	VISA-trip to race	50.51	134.25	134.25									
1606	10/27	Food Lion-groceries	60.00	74.25	74.25									
1607	10/28	Cash-ATM	68.55	5.70	5.70									
1608	10/28	Atlantic Power-elec. bill	144.15	-138.45	-138.45									
1609	10/28	Belk-Katrina's dress	2,537.93	2,399.48	-138.45	388.04	153.36	475.00	149.59	307.57	84.41	562.45	405.00	12.51
1610	Totals and ending balance													



Visual 1.1: Spend Less than You Receive

To accomplish anything financially, you have to spend less than you receive.

Two ways:

1. Receive more
2. Spend less



Visual 1.2: Three Kinds of Goals

- Short-term goals: within the next two months.
(Example: making next month's rent payment on time.)
- Medium-term goals, two months to three years into the future.
(Example: saving to buy a car next year.)
- Long-term goals, beyond three years into the future.
(Example: saving for retirement.)



Visual 1.3: Our Baseball Draft

Candidate 1 Right field
Bats .120
40-yard dash: 8.0
Fan appeal?

Candidate 2 Center field
Bats .108
40-yard dash: 7.9
Fan appeal?

Candidate 3 Shortstop
Bats .355
40-yard dash: 5.1
Fan appeal?

**Visual 1.4: Education and Earnings**

(Median income by group)

High school dropout	\$20,176
High school graduate	\$27,768
Some college	\$32,396
College graduate	\$46,384
Advanced degree holder	\$57,408

Source: U.S. Bureau of Labor Statistics, 2003
<http://www.bls.gov/news.release/wkyeng.t04.htm>



Visual 1.5: Other Ways to Receive More

1. Keep tabs on assistance programs.
2. Check to see whether you're eligible for the Earned Income Tax Credit.

It is designed to help low-income people meet expenses (especially heads of household with children):

- If you qualify, you get a larger tax refund after filing federal income tax.
- Even if you don't owe any tax, if you qualify you can receive a refund.
- Doesn't reduce your eligibility for Medicaid, Supplementary Security Income, food stamps, or low-income housing.

Call 1-800-829-1040 for volunteer income tax assistance.



Visual 1.6: Alexandria's Paycheck

Little Treasures Child Care, Inc.
P.O. Box 1327
New Albany, IN 47151

DATE Jan. 16, 2004

PAY TO THE
ORDER OF Alexandria C Johnson

\$ **347.64**

Three hundred forty seven and $\frac{64}{100}$

FOR 84 hrs 1st pd

Mary E. Lamberton

Little Treasures Child Care, Inc.
P.O. Box 1327 New Albany, IN 47151

Empl. Name:	Alexandria C. Johnson
Empl. Number:	S418
Check #:	476
Issue Date:	01/16/2004
Pay Period Start:	01/02/2004
Pay Period End:	01/16/2004
Gross Pay:	\$445.20
Net Pay:	\$347.64
Taxable Y-T-D:	\$445.20
Gross Y-T-D:	\$445.20

Earnings

DESC	Hours	Rate	Amount	Y-T-D
REG	84	\$5.30	\$445.20	\$445.20



Visual: 1.7: Budgeting (How to Spend Less)

1. Set goals
2. Find out where the money is going
3. Find a way to save small amounts and get them out of sight


Visual 1.8: Clayton and Katrina's Checkbook

No.	Date	Description	Payment	Deposit	Balance
	10/1	Clayton's paycheck		1375.62	1375.62
1579	10/2	American Properties-Oct. rent	475.00		900.62
1580	10/2	Wal-Mart-Krystal's shirt	9.21		891.41
1581	10/3	Metro Utilities-water	32.14		859.27
1582	10/4	Quick Lube-Clayton's car	24.29		834.98
1583	10/4	Cash	160.00		674.98
1584	10/4	Safeway-groceries	107.49		567.49
1585	10/8	Ace Auto-Clayton's car speed parts	9.95		557.54
1586	10/8	Crewe Speed Shop-Clayton's car	201.90		355.64
	10/10	Deposit-insurance reimb.		29.78	385.42
1587	10/13	Safeway-groceries	62.36		323.06
1588	10/16	Cash-ATM	40.00		283.06
	10/16	Katrina's paycheck		985.92	1268.98
1589	10/17	Pep Boys-speed parts	49.56		1219.42
1590	10/17	Corners Exxon-Clayton's brakes	66.38		1153.04
1592	10/17	Food Lion	26.22		1126.82
1593	10/19	Cash-ATM	60.00		1066.82
1594	10/20	Dr. Kelly-Jared (ears)	58.80		1008.02
1595	10/21	Eckerd Drugs-Jared's med.	25.61		982.41
	10/21	Deposit-Clayton's mileage		8.16	990.57
1596	10/21	Wal-Mart-storage bags	12.51		978.06
1597	10/21	Safeway-groceries	141.46		836.60
1598	10/21	Master Card-chrome exhaust ext.	48.15		788.45
1599	10/21	TeleComm Sys-ph. bill	48.90		739.55
1600	10/21	Cash-ATM	85.00		654.55
1601	10/24	First Finance-Clayton's car pmt.	216.90		437.65
1602	10/24	VISA-trip to race	252.89		184.76
1603	10/27	Food Lion-groceries	50.51		134.25
1604	10/28	Cash-ATM	60.00		74.25
1606	10/28	Atlantic Power-elec. bill	68.55		5.70
1607	10/28	Belk-Katrina's dress	144.15		-138.45
Totals and ending balance			2,537.93	2,399.48	-138.45

Visual 1.9: Clayton and Katrina's Checkbook (Register With Added Lines)

No.	Date	Description	Payment	Deposit	Balance
1579	10/1	Clayton's paycheck	475.00	1375.62	1375.62
1580	10/2	American Properties-Oct. rent	9.21		900.62
1581	10/2	Wal-Mart-Krystal's shirt	32.14		891.41
1582	10/3	Metro Utilities-water	24.29		859.27
1583	10/4	Quick Lube-Clayton's car	160.00		834.98
1584	10/4	Cash	107.49		674.98
1585	10/8	Safeway-groceries	9.95		567.49
1586	10/8	Ace Auto-Clayton's car speed parts	201.90		557.54
1587	10/10	Crewe Speed Shop-Clayton's car	29.78		385.42
1588	10/13	Deposit-insurance reimb.	62.36		355.64
1589	10/16	Safeway-groceries	40.00		323.06
1590	10/16	Cash-ATM		985.92	283.06
1591	10/17	Katrina's paycheck	49.56		1268.98
1592	10/17	Pep Boys-speed parts	66.38		1219.42
1593	10/17	Corners Exxon-Clayton's brakes	26.22		1153.04
1594	10/17	Food Lion	60.00		1126.82
1595	10/19	Cash-ATM	58.80		1066.82
1596	10/20	Dr. Kelly-Jared (ears)	25.61		1008.02
1597	10/21	Eckerd Drugs-Jared's med.	12.51		982.41
1598	10/21	Deposit-Clayton's mileage		8.16	990.57
1599	10/21	Wal-Mart-storage bags	141.46		978.06
1600	10/21	Safeway-groceries	48.15		836.60
1601	10/21	Master Card-chrome exhaust ext.	85.00		788.45
1602	10/21	TeleComm Sys-ph. bill	216.90		739.55
1603	10/24	Cash-ATM	252.89		654.55
1604	10/24	First Finance-Clayton's car pmt.	50.51		437.65
1605	10/27	VISA-trip to race	60.00		184.76
1606	10/27	Food Lion-groceries	68.55		134.25
1607	10/28	Cash-ATM	144.15		74.25
1608	10/28	Atlantic Power-elec. bill			5.70
1609	10/28	Belk-Katrina's dress			-138.45
1610	10/28	Totals and ending balance	2,537.93	2,399.48	-138.45

Visual 1.10: Clayton and Katrina's Checkbook (With a Food Column)

No.	Date	Description	Payment	Deposit	Balance	Food
1579	10/1	Clayton's paycheck	475.00	1375.62	1375.62	
1580	10/2	American Properties-Oct. rent	9.21		900.62	
1581	10/2	Wal-Mart-Krystal's shirt	32.14		891.41	
1582	10/3	Metro Utilities-water	24.29		859.27	
1583	10/4	Quick Lube-Clayton's car	160.00		834.98	
1584	10/4	Cash	107.49		674.98	
1585	10/8	Safeway-groceries	9.95		567.49	107.49
1586	10/8	Ace Auto-Clayton's car speed parts	201.90		557.54	
1587	10/10	Crewe Speed Shop-Clayton's car	29.78		385.42	
1588	10/13	Deposit-insurance reimb.	62.36		355.64	
1589	10/16	Safeway-groceries	40.00		323.06	62.36
1590	10/16	Cash-ATM		985.92	283.06	
1591	10/17	Katrina's paycheck			1268.98	
1592	10/17	Pep Boys-speed parts	49.56		1219.42	
1593	10/17	Corners Exxon-Clayton's brakes	66.38		1153.04	
1594	10/17	Food Lion	26.22		1126.82	26.22
1595	10/19	Cash-ATM	60.00		1066.82	
1596	10/20	Dr. Kelly-Jared (ears)	58.80		1008.02	
1597	10/21	Eckerd Drugs-Jared's med.	25.61		982.41	
1598	10/21	Deposit-Clayton's mileage		8.16	990.57	
1599	10/21	Wal-Mart-storage bags	12.51		978.06	
1600	10/21	Safeway-groceries	141.46		836.60	141.46
1601	10/21	Master Card-chrome exhaust ext.	48.15		788.45	
1602	10/21	TeleComm Sys-ph. bill	48.90		739.55	
1603	10/21	Cash-ATM	85.00		654.55	
1604	10/24	First Finance-Clayton's car pmt.	216.90		437.65	
1605	10/24	VISA-trip to race	252.89		184.76	
1606	10/27	Food Lion-groceries	50.51		134.25	50.51
1607	10/28	Cash-ATM	60.00		74.25	
1608	10/28	Atlantic Power-elec. bill	68.55		5.70	
1609	10/28	Belk-Katrina's dress	144.15		-138.45	
Totals and ending balance			2,537.93	2,399.48	-138.45	388.04

Visual 1.11: Clayton and Katrina's Checkbook (Fully Worked Out)

No.	Date	Description	Payment	Deposit	Balance	Food	Clothing	Housing	Utils.	Transp	Med Care	Rec/Ent	Cash	Misc
1579	10/1	Clayton's paycheck	475.00	1375.62	1375.62			475.00						
1580	10/2	American Properties-Oct. rent	9.21		900.62		9.21							
1581	10/2	Wal-Mart-Krystal's shirt	32.14		859.27				32.14					
1582	10/3	Metro Utilities-water	24.29		834.98				24.29					
1583	10/4	Quick Lube-Clayton's car	160.00		674.98								160.00	
1584	10/4	Cash	107.49		567.49									
1585	10/4	Safeway-groceries	9.95		557.54							9.95		
1586	10/8	Ace Auto-Clayton's car speed parts	201.90		355.64							201.90		
1587	10/8	Crewe Speed Shop-Clayton's car	29.78		385.42									
1588	10/10	Deposit-insurance reimb.	62.36		323.06	62.36								
1589	10/13	Safeway-groceries	40.00		283.06								40.00	
1590	10/16	Cash-ATM	985.92		1268.98									
1591	10/16	Katrina's paycheck	49.56		1219.42									
1592	10/17	Pep Boys-speed parts	66.38		1153.04					66.38				
1593	10/17	Corners Exxon-Clayton's brakes	26.22		1126.82	26.22								
1594	10/17	Food Lion	60.00		1066.82									
1595	10/19	Cash-ATM	58.80		1008.02						58.80		60.00	
1596	10/20	Dr. Kelly-Jared (ears)	25.61		982.41						25.61			
1597	10/21	Eckerd Drugs-Jared's med.	8.16		990.57									
1598	10/21	Deposit-Clayton's mileage	12.51		978.06									12.51
1599	10/21	Wal-Mart-storage bags	141.46		836.60	141.46								
1600	10/21	Safeway-groceries	48.15		788.45									
1601	10/21	Master Card-chrome exhaust ext.	48.90		739.55									
1602	10/21	TeleComm Sys-ph. bill	85.00		654.55				48.90					
1603	10/21	Cash-ATM	216.90		437.65									
1604	10/24	First Finance-Clayton's car pmt.	252.89		184.76				216.90					
1605	10/24	VISA-trip to race	50.51		134.25									
1606	10/27	Food Lion-groceries	60.00		74.25									
1607	10/28	Cash-ATM	68.55		5.70									
1608	10/28	Atlantic Power-elec. bill	144.15		-138.45									
1609	10/28	Belk-Katrina's dress	2,537.93	2,399.48	-138.45	388.04	153.36	475.00	149.59	307.57	84.41	562.45	405.00	12.51
Totals and ending balance														

**Visual 1.12: Budget Summary**

Food	\$388.04	16%
Clothing	\$153.36	6%
Housing	\$475.00	20%
Utilities	\$149.59	6%
Transportation	\$307.57	13%
Medical Care	\$84.41	4%
Recreation/Ent.	\$562.45	23%
Cash	\$405.00	17%



Visual 1.13: Tax Refunds and Windfalls

- A special opportunity to save.
- You don't have to "spend it all" or "save it all."
- You can take a small amount to spend frivolously and save the rest. (This is called "bounded frittering.")



Visual 1.14: Review

- Spend less than you receive.
- Make more by becoming more productive.
- Set goals, find out where the money is going, and get small amounts out of sight.

1. Why do you have to spend less than you receive?
2. Which is easier for most people, receiving more or spending less?
3. Why do you think people do a better job of saving if they get the saved money out of sight?

