

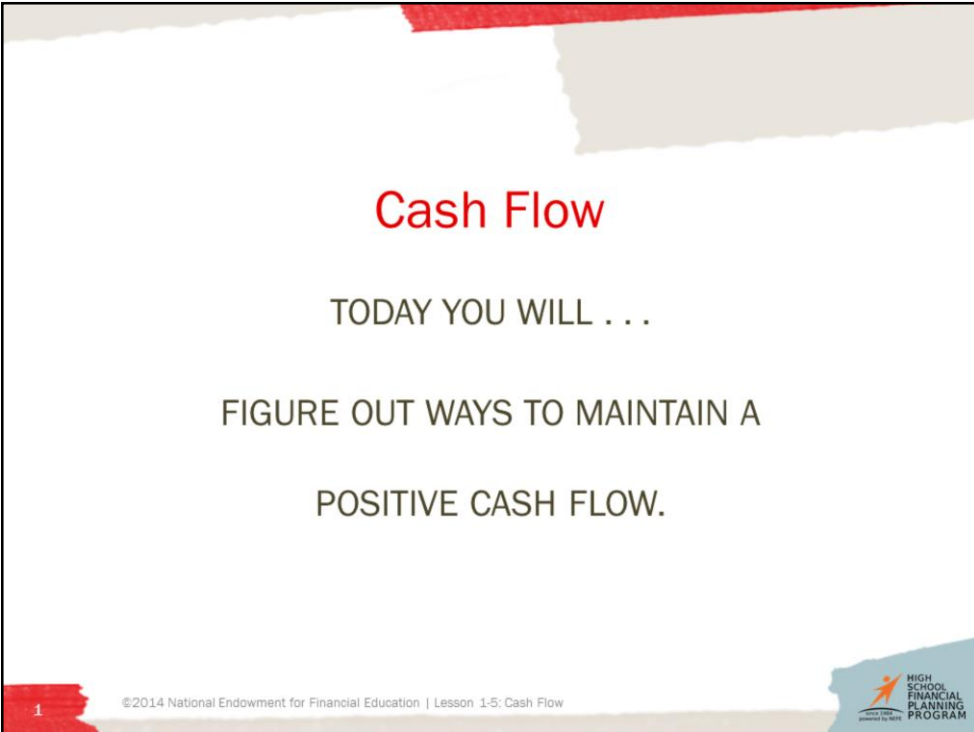
MODULE
01

**MONEY
MANAGEMENT:**
Control Your Cash Flow

WWW.HSFPP.ORG

HIGH SCHOOL FINANCIAL PLANNING PROGRAM
SINCE 1988

The image is a collage with a red and white torn-paper effect. It features three photographs: a group of three students (two girls and one boy) looking at a laptop; a young woman sitting on a tree stump outdoors; and a close-up of a young man smiling. The text is overlaid on the collage, with 'MODULE 01' in large grey letters, 'MONEY MANAGEMENT:' in white on a black background, and 'Control Your Cash Flow' in red on a black background. The website 'WWW.HSFPP.ORG' is at the bottom left, and the program logo is at the bottom right.



Cash Flow

TODAY YOU WILL . . .

FIGURE OUT WAYS TO MAINTAIN A

POSITIVE CASH FLOW.

1

©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow

HIGH SCHOOL FINANCIAL PLANNING PROGRAM

- ❑ Display this slide as you transition into the lesson.
- ❑ Ask for a student volunteer to read the **Money Flow letter**. As the story is being read to the class, pour water from the pitcher into the glass whenever the story involves income (adding to the balance). When the story involves spending money, pour water out of the mug. It's possible that the mug or glass will be empty at some point in the story which represents zero cash balance.
- ❑ Debrief with the students to explain how the water represents “cash flow.” Ask the students to think about times when their own glasses were empty (or overflowing). Point out that even with careful planning, students will encounter unexpected events that will impact their cash flow at very inconvenient times. There may be times when students have a windfall or extra money.

Preview

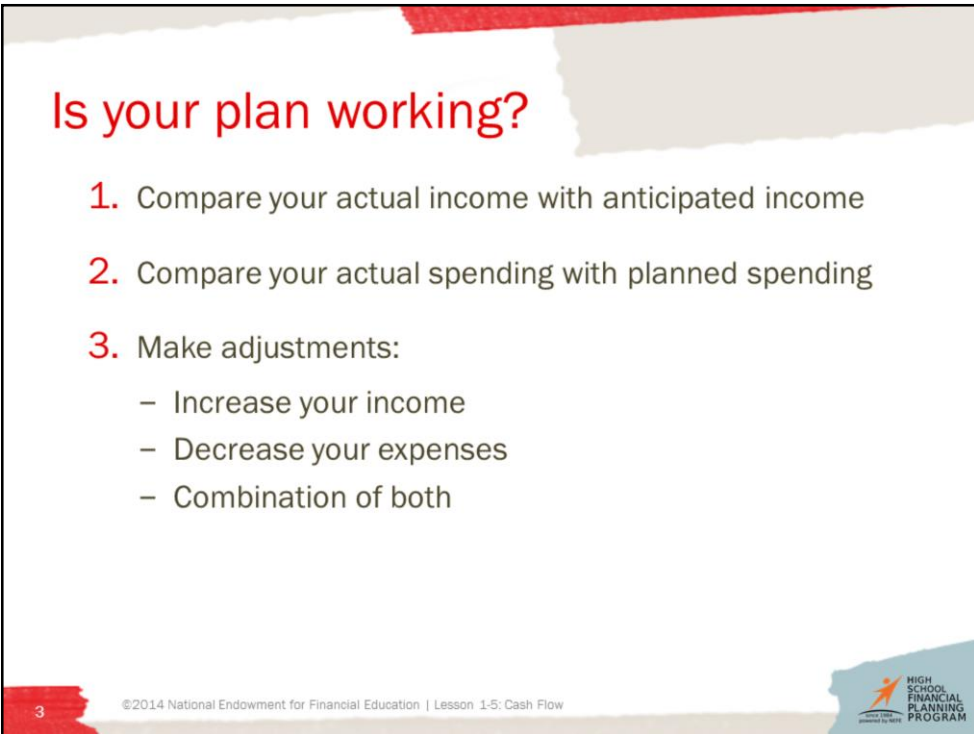
Today we will answer these questions:

- How can I plug spending leaks?
- What can I do to stick to my spending plan?
- How can I be prepared for unexpected money events?

Use what you learn today to
apply strategies to control your spending.

2 ©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow HIGH SCHOOL FINANCIAL PLANNING PROGRAM

- Transition into the lesson by telling the students that they will learn about tips for what they might do when cash flow is abundant as well as how they can reduce the risk of low or no cash flow. Preview the Learning Outcomes in the Student Learning Plan. By the end of this lesson, the students should be able to identify strategies they will apply to control their spending.



Is your plan working?

1. Compare your actual income with anticipated income
2. Compare your actual spending with planned spending
3. Make adjustments:
 - Increase your income
 - Decrease your expenses
 - Combination of both

3

©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow

HIGH SCHOOL FINANCIAL PLANNING PROGRAM

Student Guide, pages 32-33


- Read the Staying on Course tips.
- Introduce ways for students to adjust their income or expenses so their spending plan more closely matches their actual spending and planning.

Get a Bigger Bucket

- Be crafty
- Help your neighbors
- Teach others
- Be a tech troubleshooter
- Work for your parents
- Start an Internet business

4

©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow



Student Guide, page 34

- As a lead-in to **Activity 1.9: My Income Options**, provide suggestions for how students can increase their cash other than getting a job with more pay or increasing how many hours they work.

Plug Your Money Leaks

- Slow and steady drips
- Laziness penalties
- Needless things
- Carelessness fines
- Pity purchases
- Impulsive buys

5 ©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow

HIGH SCHOOL FINANCIAL PLANNING PROGRAM

Student Guide, page 35

- Ask students to think about their biggest spending weakness. Arrange students in pairs to share their responses. As time allows, have the students document the total number of students represented within each category.

[OPTIONAL: If students completed the Values and Spending Survey from Lesson 1-1, see how the categories align with students' money values.]

- Point out examples of unplanned expenses (spending leaks) that the students might not have shared.

Common Money Leaks:

Slow and steady drips. Sure, it's "only" fifty cents or \$30, but when it's every day or every week, those little purchases add up fast!

Laziness penalties. These could be late fees on library books or bills, frequent ATM fees, parking tickets or buying something you left at home. Basically, if you had planned your money or time better, you wouldn't have had to pay for them

Needless things. Books or magazine subscriptions you never read. Membership to a gym you never go to, clothes you've never worn. DVD's you haven't unwrapped. If it's been sitting there unopened, unworn, or unused for 30 days, did you really need it?

Carelessness fines. Speeding tickets. Replacing lost sunglasses or fixing a computer you spilled water on. Fees for going over your credit card limit. Again, these are all preventable expenses that drain your wallet while doing nothing to improve your life.

Pity purchases. You were feeling blue so you went on a little splurge—crazy to cheer yourself up. But you don't feel quite as happy when you see your bank statement or empty wallet afterward.

Impulsive buys. It didn't work or didn't last. You found it later a lot cheaper. Or, you got home and realized you'd already bought one. These are the purchases you regret not doing your homework on.

Who's in Control?

Do you control your cash flow?
or
Does your cash flow control you?

Face **REALITY**
Accept **RESPONSIBILITY**
Show **RESTRAINT**

6 ©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow HIGH SCHOOL FINANCIAL PLANNING PROGRAM

Student Guide, pages 36-37

- ❑ Ask the students to think about how they would answer the control questions. Introduce the 3 R's as a way for them to take control over their cash flow using the strategies they will learn in this lesson.
 - Face the reality of the current, actual situation. Prices for services increase, people won't keep the same job forever, an illness or injury might prevent someone from working either temporarily or permanently, increases in family size will bring on more expenses. An emergency fund can help relieve financial stress when unexpected events occur. Creating a spending plan using actual earning amounts is better than planning for the job raise that might not happen. Knowing that businesses increase their fees over time, such as phone costs and utility fees, is a reason to leave room in the plan to be able to adjust non-essential expenses.
 - Accept responsibility for your own spending and saving actions. As you learn strategies to manage your cash flow, use them to take charge for how you use your money.
 - Show restraint when tempted to stray from your values or spending plan. Have a plan and stick to the plan.
- ❑ Read pages 36-37 and discuss 7 Ways to Strike Back with strategies to make money go further.

Track Your Money

- Envelope system
- Weekly receipt tally
- Checking account register
- Spreadsheet
- Personal finance software or app

7 ©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow

HIGH SCHOOL FINANCIAL PLANNING PROGRAM

Student Guide, pages 35-37

- Introduce students to strategies they might use to keep track of their income and spending. One strategy doesn't work for all people so students will want to consider what they think best fits their lifestyle. Ask students to share any strategies they already use to keep track of their spending.

Stop Drop and Think Before You Buy Test

Before you buy, ask these questions:

- Do I need this or do I want it?
- If I don't need it, why do I want it?
- Exactly when will I use (or wear) it?
- Could I find it for less somewhere else?
- What will I have to give up or put off by buying this now?

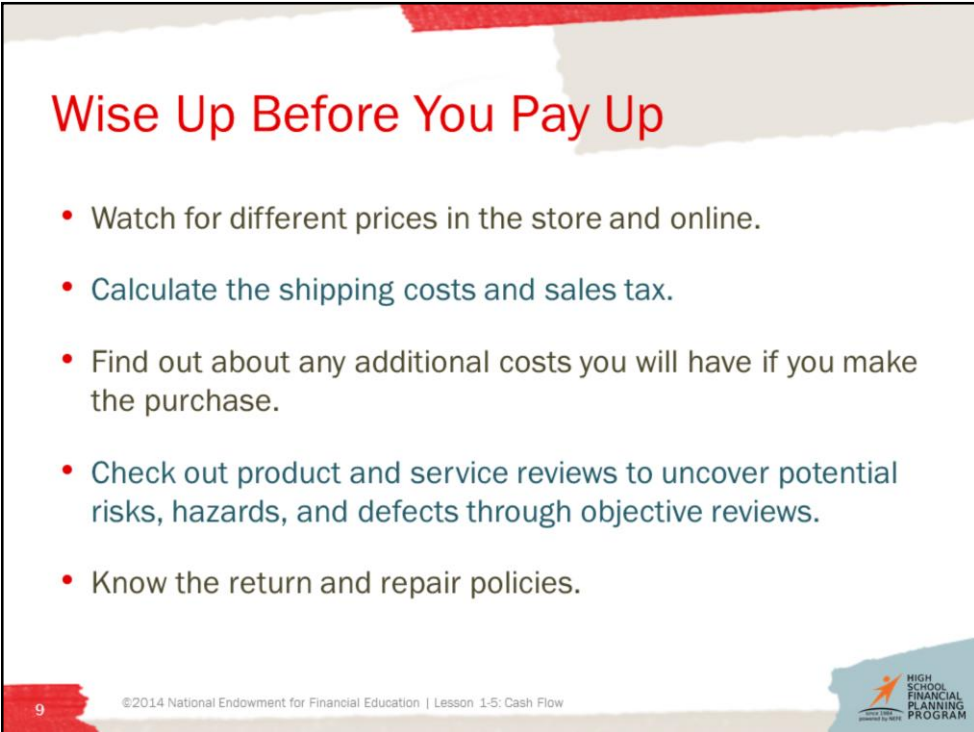
8

©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow



Appendix, page 40


- Introduce students to the **Stop Drop and Think Before You Buy** test questions in the Appendix on page 40. Recommend that they use the questions when they are considering a purchase, particularly for something that is pricey. Also suggest using the 24-Hour Rule when an item turns out to cost more than expected. Recommend holding off for a day on making the purchase to think about whether the purchase is a good decision and if it fits into the spending plan.



Wise Up Before You Pay Up

- Watch for different prices in the store and online.
- Calculate the shipping costs and sales tax.
- Find out about any additional costs you will have if you make the purchase.
- Check out product and service reviews to uncover potential risks, hazards, and defects through objective reviews.
- Know the return and repair policies.

9 ©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow



Student Guide, pages 35-37

- Recommend that students spend a little more time preparing for major purchases than they might for small-ticket items to reduce the risk of buyer's remorse later. This includes doing homework upfront to ensure that what they are buying is in good condition, that they are getting the best deal, and they know what to do if the item needs to be returned or repaired.
- Direct students to complete **Activity 1.10: My Spending Leaks**.


Create Green Reaper Scenarios

Examples

“That movie was so good you forgot to return it when it was due six days ago. Now you owe the library \$12 in late fees.”

\$\$\$\$\$\$

“That box of Valentine’s Day chocolates hit the spot; however, it left spots on your teeth! Your dentist tells you that you need to have two cavities filled. With insurance: \$39.60 per tooth. Without insurance: \$198 per tooth.”



[Optional as time allows]

- ❑ Divide students into groups of four or so members. Direct each team to create six Green Reaper cards that identify realistic scenarios and accurate cost estimates. Students can write their card information on paper to hand in or directly on index cards. If you opt for index cards, then pass those out now.
- ❑ To make it more interesting, you can assign each team a theme for their scenarios, such as “Medical,” “Technology,” “Sports-Related,” “Education,” “Pets,” “Relationships” (family, friends, etc.), “Transportation,” “Entertainment,” etc.
- ❑ Groups can divide the labor up as needed. For example two students can work on being “creative”—coming up with the scenarios—while two other students can conduct the research. Or, groups may choose to let each member create their own card. Either way, all group members should have a chance to review and correct cards before they are turned in for a group grade.

Use these cards in a variety of ways.

- Students choose one of these cards at random, and they have to re-balance their budget to accommodate the cost associated with their Green Reaper cards.
- Use the cards in a class or school-wide financial capability fair or simulation.
- Use these cards for a flash card game, “What Does It Cost?” testing their knowledge and understanding of consumer costs.
- Have students create their own board game version of Life™ or Monopoly™ focusing on financial skills and benchmarks in the life cycle. Use the Green Reaper cards they develop as Chance Cards.


When Life Changes, Change the Plan

What if ...

- You get a job that pays more?
- Are scheduled to work fewer hours?
- Get laid off or fired?
- Your bus fare increases?
- Achieve your goal(s)?

11

©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow



Optional

- Point out that an individual's spending plan will change as frequently as a person's life situation changes. Facilitate a discussion about the types of changes that might impact a teen's spending plan. Ask students to add to the "what if" situations. As time allows, expand the discussion to changes when the students become adults.

Change Michael's Plan

*He works more hours in the summer and already bought tires

Monthly Expenses	School Year	Summer
Estimated Income	\$544	\$1,110*
Savings for college	\$0	
Savings for tires*	\$160	\$0*
Car Insurance	\$70	
Cellphone	\$45	
Food	\$100	
Gas	\$40	
Clothes/Personal Care	\$35	
Entertainment	\$80	
Gifts/Donations	\$15	
Total Expenses	\$545	

12 ©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow



Optional


- Ask the students to suggest changes to Michael's spending plan for the summer months. Point out that he works full-time in the summer so his monthly income increases. He no longer has to set aside savings for new tires because he bought the tires earlier in the spring. Remind the students that Michael is planning to start college in the fall. (This is an activity students can either complete as a whole class, individuals, or in small groups.)

Challenge page 39

Reflect on your money management habits.

Respond to the following:

- What do you do well?
- What will you do to improve?
- How will you share what you learned?

13 ©2014 National Endowment for Financial Education | Lesson 1-5: Cash Flow 

Student Guide, page 39

- Have students assess their current money management skills by completing the **Money Management Self-Assessment**. Encourage them to be honest and by telling them that their current skills are better than some adults'!
- Assign **Challenge 1-D: My Action Plan**. Direct students to select from the self-assessment one issue that they want to work on over the next year. Have the students write down or fashion a SMART goal that will help them develop that particular skill.
- Challenge students to respond to the reflection prompt (Learning Plan 1-5) as they assess current spending habits and predict their future habits.

How do you spend your money? Using your spending log from Lesson 1-1 (Further Study), create categories of expenses, and calculate the percent you spend on each category. How well do your current spending habits represent your financial goals?

Use this information to create a pie chart that represents how you spend your money. Answer the following questions:

- *What do you think will happen to your pie chart in ten years if you don't create a spending plan?*
- *What do you think will happen to your pie chart if you DO create a plan?*

