

Speaker Notes for Money Savvy U™

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Agenda

- Talk about how to manage your money
- Introduce you to a new money management tool
- Help you get started on your way to financial success
- Answer your questions

In this course we are going to teach you how to manage your money wisely. We will also introduce you to a new money management tool called the **Cash Cache Beginning Personal Finance Organizer** that will help you get your finances organized and to stay organized. The goal of this course is to help you get started on your way to financial success. I'm sure that our discussion will generate many questions so we will attempt to tackle any of your specific questions during the course.

Note: **Cash Cache** (*pronounced cash cash*); *Definition: 1) A hiding place used especially for storing provisions; 2) A place for concealment and safekeeping, as of valuables.*

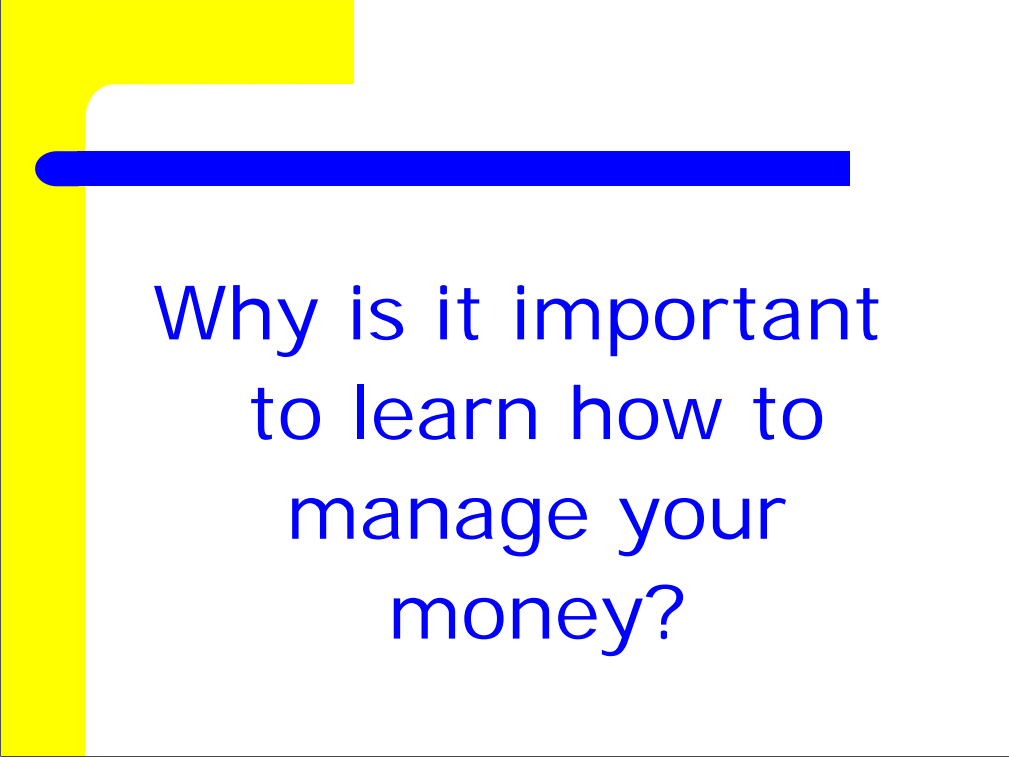
Lessons

1. Budgeting
2. Power of Compounding
3. Smart Spending
4. Smart Borrowing and Use of Credit Cards
5. Smart Investing

The lesson material that we will be covering includes these topics:

1. Budgeting
2. The Power of Compounding
3. Smart Spending
4. Smart Borrowing and Use of Credit Cards
5. Smart Investing

We want these lessons to be extremely useful to you so you should bring real life questions to the class as they occur to you.



Why is it important to learn how to manage your money?

Before we dive into the first lesson, let's start by getting on the same page. Why is it important to learn how to manage money?

[Take suggested answers from the students]

Possible answers include:

- So that your money can work for you rather than the other way around
- So that you can plan for your future
- So that you can achieve your goals
- So that you can stay out of financial trouble

When you know how to manage your money. . .

You know how to
make your money
work for you!

Because when you know how to manage your money, you know how to make your money work for you?

What do we mean by “making your money work for you” *[Take suggested answers from the students]*

When money is working for you, it means that your money is earning money? How is that possible? *[Take suggested answers from the students]*

Money earns money when you have assets that pay you back cash or when they appreciate in value. An example of an asset that pays you back cash is some shares of stock where the company pays a cash dividend for each share of stock you own. This happens when the company chooses to distribute some of its profits to the stockholders in cash.

An example of an asset that appreciates in value is real estate. . . land or property that is valuable and just keeps getting more valuable as new buildable land becomes more scarce.

Lesson 1

- Budgeting

The first lesson that we will tackle is budgeting. Who knows what budgeting means?

[a budget is a spending plan]

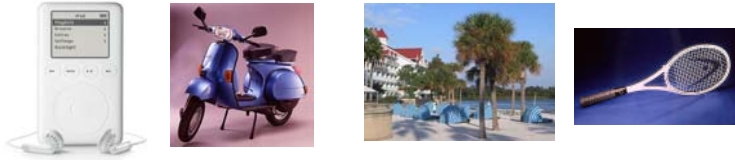
Does anyone here have their own budget? If so, what can you tell us about it?

What about your parents, do any of them have budgets?

A budget is a spending plan. What is in that plan? That depends on what your goals are.

Short-Term & Long-Term Goals

- **Short-term** = in the next year



- **Long-term** = ten or more years from now



- **Opportunity cost** = what you have to give up today in order to have something later on

The key to making a financial success of yourself is to consciously link your money to your goals in life. There are different types of goals, of course. Long term and short term goals. Here are some examples of some things that you might want to have in the short term and the long term.

Short term: personal electronics, a bike or scooter, a vacation, sports equipment

Long term: a car, money for college, a down-payment on your first home, money to retire on that private island you've always wanted

Class Exercise:

Each of you needs to think about your Short and Long term goals. Please pull out your goal-setting templates from your Cash Cache organizer, both your Short term template as well as your Long term template. When we speak about short term goals, we think in terms of months, such as saving for gym shoes, a new sweater, a computer, etc. Long term goals are things you save up for years, like a new car, a College Education, or a house.

On your goal-setting sheets write down some of your goals, both short-term and long-term. Take a minute or so.

Would anyone like to share with us some of their goals? *[Take responses from the audience]*

In order to save for some of the goals, especially those that are more expensive, you may need to give up other things that you would like. Economists call this the Opportunity Cost. You must be disciplined to give up something today, so that your tomorrow will be easier.

But just living is expensive too.

- Shelter
- Food
- Health Care
- Education
- Taxes
- Utilities
- Entertainment
- Etc.

Short term and long term goals are important to have, but most of our money goes toward the day to day business of living, month after month. Basic living expense are considered non-discretionary. You don't have much choice about these non-discretionary expenses as they are necessary for survival. Granted you have some choice over how big or expensive a house you live in, and how many meals a day you eat, but there is a certain minimum below which most people aren't willing to venture.

Can anyone think of any other expenses that they would consider non-discretionary? *[Take suggested answers from students and let the class debate over the suggestions]*

Budgets make the world go 'round.

- A budget is a spending plan
- It is YOUR plan, and you can change it when you want
- You are in charge of decisions
- It helps you keep track of your spending
- It helps you achieve your goals more quickly

Money-savvy people create and manage a personal budget to help them plan how they want to spend their money. Some people associate a budget with drudgery. A budget is not a chore, nor is it a prohibition against spending. A budget is simply a plan. . . A spending plan.

And it's not a plan set by someone else, it is YOUR spending plan. You make the decisions about how you want to spend your money. It helps you to see in black and white whether you HAVE enough money to spend on all the things you want to spend on in the first place. If it turns out you don't, it is a hand tool to help you figure out how to make room for everything you want.

When saving towards one or more goals is part of your budget, you will achieve those goals more quickly when you follow your spending plan every month.

If you need to deviate from your plan on occasion, it's no big deal. With a budget in place you will be CONSCIOUSLY making one trade off for another. For example, say your friend invites you to go to your favorite band's concert in a neighboring city. He'll pay for the tickets if you will drive and pay the \$50 needed for gasoline. It's not in your original plan, but your budget can show you how to make it work. Your choices are as varied as the line items in your budget. You could give up spending on fast food for the month, delay getting that new sweatshirt, or even delay the deposit to your long term goal saving account. The choice is yours.