

Be Moneysmart

Savings, budgeting and spending -
Student workbook (Module 1)



Australian Government



moneysmart
.gov.au

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Module 1: Saving, budgeting and spending

Time: 1 hour online and 2 hours Student Workbook

Student resources required for this module:

- [Be Moneysmart](#) (online resource) – Module 1
- Moneysmart content:
 - [Track your spending](#)
- Moneysmart calculators:
 - [Budget planner](#)
 - [Savings goals calculator](#)
- A calculator
- Copies of income and expenditure eg. pay slip, bills, loan repayment amounts, TAFE fees, bank records



Watch the videos at screens 2 and 3.

Activity 1: What is your financial personality?

How you feel about risk will play a big part in how you save, how you invest and generally how you manage money. We call this your financial personality. Understanding your financial personality will help you make better saving and spending decisions.

Find out what your strengths and weaknesses are when dealing with money by completing the Financial personality quiz' on the following page. Circle the answer to each question that most closely reflects your own attitudes and experiences with money.

Financial personality quiz

Questions	Answers
1. If I received an unexpected \$5000 windfall, I would:	a. Spend the money on a shopping spree or a holiday. b. Pay off some debts and put the rest towards a new car. c. Put it in a high-interest account while I research ways of spending or investing it.
2. When I get my credit card statement, I normally repay:	a. Only the minimum – and then I re-spend that amount. b. As much of the outstanding amount as possible. c. The entire balance.
3. I am:	a. Carefree with money – I enjoy today and let tomorrow look after itself. b. Likely to overspend every now and then. c. Always in control of my finances.
4. When an unexpected bill arrives in the post, I:	a. Shove it in a drawer with all the others. b. Add it to my to-do list. c. Check that it's correct and pay it immediately.
5. Savings are:	a. What savings? I spend every dollar that comes in. b. There to pay for important things, such as a deposit for a car, holiday or home of my own. c. Part of my monthly budget plan.
6. My monthly budget is:	a. Budget – I never have enough money to go round! b. Usually OK but I sometimes overspend. c. Very occasionally a struggle but I generally stick to it.

Module 1: Saving, budgeting and spending

Questions	Answers
7. I get worried when:	<ul style="list-style-type: none"> a. I can't buy what I want as soon as I see it. b. I can't afford to treat my friends and family. c. I can't identify all the transactions on my bank statement.
8. When I need to borrow or need extra money, I:	<ul style="list-style-type: none"> a. Take the first loan I'm offered – I never shop around. b. Look at a couple of options and choose one that feels like the best deal. c. Shop around for the best deals on credit cards and loans – I always read the small print on my credit contract.
9. I prefer to:	<ul style="list-style-type: none"> a. Put everything on a credit card and think about it later. b. Keep credit for major buys and use my debit card for everyday spending. c. Use my debit card as much as possible, so I stay within my budget.
10. I'm most likely to blow the budget:	<ul style="list-style-type: none"> a. In a designer clothes shop or on sports or hobby equipment. b. On a holiday with family or friends. I want everyone to enjoy themselves. c. Overspend? Not if I can help it.
11. At any given time, I:	<ul style="list-style-type: none"> a. Don't know how much I owe and don't want to think about it. b. Can tell roughly what my debts amount to. c. Know exactly what's outstanding – and when it has to be paid.
12. The day before payday:	<ul style="list-style-type: none"> a. My bank account is empty and I'm borrowing money from friends and family to get by. b. I'm down to my last few dollars but have met all my expenses. c. I still have money in the bank.

Answer guide	Financial personality
I answered mostly a	<p>Money Maestro</p> <p>Money is for enjoying, as far as you're concerned.</p> <p>Just like Kaz, you may consider luxuries such as new computers, cars or designer clothes as modern essentials, which can make it hard to cut back. You will have a great time, though – until your overspending catches up with you. You need to remember that credit isn't free cash and that all your bills ultimately have to be paid. You might want to avoid temptation, by saving a small but regular amount to pay off your debts – and learning to say no.</p>
I answered mostly b	<p>Visual Stylist</p> <p>Money is for sharing with others and for living a comfortable life.</p> <p>Just like Will, you're quite well organised financially but are likely to overspend when you're stressed or unhappy – and you can excuse your extravagance if it's designed to make other people happy. You might want to start saving little and often so you can afford to indulge those you love, drawing up a budget that prioritises essentials over treats – and learn to say no more often.</p>
I answered mostly c	<p>Authentic Dreamer</p> <p>Money is for security – saving and investment.</p> <p>Just like Sam, you're more than capable of sticking to a sensible budget, making repayments on time and saving for the future. Consider learning about different types of investments so you can make sensible decisions with your savings. Seek advice from a qualified financial advisor if you need it.</p>

Activity 2: What are your strengths and weaknesses?



Watch the videos at screens 2 and 3 again.

Using the information you have learnt about yourself from the 'Financial personality quiz', make a list in the table below of what you think your strengths and weaknesses are in relation to savings, budgeting and spending.

When you have completed this table, think about how you might overcome any of the weaknesses identified. For example, Kaz stuck Bali pictures up all over her house to help her stay focused on saving by visualising her goal for a holiday with friends. It is important to manage your money to ensure you have all the things you need to do your job properly. We all have different values, needs and goals, which is why each of us has to come up with our own plan.

Strengths	Weaknesses
<p>Example: I am good at saving money.</p>	<p>Example: I spend too much money on things that are not essential.</p>

Activity 3: What are your goals?



Watch the videos at screen 4.

Now that you know your financial personality and have identified your strengths and weaknesses in relation to money, it's time to set some goals!

What do you want from life? Your goals may change at different stages or events in your life. Perhaps you have a short-term goal you want to achieve in the next year or two, and a long-term goal that could take you seven or more years to reach. For example, Will's short-term goal is to travel around Europe with friends at the end of the year. Some of Sam's long-term goals include taking his family overseas, and running his own business.

You may or may not have goals, or maybe haven't even thought about setting some for yourself. Let's go through the process of goal setting now so you know how to do it in the future. Using the SMART goal-setting process outlined in the online module, write down a short-, medium- and long-term goal in the tables below to work out what is realistic and affordable. List at least one in each category.

SMART goal-setting guide

- **Specific** – What exactly are you trying to achieve?
- **Measure** – What does it cost?
- **Achieve** – Can you achieve this goal? Are you earning an income?
- **Realistic** – Be honest with yourself. Is it realistic?
- **Time** – What is the timeframe?

TIP Can't think of any goals?

If you can't think of any goals for yourself then use Sam's or Kaz's goals.

Sam

- Short-term: saving for Christmas presents
- Medium-term: saving a deposit to buy his own home
- Long-term: retire comfortably at the beach

Kaz

- Short-term: saving for a trip to Bali
- Medium-term: buying a small new car
- Long-term: saving a deposit for a home
- If you have more than one short-, medium- or long-term goal, you might like to re-create the SMART goal-setting process for your remaining goals on a separate piece of paper.

My goals

Short-term goal

What is your short-term goal?

Example – I want a new TV.

Short-term goal

What does it cost?	Example – I need to save \$1600.
Do you have the means to achieve this goal?	Example – I’m earning so I can save if I work out a budget.
Is this goal realistic?	Example – I can save \$30 a week if I cut back on other expenses.
What is your timeframe to achieve this goal?	Example – 12 months

Medium-term goal

What is your medium-term goal?	
What does it cost?	
Do you have the means to achieve this goal?	
Is this goal realistic?	
What is your timeframe to achieve this goal?	

Long-term goal	
What is your long-term goal?	
What does it cost?	
Do you have the means to achieve this goal?	
Is this goal realistic?	
What is your timeframe to achieve this goal?	

Activity 4a: What is your budget?



Watch the videos at screens 5 to 7.

Now that you know your financial personality and have worked out your goals, it's time to work out what your budget looks like!

Using Moneysmart's Budget planner, create a personal budget that's tailored to you, is realistic, and that you can alter as your circumstances change. If you are not comfortable using your own personal financial data, you can change the figures. However, make them realistic so you can get a sense of what budgeting requires.

Remember – when budgeting, think about what you need (a roof over your head, food and water, health care and hygiene, some clothes) versus what you want (a big house, brand-name clothes, fancy food and drink, a new car).

Go to Moneysmart's **Budget Planner** and complete it either online or download the Excel version.

TIP: **Review your budget**

Creating a budget is not a one-off event – review it regularly, especially if your circumstances change (increased rent, pay rise, etc.).

You will need to calculate your income and financial commitments using the same timeframe. It may be easier to use your pay cycle to budget. If you get paid fortnightly, work out your financial commitments, such as bills, by working out how much you need to put aside fortnightly.

Activity 4b: Review your goals and budget



Watch the videos at screens 5 to 7 again.

Now that you have completed a budget and have a more accurate idea of your income, expenses and how much you can save, review the goals that you set in Activity 3. Do you need to review your budget to achieve your goals? Or do you need to adjust your goals to make them realistic? Go back through your budget and goals if needed.

For example, after completing her budget, Kaz realised that she was left with a yearly shortfall of \$2376. This meant that in order to achieve her short-term goal of travelling to Bali with her friends, she would have to cut her spending on clothes to \$100 a fortnight. This adjustment to Kaz's budget meant that she would now be left with a *surplus* of \$224 instead.

If you are like Kaz and love to shop, before blowing your budget, ask yourself the following questions:

- Do I really need it?
- Will I really use it?
- What would happen if I did not have it?
- Will I still like it next month/year?
- If I don't buy it now, do I want it enough to make a special trip later to get it?

Activity 5: How will you save your money?



Watch the videos at screen 8.

Now that you know your short-, medium- and long-term goals, and you have worked out a budget, the next step is to figure out a savings or investment plan to achieve them.

Using the table below, identify some ways in which you could save money to reach your goals. In doing this it may be helpful to reflect on your strengths and weaknesses in relation to money.

You could also use Moneysmart’s **Savings goals calculator** to help you work out how long it will take to reach your savings goals and the steps to take to put your plan into action.

One way to save	How much will this save per week?	How much will this save per month?	How much will this save per year?
Example – Take my lunch to work	\$50	\$215	\$2600

TIP: Online banking

Online banking is the best and easiest way to manage your day-to-day spending, as well as your savings. When using online banking, make sure you implement safe e-security practices such as keeping your account PIN and passwords private.

Revisit your budget

Now that you have identified ways to save money, you can use your budget as a tool to trim low-priority expenses to create an even bigger surplus.

Module completion declaration form

For students completing the *Be Moneysmart* unit as an elective unit within the Certificate III in Financial Services Training Package or other training qualifications, use this form to declare you have completed all activities in this *Student Workbook*. Once signed, arrange for this declaration to be submitted to their educator for co-signing.

Student declaration

I declare that completion of the activities in this Student Workbook is my own work.

Student name:

Student signature:

Date:

Educator declaration

I confirm that I have observed the above student demonstrate competently, the skills associated with the elements, performance criteria, critical aspects for assessment, required skills and knowledge for this unit.

Educator name:

Educator signature:

Date:

Comments from educator

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