



Trainer Guidelines

MODULE 3: Personal budget planning

This module follows the modules on basic financial literacy for daily life and the module on contracts, law and benefits in finances. Its focus lies on personal budget planning and is therefore elementary to financial education of CYCPs and for young people leaving care facilities. Personal budget planning involves understanding the relation of future incomes, expenses, savings and debt, as well as daily home budget planning such as shopping, housing, financing an education, and obtaining a driving license. Modules 1 and 2 provide important underlying knowledge for this module, especially the sections on contracts, savings and debt.

LEARNING OBJECTIVES

CYCPs learn the basics of planning and monitoring of income and expenditure on a monthly and yearly basis, using pencil and paper or digital tools. This includes learning about savings, debt and interest rates. It also includes more concrete information on what to consider when doing grocery shopping or shopping for larger items (online and in shops). Matters related to housing expenses are also covered in this module and the CYCPs will know about rent indices, managing housing accounts, housing related insurances, etc. In the last section of this module, CYCPs will learn about financing different types of education.

Topic: Budget structure and composition

MATERIAL USED

Web Sites

<https://www.thebalance.com/top-10-budget-software-apps-1293609> This website provides an overview of apps that can be used for personal budgets.

<https://www.youneedabudget.com/> This website offers a web-based tool to set up a budget.

<https://templates.office.com/en-US/Personal-budget-TM10000134> Microsoft office offers a simple tool to use in excel to set up a personal budget.

<https://www.moneycrashers.com/how-to-make-a-budget/> Provides step-by-step guidelines on how to set up a budget.

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GROUP EXERCISE 1:

Introductory BUDGET GAME — 35 minutes

<http://wamsworks.org/family-budget-game/>

Overview: It is often hard to imagine how someone could end up losing their home until they have been through it.

Objective: Participants will be able to understand the many obstacles and choices that families with limited means must face every month. Participants will recognize that while many people without homes are unemployed, there are many who have jobs but still cannot afford housing.

Materials: 4 packets including pencils and calculators (make 2 copies of one or more packets in case of more than 4 groups)

Method: Give each group a packet and follow instructions

Preparation Instructions

1) Open Pages named **Family 1, Family 2, Family 3** and **Family 4**. Within each of these Pages you will find links to Income and Expenses, as well as links to a Family Scenario, a Family Budget Worksheet, a Family Crisis 1 and possibly also a Family Crisis 2 and/or a Family Good News. Print each of these documents for separation into Family Packets.

2) Prepare one Family packet for each of four Budget Game participant groups (group 1 gets the family 1 packet, group 2 gets the family 2 packet, etc.). Note that this exercise is designed for 4 groups – the size of the groups is up to you. If you have too many people for 4 groups, consider offering two different sessions. Otherwise make copies of one or more packets to accommodate additional group(s). Within each packet group the documents as follows, using envelopes, paper clips, etc.:

a) The family scenario and the budget worksheet

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b) Expenses (to save paper, some bills are grouped together on one sheet for printing. Cut out each bill separately so that groups get a sense of what it's like to go through actual bills each month)

c) Income (cut out each if more than one on a sheet)

d) The crisis scenario(s)

e) The “good news” if it exists

3) Print and review documents linked to page called “Other Supporting Materials.” These are overviews of all the family information that you can use when overseeing the game with your groups.

Playing the Game

1) Ask the groups to open their packets, taking out first the family scenario and budget worksheet. After getting familiar with their family scenario, direct groups to proceed with reviewing their “bills” from the expense grouping, and to use them to fill out the expense lines on their budget worksheet.

2) Once this is complete, ask the groups to review their “income,” and to use these documents to fill in the income section of their budget worksheet.

3) Assuming that the expenses already exceed income for some groups, ask them to consider what could potentially be modified given what they know about the family and using for reference the Food and Gas facts on the upper right corner of the budget worksheet.

4) Once this is complete, ask the groups to open their crisis scenario (s). This may cause them to reconsider their worksheet once again....

5) At the same time, ask the groups that have one, to open their “good news.”

As each group works with their packet, offer guidance regarding the obstacles they are trying to overcome and the choices they are making –

For example, if the family has a baby in need of diapers, is it really realistic for them to cut that out of the budget? Maybe it is... Maybe there is a diaper bank available, or diapers are readily

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available at the food pantry — but make sure the kids understand that the diapers have to come from somewhere.

Is it realistic to cut down on food? Again, maybe – but that may require dependence on a local food pantry. Are they willing to do that? How might they feel? Grateful? Ashamed? Maybe a little of each?

After 30 minutes (or sooner if they're ready), ask each group to share a little bit about their “family's” situation — the obstacles presented and the financial choices they felt each family needed to make. For families who ultimately could not support themselves independently without making unrealistic changes to their budgets, ask the students to come up with other options — these could include getting a roommate/ trying to live as a unit in a family member's home/ splitting up to live across multiple family members' homes, living in their car, seeking public or private emergency shelter, etc.

MULTIPLE CHOICE QUESTIONS

Note: Multiple answers can be correct per question!

- 1) Which ones of the following points should be listed in your personal budget?
 - € Future income
 - € Debts
 - € A walk in your neighbourhood
 - € Holidays

Correct answers: Future income, debts, holidays.

- 2) What is your disposable income?
 - € Your income before tax
 - € Your after-tax income
 - € Your income after you did the food shopping
 - € Your income after you bought a new jacket

Correct answers: Your after-tax income.

- 3) How is the difference between the budgeted and actual amount called?
 - € Government budget
 - € Budget variance
 - € Private budget
 - € Business Budget

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Correct answers: Budget variance.

Topic: Budget component: shopping

MATERIAL USED

Web Sites

<http://www.kinderrecht-ratgeber.de/kinderrecht/rechtsgeschaeft/internet.html>

MULTIPLE CHOICE QUESTIONS

Note: Multiple answers can be correct per question!

- 4) Which shopping transactions below are not legally binding
- € Family dad buys yoghurt that his child does not like to eat
 - € Five years old girl buys a mobile phone
 - € Nineteen years old girl buys a mobile phone
 - € Three years old boy buys a loaf of bread

Correct answers: Five years old girls buys a mobile phone, Three years old boy buys a loaf of bread.

- 5) Within which time period can you return any item that you purchased online?
- € Two years
 - € Ten minutes
 - € Two weeks
 - € Until your next birthday

Correct answer: Two weeks.

- 6) What would be the price per 100g if an item is advertised with 4€ per 250g?
- € 1,6€
 - € 8,0€
 - € 2,0€
 - € 1,8€

Correct answer: 1,6€.

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Topic: Budget component: housing

MATERIAL USED

Web Sites

www.ft.com/lexicon

www.statista.com

www.immowelt.de

www.immobilienscout24.de

<https://www.moving.com/tips/10-important-things-to-consider-when-renting>

<https://www.immonet.de/service/pflichten-vermieter.html>

<https://www.collinsdictionary.com/dictionary/english/deposit>

MULTIPLE CHOICE QUESTIONS

Note: Multiple answers can be correct per question!

- 7) What should you consider when renting?
- € Price
 - € Utility Costs
 - € Lease agreement
 - € Amenities

Correct answers: All answers are correct.

- 8) What is a deposit?
- € Another name for the first rental payment.
 - € Sum of money which you pay when you start renting something. The money is returned to you if you do not damage what you have rented.
 - € Sum of money which you receive when you start renting something. The money will need to be returned if you damage what you have rented.
 - € Another name for the first rental payment
 - € A loan for the first apartment that you are renting.

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Correct answer: Sum of money which you pay when you start renting something. The money is returned to you if you do not damage what you have rented.

- 9) What are responsibilities as a tenant?
- € Opening the windows of an apartment regularly.
 - € Cook every night.
 - € Heat the apartment during winter.
 - € Shower once a day.

Correct answers: Opening the windows of the apartment regularly, Heat the apartment during winter.

Topic: Budget component: education

MATERIAL USED

Web Sites

<https://www.study.eu/article/study-in-europe-for-free-or-low-tuition-fees>

<https://www.study.eu/article/study-in-europe-for-free-or-low-tuition-fees>

<https://www.interhecs.com/tuition-fees-bulgaria/>

<https://www.investopedia.com/terms/c/consumerpriceindex.asp>

<https://europa.eu/youreurope/citizens/education>

www.daad.de

<https://www.help.gv.at/Portal.Node/hlpd/public/content/148/Seite.1480000.html>

<http://www.go-poland.pl/tuition-fees>

<https://www.campusfrance.org/en/bursaries-foreign-students>

https://eacea.ec.europa.eu/erasmus-plus_en

<https://www.scholarshipportal.com/>

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MULTIPLE CHOICE QUESTIONS

Note: Multiple answers can be correct per question!

10) What is the Consumer Price Index?

- € Your overall budget level.
- € Indication of the prices for cars and transportation.
- € Indication of the prices in a country by taking into account prices of a basket of consumer goods and services

Correct answers: Indication of the prices in a country by taking into account prices of a basket of consumer goods and services.

11) Where are you tax resident?

- € In the country you are born.
- € In the country where your family lives.
- € In the country you are studying.
- € In the country you live for more than 183 days in a year.

Correct answer: In the country you live for more than 183 days in a year.