

Power of Budgeting for K-12



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Our purpose

is to partner for positive impact—to improve the lives of our clients and colleagues, and together, better our communities and society.



**Knowledge leads
to confidence and
resilience**

Knowledge leads to confidence and resilience

Knowledge leads to confidence

- Many currently lack the necessary knowledge to manage and improve financial well-being
- Providing access to the basics of personal finance helps achieve financial and life goals



Knowledge leads to confidence and resilience

Confidence creates resilience

- Aggressive savings programs alone might not be enough
- Sudden economic shifts can be jarring for anyone
- Careful planning and goal-setting, and flexibility to revisit and rework strategies, help strengthen resilience



Workshop goals/Budgets/ Financial goals

Workshop goals and budgets

Workshop goals

- Discuss how to budget
- Explore short- and long-term goal setting
- Examine different bank accounts and payment methods



What is budgeting and why is it important?

- A budget is an estimate of how much you will spend and earn over a certain amount of time.
- When you create a budget, you're making a plan for how to spend and save your money.

Budgeting well can help you:

- Have money prepared for an emergency
- Purchase things you need and want

And it can make sure you don't:

- Spend more than you earn
- Or have a lot of debt

Why should you budget?

- Become financially independent in the future
- Manage finances well (a common stressor for young adults)
- Be in better financial shape
 - Having money when you retire
 - Having money for emergencies
 - Having less debt compared to your income



Goal Types

- Budgets can help you reach your financial goals.
- Financial goals are personal goals you set for yourself related to finances, and there are 3 types.



Short-term financial goals
can be accomplished in
up to two years.



Medium-term financial goals
can be accomplished in
up to five years.



Long-term financial goals
can be accomplished in
more than five years.

What's a SMART Goal?

SMART stands for Specific, Measurable, Achievable, Relevant & Timely.



Specify
your goal



Make it
measurable



Assess its
achievability



Reflect on
its relevance



Consider the
timeliness of
the goal

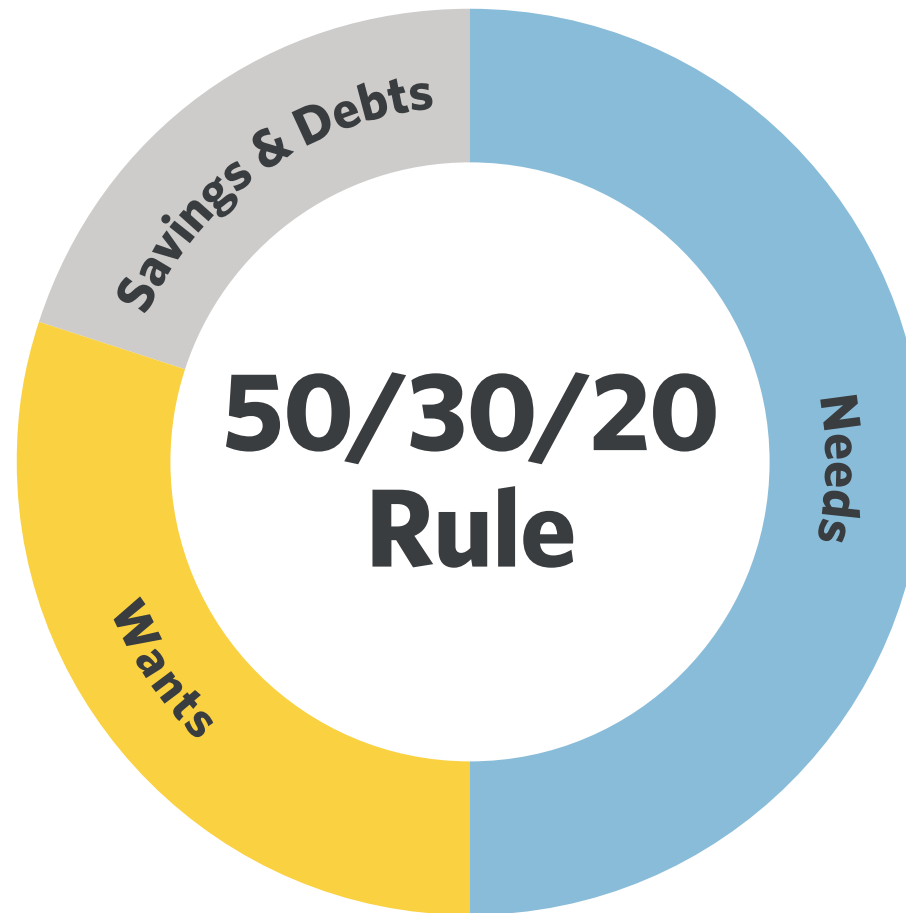
Budgeting with the 50/30/20 Rule

Savings & Debts **20%**

- Pay for college
- A retirement account
- Paying off debt you owe, such as car loans

Wants up to **30%**

- Lattes
- Going to the movies
- Buying a video game



Needs up to **50%**

- Groceries
- House or apartment payments
- Phone bill
- Transportation expenses

Helping Madison budget

Meet Madison

- Part-time employee: makes \$150/week
- Needs: Mom pays
- Goal: Help pay for college in 2 years

What's a good way for Madison to adjust her budget?

- A) Should she put it all in savings?
- B) Should she use half of it for wants and half for savings?
- C) Or should she use 30% for wants and 70% for savings?



Helping Madison budget

All Madison's money in savings

- Madison saves \$15,600 for her goal
- She misses out on movie nights with friends

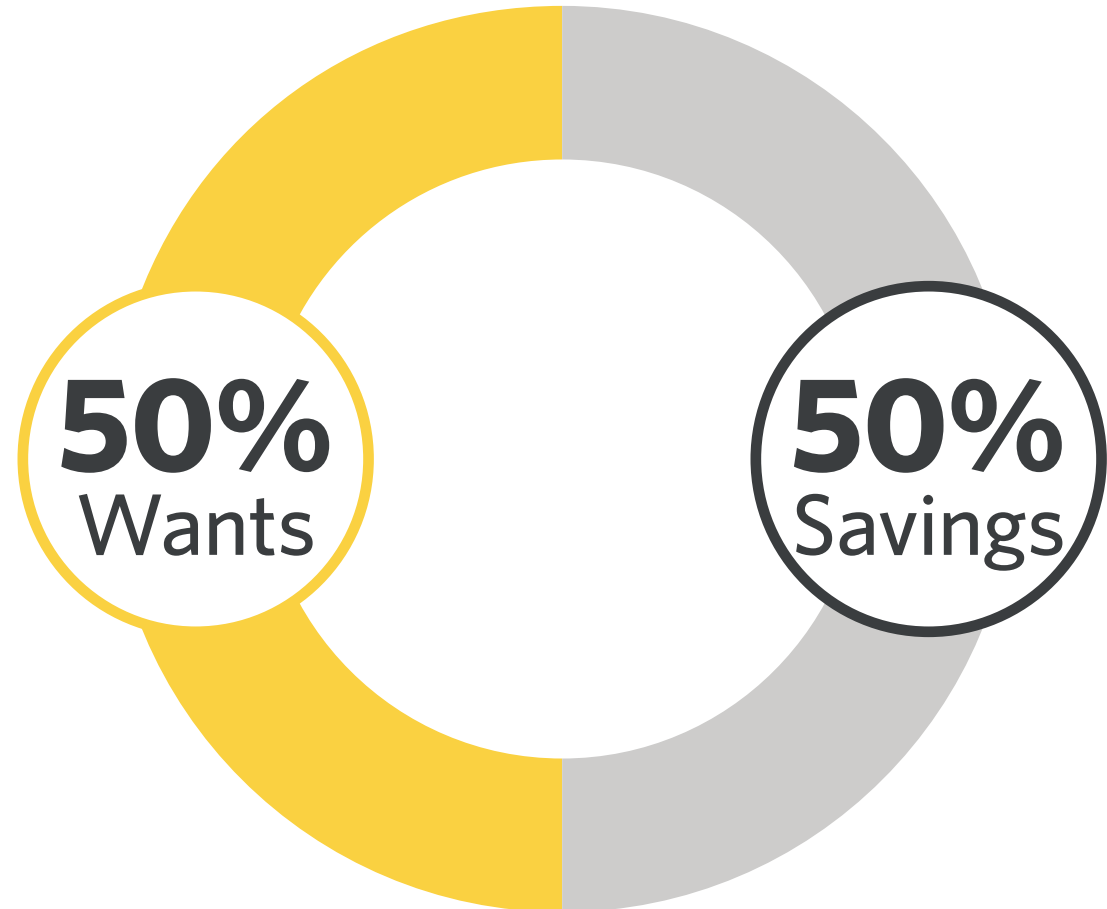
It's great to save money when you can,
but it's a realistic idea to earmark money
for spending too.



Half for wants and half for savings

- Madison saves \$7,800 for her goal
- She could have saved more

Extra money is best put toward savings goals.



Helping Madison budget

30% for wants and 70% for savings

- Madison saves \$11,700 for her goal
- She follows the 50/30/20 budget method

Madison is balancing her budget well to manage her life and financial goals.



Introduction to bank accounts

Types of bank accounts and budgeting

Savings accounts

Keep the money you save here.

Money in a Savings Accounts can:

- Be stored up to help pay for a future goal of yours—like a down payment on a car.
- Be a secure spot for extra money to use in the case of an emergency
- Grow with interest

Interest is the money you either owe when borrowing or are paid when lending money.

Checking account

Keep money for day-to-day expenses here.

You can access your money by:

- Getting cash from an ATM or the bank itself
- Using a bank-issued debit card
- Or by writing checks

Technology: Check your balance anytime & keep track of your finances online or with a banking app.

Keep in Mind: If you're younger than 18, you may need a parent or guardian to co-sign when you open an account.

Helping Jamal use his accounts wisely

Helping Jamal use his accounts wisely

Meet Jamal

- Has a checking and a savings account
- Part-time employee
- Has expenses and enjoys hanging out with friends

What should Jamal do?

- A) Should he go to the concert?
- B) Or should he save for a new laptop instead?



Helping Jamal use his accounts wisely

Jamal Goes to the Concert

Result:

Push back his goal to purchase a laptop

Decision:

Jamal wants a t-shirt. Should Jamal check his account balance before he buys the t-shirt or just hurry and make the purchase?

- A) Don't keep his friends waiting—
make the purchase
- B) Check his account first



Helping Jamal use his accounts wisely

Jamal Saves for the Laptop

Result:

- Priorizes his goal for a laptop

Decision:

- Jamal wants a t-shirt. Should Jamal check his account balance before he buys the t-shirt or just hurry and make the purchase?

A) Don't be late for class—make the purchase

B) Check his account balance first

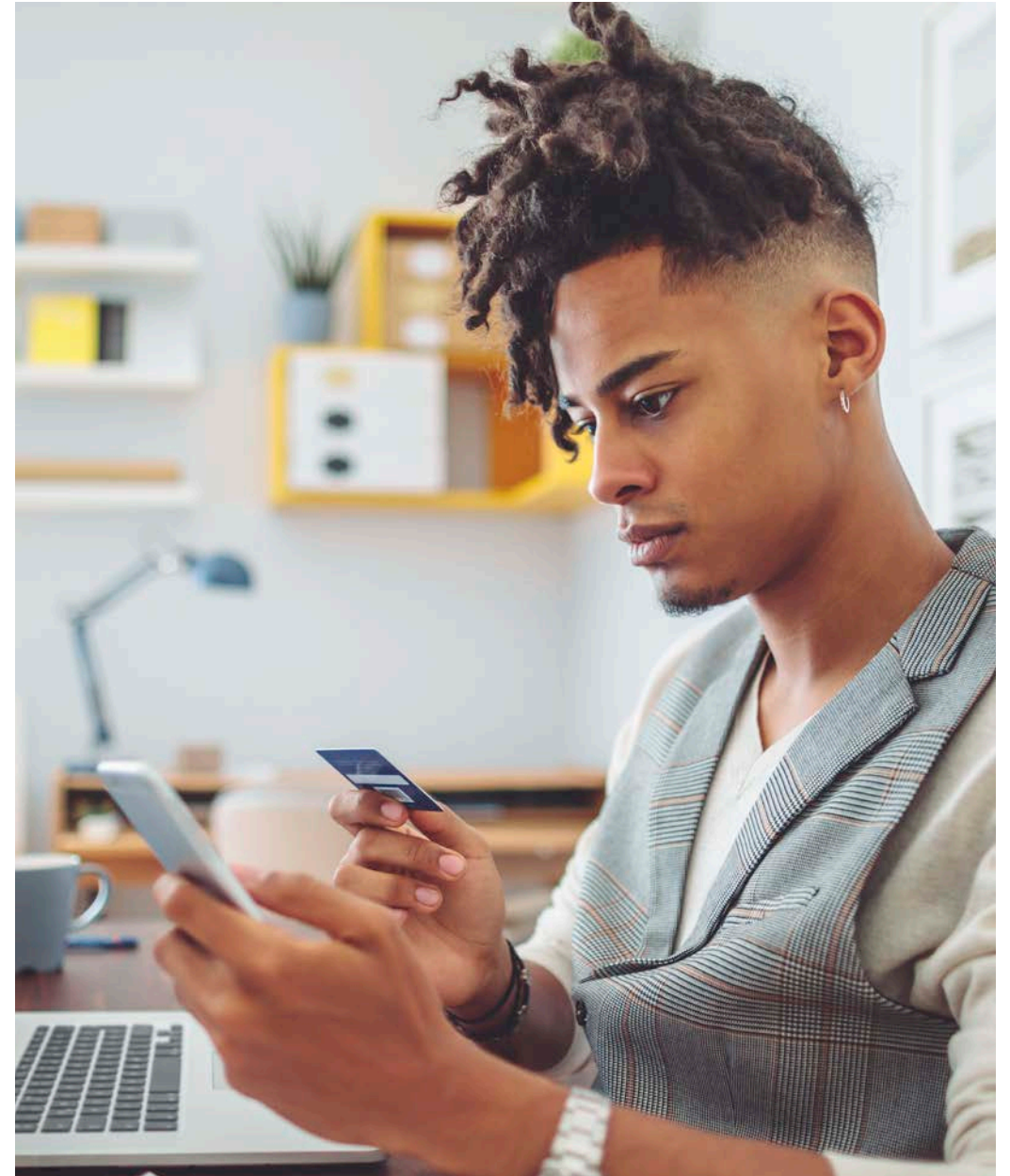


Helping Jamal use his accounts wisely

Jamal Buys the T-Shirt

Result:

- Buys the shirt with his debit card
 - Overdraft fee due to lack of funds
- Transfers money between accounts
- Has to buy a new laptop shortly after
 - Limit spending

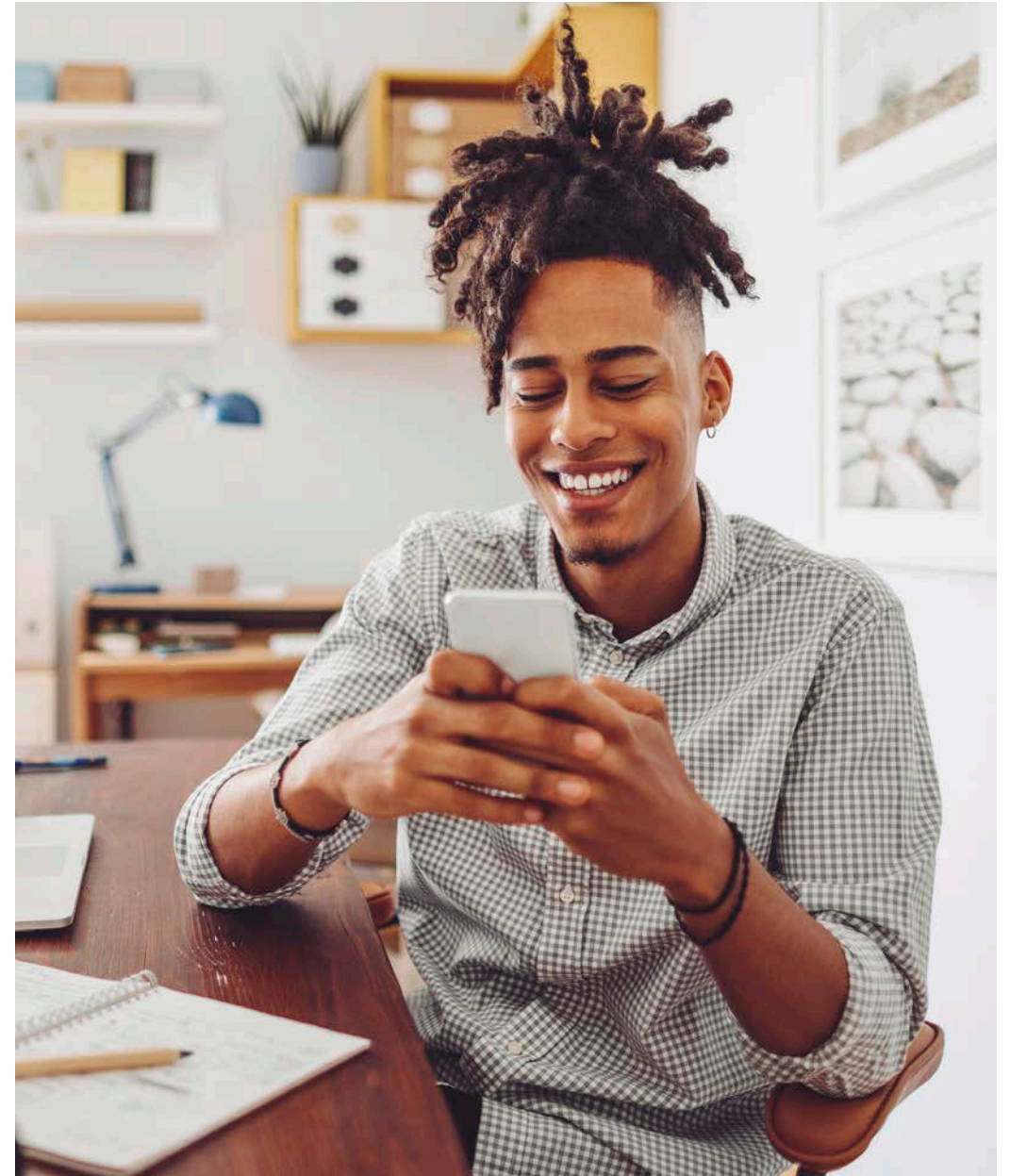


Helping Jamal use his accounts wisely

Jamal checks his balance on his phone

Result:

- Doesn't buy the shirt
 - Avoids an overdraft fee
- Is better prepared for his goal to buy a new laptop



Introduction to credit

Credit terminology



Credit

You borrow money and promise to repay it at a later date. You may also owe interest on the money you borrow.

Interest

The interest you owe on credit works similarly to interest you earn on savings accounts.

Debt

Debt is the amount of money borrowed, including any interest and fees. This is the money you are responsible for paying back within a specified amount of time.

Using credit: Making payments

Pay off entire balance:

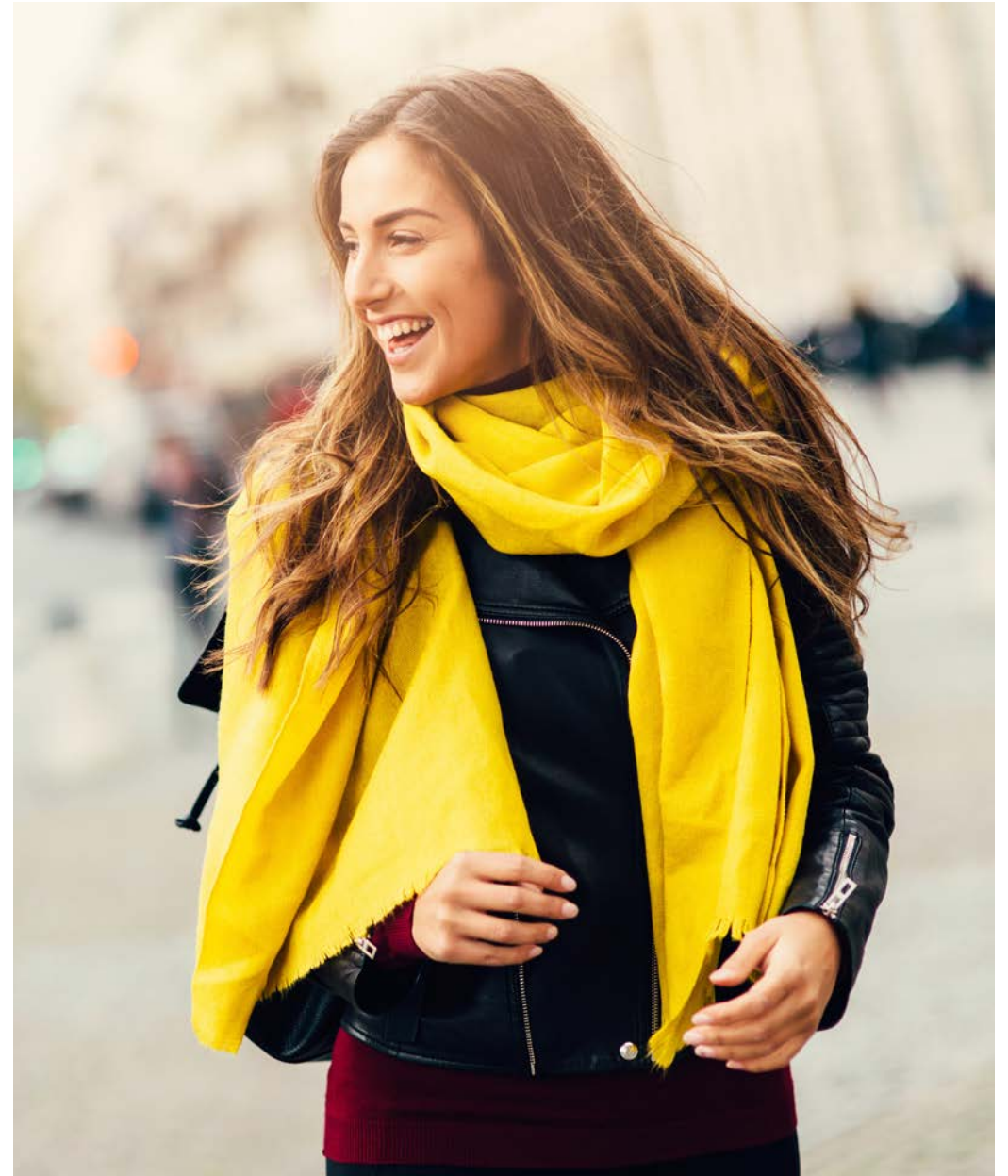
- No interest or fees

Pay the minimum amount:

- Interest owed

Pay nothing or less than the minimum amount:

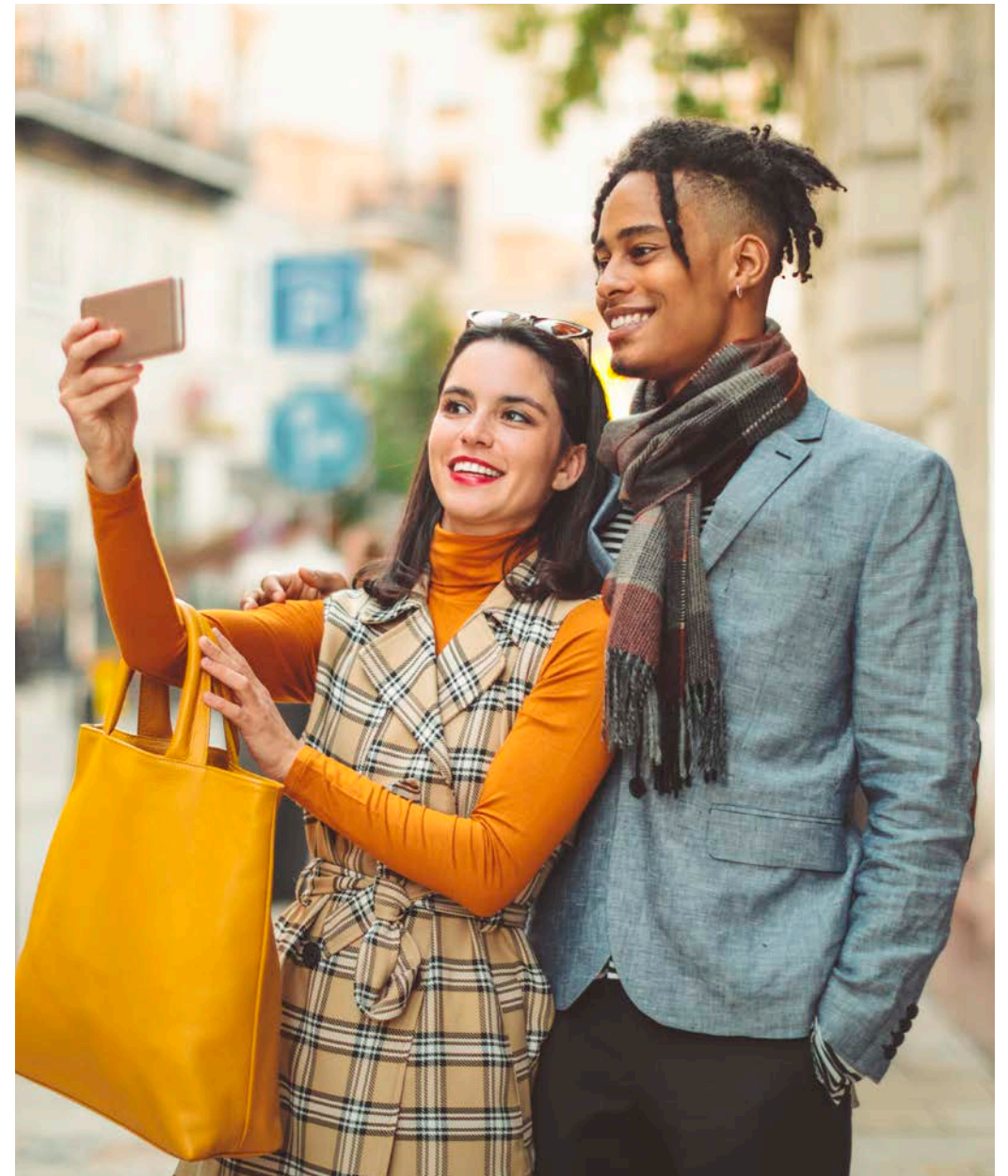
- Interest & fees owed



When to use credit

Use credit if ...

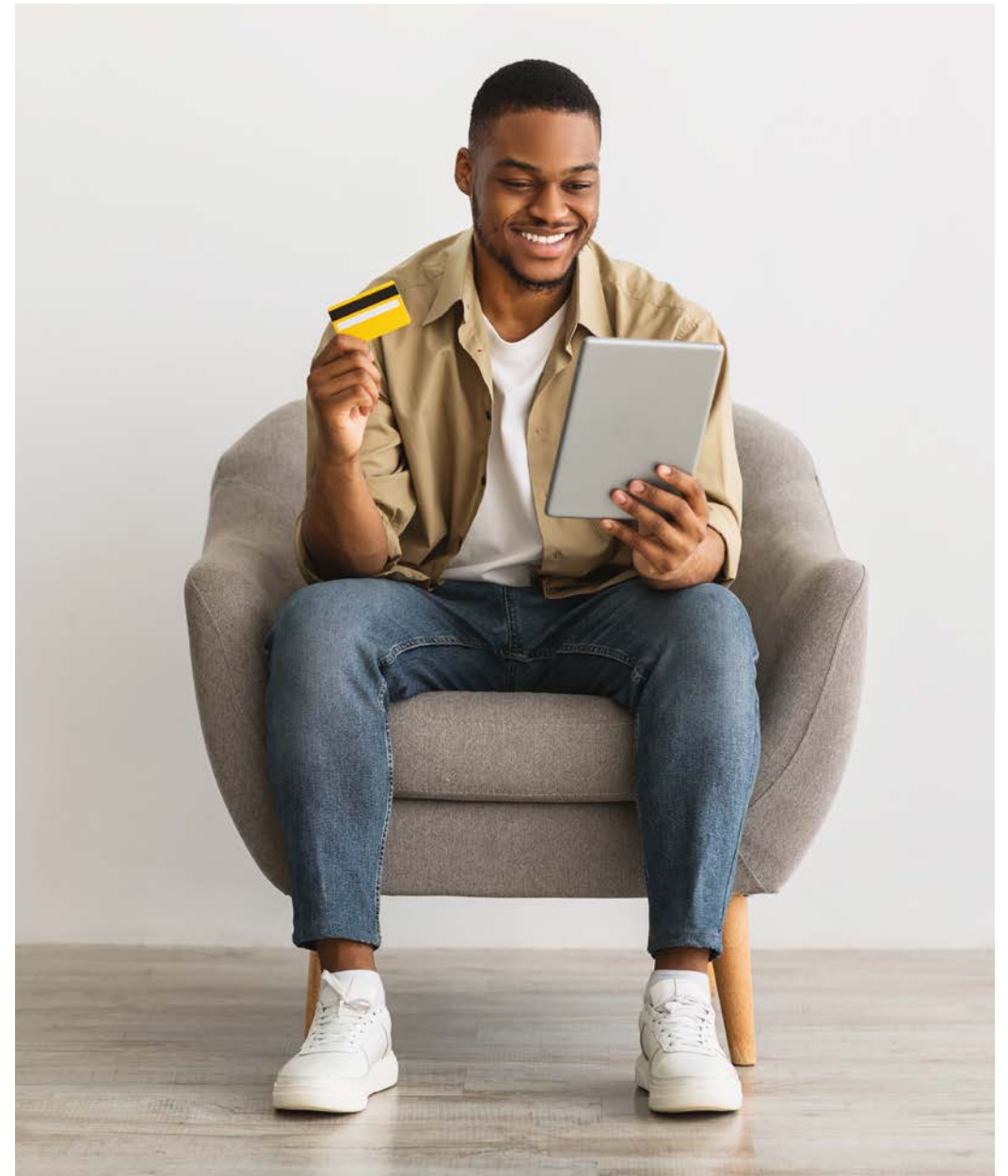
- You have an emergency or can't afford a need
- You want to build up your credit score by using credit responsibly



Credit score

Your credit score is:

- Established by borrowing money
- Falls between 300-850
- Evaluates creditworthiness



Helping Camila make credit decisions

Helping Camila make credit decisions

Meet Camila

- Saved responsibly for a ski trip
- Last-minute expenses have come up

**Based on our options below,
what should Camila do?**

- A) Pay for all these expenses
on her credit card?
- B) Or limit her spending and
only pay for needs?



Helping Camila make credit decisions

Camila adds all the expenses to her card

- Credit card bill = \$525
- Bank account = \$400

Result:

- Pays minimum balance, owes interest
- Had to limit future spending



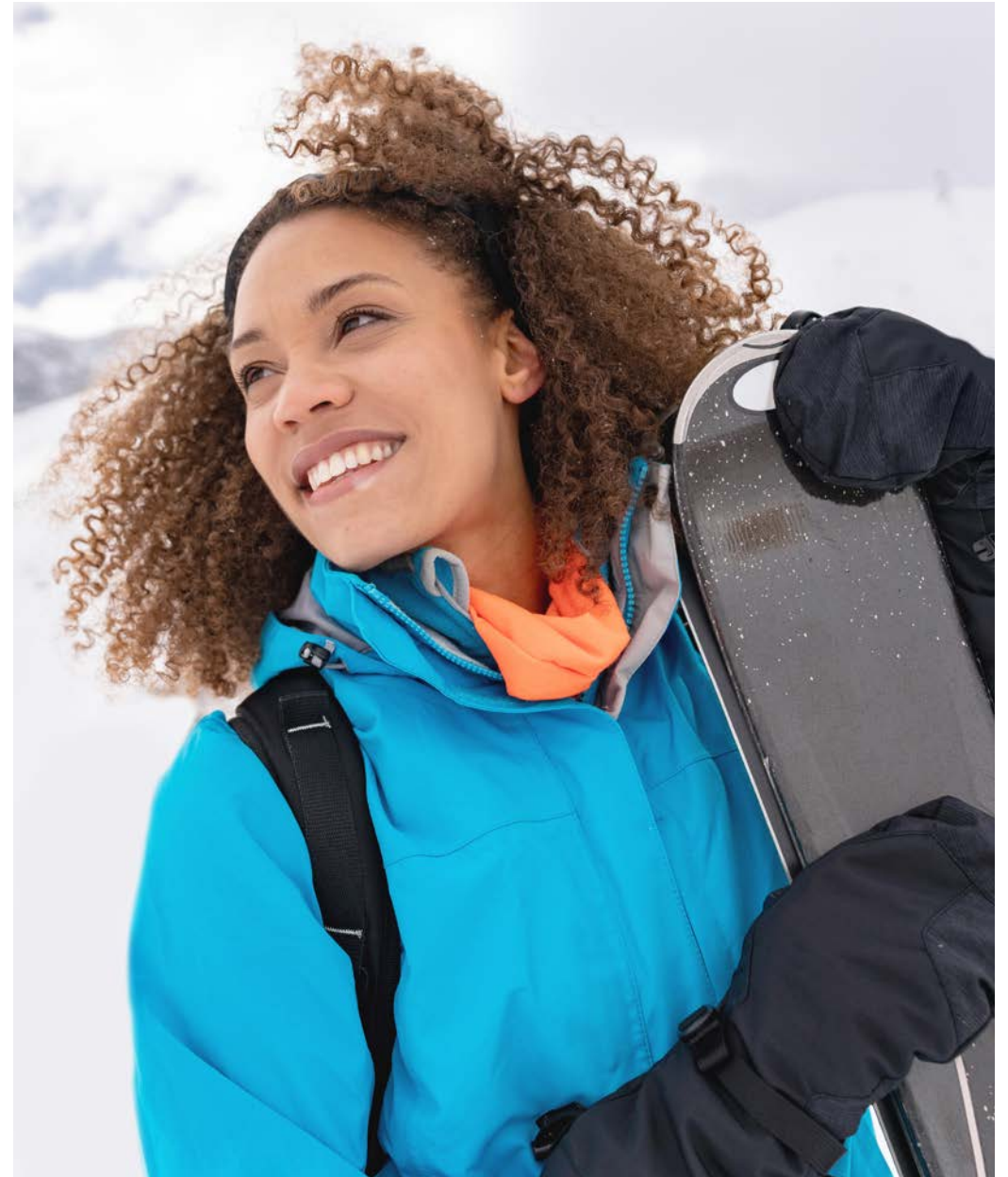
Helping Camila make credit decisions

Camila Limits her spending

- Credit card bill = \$275
- Bank account = \$400

Result:

- Pays entire bill, no fees or interest charged
- Has funds for day-to-day expenses



How to Keep Track of Finances

Understanding finances

Keeping track of finances can help you:



Budgeting for
the future



Planing for
unexpected
expenses



Not spending more
money than
you earn



Paying off your
debt sooner



Staying on track
with savings goals

Understanding finances (continued)

Getting yourself organized

Use a notebook or spreadsheet

- Write down expenses & income
- Keep a list of every time you spend money
- Track your spending against your budget

Use envelopes

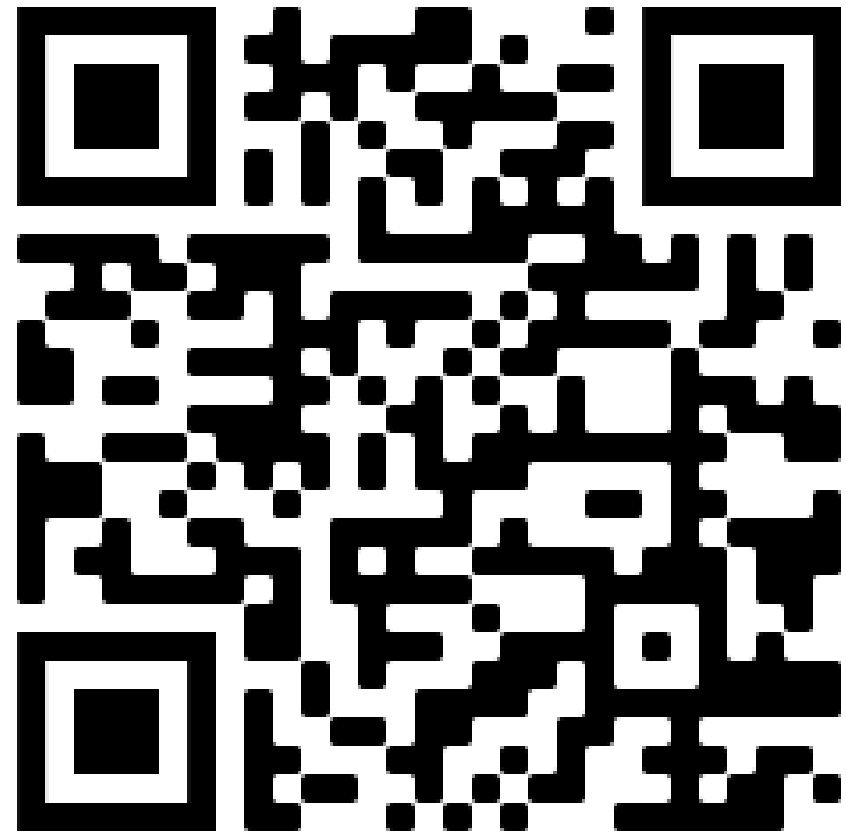
- Label 3 envelopes “needs,” “wants,” “savings.”
- Put income into the designated envelopes (based on the 50/30/20 rule).
- When the “needs” or “wants” envelopes are empty for the month, you’re finished spending.

Use an app

- There are many available apps to track spending, including ones that can link automatically to your bank accounts.

Next steps

- Take-Home Activity
- Scan QR code for direct access
- Continue building your knowledge at edwardjones.com/financialfitness



Any questions?

Please be sure to complete your seminar evaluation form.

