

# Money Management Curriculum

## Module 7: Creating Your Financial Plan

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Department of  
Agriculture

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## Money Management Module 7: Creating Your Financial Plan

### Teaching Notes:

This module continues the review of the long-term cash flow and budget assignment. By this point your students should have a good idea of where they stand financially, especially when it comes to their monthly fixed expenses. The main focus of this module is to help students analyze their budgeting assignments. Help your students identify their goals and inset them into their budgets. This is also a point where you can reiterate trade-offs and wants vs. needs (refer to module 6) to help keeping a balanced working budget. Included in this module is the financial self-assessment worksheet that was initially provided in module 1 in addition to a budget review questionnaire. Have your students fill out the financial self-assessment worksheet. The self-assessment worksheet will give your students a benchmark for their progress, as well as a direction for what they need to be working on. If your students have already filled out the self-assessment, redoing the worksheet will help them see their progress, as well as areas that they could work on. This will help them break down their goals into a monetary value that they can convert into monthly payments and then place into their budget. Encourage your students to use MyFi Assist to help them figure out what kind of payment and savings plans would be more realistic. Another point to stress in this module is that a budget will only work if you stick to it, continually monitor your progress, and modify your budget, especially if there has been a life-changing event. A good budget should have a plan for the unexpected, and therefore should not need to be modified often.

### Educational Objectives:

- Assess current financial situation and progress
- Identify the financial areas that you need to work on
- Identify the goals that you want to work on and create a plan to achieve them
- Understand the importance of monitoring and modifying your finances

### Discussion Topics:

- Are there any questions or problems with your cash flow or budget assignments? • Have an open discussion on the Financial Self-Assessment worksheet
- What is motivating them to make changes?
- How do they feel about the changes they are making?
- How are they going to monitor their plans?
- What are they going to do to stick to their plans?

### Resources:

- **Worksheets:**
  - a. **Financial Self-Assessment** – This worksheet asks a series of questions that will help your students identify areas they need to focus on. The worksheet was introduced in the first module as a tool to become aware of the areas that need improvement.

## Money Management Module 7: Creating Your Financial Plan

Now, have your students fill out the assessment to see their progress. Your students can use this assessment to help set new financial goals.

- **Other:** None

### Outline:

1. Length of time to maintain records
  - a. IRS Publication 552
2. Review progress on exercises
  - a. Tracking expenses
  - b. Developing a budget
  - c. Developing goals
  - d. Goals
3. Creating your plan
  - a. Assess your current financial situation
  - b. Analyze your assessment
  - c. Prioritize goals
  - d. Develop plan to achieve goals
  - e. Review your plan and develop a list of additional help if needed
4. Assessment of current situation
  - a. Do I have a budget?
  - b. Do I have a method of tracking income and expenses?
  - c. How much debt do I have?
  - d. What is my credit score?
  - e. How much do I have in savings?
5. Analyze your assessment
  - a. What do I need to work on?
  - b. How much money do I need to realize my goals?
  - c. Can I reduce my debt and increase savings?
6. Prioritize your goals
  - a. What is most important to you right now?
  - b. Once you have achieved one goal, set another
7. Develop a plan to achieve your goals
  - a. Analyze your trade-offs
  - b. Modify budget
8. Review your plan

## Money Management Module 7: Creating Your Financial Plan

- a. Is it obtainable?
  - b. How are you going to track your progress?
- 9. Monitor and modify your financial plan
  - a. Continue to monitor
  - b. Modify plan for life events
- 10. Homework
  - a. Finish and polish your plan

# Managing Money Curriculum

## Module 7: Creating Your Financial Plan

Bringing it all Together



United States  
Department of  
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THE UNIVERSITY OF ARIZONA  
COLLEGE OF AGRICULTURE & LIFE SCIENCES  
Cooperative Extension  
What Education Program



University of Nevada  
Cooperative Extension

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## Outline

- Review Progress on Exercises
- Creating Your Plan
  - Current Situation: Assess Where You Are
  - Prioritizing Goals
- Developing Plan for Goals
- Plan Checklist/Overview

## How Long to Keep Records

Table 3. Period of Limitations

IF you...	THEN the period is...
1 Owe additional tax and (2), (3), and (4) do not apply to you	3 years
2 Do not report income that you should and it is more than 25% of the gross income shown on your return	6 years
3 File a fraudulent return	No limit
4 Do not file a return	No limit
5 File a claim for credit or refund after you filed your return	The later of 3 years or 2 years after tax was paid.
6 File a claim for a loss from worthless securities	7 years

## IRS Publication 552



**Publication 552**  
(Rev. January 2011)  
Cat. No. 15100V

### Recordkeeping for Individuals

#### Contents

Introduction .....	1
Why Keep Records? .....	2
Kinds of Records To Keep .....	2
Basic Records .....	3
Specific Records .....	4
How Long To Keep Records .....	6
How To Get Tax Help .....	7

#### Introduction

This publication discusses why you should keep records, what kinds of records you should keep, and how long you should keep them.  
You probably already keep records in your daily routine. This includes keeping receipts for purchases and recording information in your checkbook. Use this publication to determine if you need to keep additional information in your records.

## Review Progress on Exercises

- Tracking expenses
- Developing budget
- Developing goals
- Goals

**Note:** Can refer back to modules and individual exercise if wanted

**Slide 6:** Because this module is about bringing everything else together into the plan, this is an important step.

This is the information and components they will use for their plan.



## Creating Your Plan

- Assessment of your current progress and situation
- Analyze assessment to see what needs work
- Prioritize goals with plan to achieve them
- Review your plan and develop list of additional help

**Slide 7:** These are the steps to creating a financial plan. We will go through each step, but it is nice to take this moment to talk about how the steps will fit together and what they will end up with.

## Assessment of Current Situation

- Do I have a budget?
- Do I have a method of tracking my income and expenses?
- Do I have an emergency fund?
  - How many months are saved for ?
  - Do I need to boost this fund? How much do I need?
  - Where is this invested?
- How much debt do I have?
  - Do I have a list of all my loans/debt?
  - Do I need to pay down unsecured debt (credit cards)?
  - Do I need to refinance a secured loan (home mortgage)?

**Slide 8:** These next few slides correspond to the financial self-assessment worksheet. If they did the worksheet at the beginning of this program, have them redo it now. Talk about progress they have made.

You could also talk about why we are assessing each of these. For example, if you have no way of tracking income and expenses, you cannot make a budget and tell if you are sticking to it.

## Assessment of Current Situation

- What is my credit score?
  - Do I need to boost my credit score?
- Do I need to save for retirement?
  - How much do I need to save for retirement?
  - Do I need to boost this amount?
  - How much should I save each month?
- Do I need to save for education?
  - Do I need to have an education fund for myself and/or my children?
  - How much do I need?
  - How much do I need to save each month?

## Assessment of Current Situation

- Other Savings Goals?
  - Do I have more savings goals?
  - How much will I need?
  - How long do I have to save?
  - How much will I need to save each month?

## Analyze Your Assessment

- Based off the assessment, make a list of what could be improved.
- How much money will it take each month?
  - Look at all your goals and determine how much money each will take per month.
  - Make a list with monthly amounts.
- Analyze your budget to see how much is available to use for both debt reduction and savings.

## Prioritize Your Goals

- If the amount needed for all your goals is more than is available in your budget, you will need to prioritize your goals.
- What is most important to you right now?
- If you try doing too many things at once, you may not achieve any of them.
- Work on what you determine is most important, you will be more motivated.
- Once you have achieved a goal, you can work on another or set more.
- You don't have to do everything at once.
  - However, try to make progress.

**Slide 11:** This is where participants are bringing all their information together and understanding their current situation including what they would like to do.

**Slide 12:** This is a very important step. If they do not decide what to work on nothing will change.

This is also a tricky step. If they do not commit to making changes, their outcomes will also not be as good. There is a fine balance between really being committed to change but not having unrealistic expectations.

Prioritizing does not mean eliminating, but that could happen. Sometimes, prioritizing is just saying that we will do it in the future.

This step is about determining what is most important to them. They do not need to decide yes or no, just how important each of their goal is.



### Develop a Plan to Achieve Your Goals

- Modify both your budget and goals to create a plan that will work
  - Review tradeoffs in earlier modules
- To have more money for goals you either need to:
  - Spend less on something (modify your budget), or
  - Earn more income
- You may need to modify your goals
  - If you take longer to achieve them, it will cost less per month

**Slide 13:** Here is where they need to balance their goals with reality (or their budget).

By having already prioritized their goals, they are ready to see how many of them they can include in their budget. This means making some hard decisions.

If your budget does not have enough money to support all your goals they will need to pick and choose. This can also be motivation to find more income (work more, additional training, look for better job, etc.)

Does the spending in their budget match their priorities? If not, where will they spend less, and where will they allocate more money?

### Review Your Plan

- Are your goals obtainable and reasonable?
- Can you stick to your budget?
- Is it doable over time?
- How will you track your progress?
- How will you hold yourself accountable?
- How will you celebrate success? How will you stay motivated?
- What additional help do you need?
  - Career Counseling
  - Other Counseling
- Where can you find help?

Modifying is also another strategy, taking a longer time to achieve a goal. Or if saving for something, maybe the savings goal is reduced. For example, saving for a car, maybe they decide they can use a car that would be less expensive.

Have the class talk about their experience in making trade-off decisions. What did they encounter? How did they make their decisions?

**Slide 14:** This is a final check on their financial plans. These questions are meant to help them refine their plans into something that is more likely to be accomplished.

Holding themselves accountable is a significant part of the plan. What motivates them to hold themselves accountable? What will they do to celebrate success? How will they define success? These are all questions that could be discussed.

**Slide 15:** A plan is just that: a plan. It is not what will actually happen, but what you are planning to do. There are many reasons why something might change and the plan will need to be altered.

There are many life events that could change their situation and will require updating their plan.

### Monitoring and Modifying Your Financial Plan

- You will need to continue to monitor your progress.
- Modifying your plan when there are big changes in your situation.
  - Life events (marriage, death, divorce, children etc.)
  - Change in employment
- Should have a plan for the unexpected which does not need to be modified continually.

A good plan will always include coping with some unexpected changes. So not everything that happens will alter the plan. If a plan needs to be continually modified, it is not really a plan.

## Money Management Review

- Module 1: Record Keeping
  - Track and record income and expenses often.
- Module 2: Loans and Credit
  - Use the MyFi app to become more savvy about loans and credit cards.
- Module 3: 5 C's of Borrowing
  - Know the factors that lenders use to approve loans.
- Module 4: Credit Scores
  - Know the components of a credit score, and how to start improving your score.

**Slide 16:** It might be nice to look back at the various steps this workshop/class went through and now discuss why each module was needed to get to the stage of having a financial plan.

## Money Management Review

- Module 5: Savings and Budgeting
  - Budget for goals and savings.
- Module 6: Building a Better Budget
  - Reach your budget goals while still meeting your needs. Understand trade-offs and wants vs. needs.
- Module 7: Creating Your Financial Plan
  - Analyze your budget. Find areas that need improvement and create a plan to improve those areas.

## Homework

- Finish and polish your plan
- Prepare to present your financial plan to others
- What additional information would you like?
  - Workforce services
  - Increasing income
- Loans and grants available

**Slide 18:** Talk about why it is important to present their plans. One reason is because as they present it, they will see how each one used the concepts to create plans. It will also allow participants to get feedback from other class members.

The types of additional information requested could be quite broad.



## Money Management Module 7: Financial Self-Assessment

The money management modules are meant to help you gain a clearer picture of your personal financial standing. The modules will teach you concepts about budgeting, savings, credit cards and loans. Understanding these concepts will help you take control of your finances and guide you to a better financial future. First take the initial financial self-assessment to see what areas you can improve on. Once you have taken the assessment, use that information to build your budget and inset your savings goals. In a couple weeks, retake the assessment to see where you have progressed. Are there areas that you have improved on? Are there areas that still need to be improved?

Do I have a Budget?	Y	N
Do I look at it and update it on a weekly basis?	Y	N
Do I have a method of tracking my income and expenses?	Y	N
Do I track my income and expenses on a daily basis?	Y	N
Do I have an emergency fund?	Y	N
How many months do I have? _____		
Do I need to invest more in this fund?	Y	N
How much do I need? _____		
Where is this invested? _____		
How much debt do I have? _____		
Do I have a list of all my loans/debts?	Y	N
Do I need to pay down unsecured debt (credit cards)?	Y	N
Do I need to refinance a secured loan (home mortgage)?	Y	N
What is my credit score? _____		
Do I need to boost my credit score?	Y	N
Do I have a savings for retirement?	Y	N
How much do I need to save for retirement? _____		
Do I need to boost this amount?	Y	N
How much do I need to save each month? _____		
Do I have savings for higher education?	Y	N
Do I need to have an education fund for myself and/or my children?	Y	N
How much do I need? _____		
How much do I need to save each month? _____		
Do I have other savings goals?		
_____		
_____		
_____		
How much do I need? _____		
How long do I have to save? _____		

# Money Management Module 7: Financial Self-Assessment

Make a list of what you need to work on.

Total how much money you will need each month for your goals.

As you go through the money management modules keep your financial assessment in mind as you build a personal budget to get yourself out of debt and on to saving for your goals.

## Review Your Plan

Creating a financial plan is not something that happens overnight. It takes time, effort, and endurance to keep going. The expectation is not to fix everything all at once but to make improvements little by little. Find a strategy that will help you stay motivated to reaching your financial goals.

Are your goals obtainable and reasonable? Y    N

Can you stick to your budget? Y    N

Is your budget doable over time? Y    N

How will you track your progress?

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How will you hold yourself accountable?

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How will you celebrate success?

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How will you stay motivated?

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What additional help do you need?

    Career Counseling

    Other Counseling

Where will you go to get help?

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