November Newsletter Highlights

- **Spending Plan Issue!** Some great holiday spending tips on page 2!

- **Expert Columnist.** Dr. Deborah Haynes discusses why spending plans are important.

- **Do you want to become a FEFE Master Teacher?**
  *If you have attended a FEFE National Conference in Tucson, AZ or Bozeman, MT, you are eligible to apply! See page 6 for details!*

- **Book Review.** Ever wondered how you can incorporate a trade book into your classroom? Read a review from a FEFE Master Teacher!

- **Project Based Learning.** Learn about FEFE Enhancement Tools and how to incorporate them into your career and technical student organization or classroom! Check out page 5!

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**Keeping to A Spending Plan**

What is a spending plan? A plan for how to spend your money! It may frequently change and no two spending plans are alike based upon a family’s values, needs, and wants. A spending plan can help families spend hard-earned dollars more effectively, live within their income, reduce the need for consumer credit, save for things wanted and develop skills in financial management. To create a spending plan, individuals begin by listing all of their monthly income sources. If income is irregular, use a twelve month average. Then, identify all monthly expenses. If monthly expenses are unknown, estimate. And, track all expenses for a month to more accurately identify where your money is being spent. Many are often surprised to learn how the “little” expenses really add up! The income and expense spending plan categories will vary for each family. There are several spending plan programs available to consumers and individuals must choose what works best for them. Microsoft templates [http://office.microsoft.com/en-us/templates/default.aspx](http://office.microsoft.com/en-us/templates/default.aspx) have several versions of interactive spending plan templates to get you started.
Spending Plans

Once you know where your money is going, ensure that your expenses include at least 10-20% for savings and income is not exceeded. If your expenses exceed income and/or you are not able to save, consider increasing your income, cutting flexible expenses, or decreasing fixed expenses. Then, remember that a spending plan is a plan which must be tracked, monitored, and periodically revised as life evolves. For more information, check out the Montana State University Mont Guides. www.msuextension.org A few of interest may be:

- Developing a Spending Plan (MT199703HR)
- Schedule of Non Monthly Family Living Expenses (198910HR)
- Track’n Your Savings Goals (EB 164)
- Using a Check Register to Track Your Expenses (MT198703HR)

HOLIDAY SPENDING TIPS

1. Create a plan – make a list of all the people that gifts are needed for and how much should be spent on each of them. If a spending plan allows it, additional individuals that a consumer may want to buy for may be added as well. Consider listing alternatives for individuals in case the original gift idea is not available. That will help to minimize impulse buying. Determine exactly how much is available to spend and make sure the gift list does not exceed it.

2. Cut back on other expenses – try to reduce monthly expenses during the holiday season by eating out less. Also, consumers should avoid shopping for things that they are likely to receive as a gift. Make a list of expenses and decide which are fixed and which are flexible. From the list of flexible expenses, decide on which can be minimized or eliminated. When the holiday season is over, add up all the expenses from that season and divide by twelve. Next year allocate this amount to a special savings account each month for holiday shopping, and make that a fixed expense.

3. Start early – A consumer should begin the organization process of knowing what they want to purchase early. This will allow them to take advantage of good prices on items including sales. If a gift is found in early fall that is perfect for someone on the shopping list, pick it up and save it for the holidays.

4. Shop Online – consider doing holiday shopping online. There are multiple things to be aware of to keep credit card information safe. However, online shopping can be a great way to pick up the gifts that are difficult to find for a price within your spending plan.

5. Minimize Credit Card Use – finance charges for expenses that cannot be paid off monthly will add up quickly. Consider using cash before you swipe your credit card. Know the spending limits on a credit card. If the limit is exceeded and payments are unable to be made, it will dramatically lower a credit score.
“We are in the most serious economic times of our lifetime...” said President-elect Barak Obama just a few days after the election. It is true. People are worried about paying the bills and keeping their homes. In the face of such dire news, what is our role as family finance educators? The answer to that is not very complex. One fundamental process we can teach to help people pay their bills and keep their homes even in the face of hard times is to clearly demonstrate and make sure students know how to make and manage a spending plan. Spending plans are at the heart of family financial management in many ways. Let’s examine two ways spending plans are at the heart of financial management for families.

A basic job of family financial management is to make sure bills are paid on time. How can families be sure they can pay the bills on time? By using a spending plan. A spending plan indicates how much income can be expected for the month, with an associated list of expected expenses. By looking at income and expenses, the family can determine if bills can be paid out of that income. Without knowing expected income or expected expenses, families cannot know if bill paying will go well. Without on-time bill paying, a family’s finances are compromised. Bills that are not paid are reported on credit reports. Bill collectors may begin to call the family home, creating stress and disruption. The family’s finances may unravel, beginning with a month where some bills go unpaid. The way to take control of bill paying is by using a spending plan.

Another basic job of family financial management is to provide for saving. The first requirement for saving and investing is to pay off all debt except, possibly, for student loans, car loans, and mortgages. How can a family be sure that credit is not overused in meeting financial obligations? By using a spending plan. If the family is monitoring expenditures against a plan, spending can be managed to reduce the need to resort to credit cards or installment debt to meet everyday expenses. Spending can be kept within income limits so credit is not such a large temptation as a safety valve for overspending. Then when families begin to reject credit cards as a source of balancing expenses with income and when families set a goal of living below their means, at that point the family can begin to save an emergency fund of six to nine months of expenses. Saving is possible when credit use is minimized.

These are just two examples indicating the importance of a spending plan to family financial management. Can we change the world by teaching spending plans? We can try! If we all succeed, families can be on a more secure footing with their finances. Financial well-being will increase and stress will be reduced. Contributions to the economy as a whole will occur when households are in control of their finances. Not a bad day’s work, if you ask me!

Energy costs are boiling over. The U.S. Department of Energy estimates Americans will typically spend $2,350 on home energy costs in 2008, up from $2,100 a year ago.6

Interactive Spending Plans

- The Bank of America has an online budget for a college student: [http://www.bankofamerica.com/studentbanking/cf/popup_college_budget_planner.cfm](http://www.bankofamerica.com/studentbanking/cf/popup_college_budget_planner.cfm)

How Expenses are Measuring Up

The average annual expenditures per consumer unit in 2006 were $48,398. Below is a breakdown of percentage by major spending components:5

- Housing: 34%
- Transportation: 18%
- Food: 13%
- Healthcare: 6%
- Entertainment: 5%
- Apparel and Services: 4%
- Education: 2%

One recent study by the Government Accountability Office and the Federal Deposit Insurance Corp., or FDIC, found that Americans spend $36 billion annually on bank fees alone. That's up from $24.4 billion in 2000.

Meanwhile, Consumer Reports estimates Americans spend $216 billion a year on fees for personal financial services, from banking to mortgages.6

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3. How to Save Money on Holiday Travel by Francesca Levy, Forbes.com
Educators since the time of John Dewey have seen the benefits of hands-on experience and student-directed learning, aided by teachers layering content and activities to amplify the skills and capabilities of their students. Teaching financial literacy through Project Based Learning (PBL) gives students the opportunity to delve deeply into the concepts and ideas behind money management and apply those concepts and ideas to their present and future financial situations.

Project Based Learning hinges on the key concepts of using an essential question to draw students into the curriculum. This will require them to use tools and skills to learn about important concepts, interact with problem-solving dilemmas, and collaborate with others. These projects lend themselves to performance-based assessment and provide authentic learning and skill development. PBL units can last anywhere from a few days to an entire school year, which makes the strategy accessible to teachers in all types of educational situations.

Many FEFE lessons can be adapted for PBL. In my Parent Education class, I use the Budgeting for A Baby lesson 1.15.1. During my unit on Readiness for Parenting, I have the students brainstorm a list of expenses they would encounter during their first year as parents of a new baby. I then ask them to categorize the items they came up with into the same categories used on the Budgeting for Baby worksheet 1.15.1.A1. Students are then grouped to investigate different categories of care items, they are assigned specific items that they must estimate the prices of, and then research the actual prices. To enhance the learning, I have each group categorize their items as either needs or wants and offer suggestions of less expensive alternatives. When time permits, students also take a field trip to a local second-hand store to compare prices there with those of new items. Each group prepares a presentation of their research to share with the class. While students don’t actually have babies or purchase all these needed items, the comparison shopping and evaluation of needs vs. wants as they research their projects provides an excellent opportunity for PBL.

Other FEFE lessons I use as Project Based Learning units include The Vacation of a Lifetime 1.15.6, which I used this year with my FCCLA members planning to attend the National Cluster Meeting, and the FEFE lesson plan Planning an Event 1.15.4 used for my FCCLA officers to plan their annual overnight planning retreat at a local youth camp. Applying the lessons to events the students are actually planning and experiencing creates a type of learning that is difficult to replicate in a typical classroom situation.—By Glenda Seward, FEFE Master Teacher
FEFE Updates

**LAST CHANCE TO JOIN THE FEFE MASTER TEACHER PROGRAM!**

The Family Economics & Financial Education project began in 2001 with the goal of determining what makes a curriculum work and how to effectively disseminate it to educators. In a collaborative effort with educators, FEFE offers one of the only family finance curriculums which is “designed, tested, and edited by educators for educators.”

FEFE attributes its success to the utilization of educator feedback in every aspect of the project. The FEFE Master Teacher team has worked diligently to review curriculum, provide feedback, and conduct educator trainings.

More information about the master teacher program can be found on the FEFE Web site at [www.fefe.arizona.edu/masterTeacher.php](http://www.fefe.arizona.edu/masterTeacher.php).

Master teachers selected via a written application process will have the opportunity to serve as a FEFE Master Teacher – National Conference trainer. Team members play an active role with curriculum development, programming, and serve as facilitators at the FEFE National Conference.

**We are now accepting Master Teacher applications for 2008-2009. Application deadline December 1, 2008**

**ALL EDUCATORS WHO HAVE ATTENDED THE WEEK-LONG FEFE NATIONAL CONFERENCE “TAKE CHARGE OF YOUR FINANCES” ARE ELIGIBLE TO APPLY TO BECOME A FEFE MASTER TEACHER.**

**SAVE THE DATE FOR THE 2009 NATIONAL FEFE CONFERENCE!**

Mark your calendars and get ready to attend the **FEFE National Training June 15-18, 2009** in Tucson, Arizona. This one-of-a-kind, highly interactive training honors educators for their diligent work improving the lives of individuals, families and communities with financial education training. The greatly subsidized registration package allows participants to revitalize while receiving an abundance of ready-to-teach curriculum materials and new ideas guaranteed to make you want to begin using the materials immediately. Grants will be available in soon so watch for more detailed registration and grant information in upcoming newsletters, email updates and on the FEFE Web site at [www.fefe.arizona.edu](http://www.fefe.arizona.edu).

Grant applications will be available on the FEFE Web site at the beginning of January and due back to FEFE on January 30, 2009!

**I cannot think of any training I have gone to that has been so organized, well run, or that has made more impact on my teaching. – Vivien Brown, UT**
NEW Life of Carlos Chavez is now available! Carlos lives with his parents, grandmother, and younger siblings. He is incredibly active with his track team and church youth group. While maintaining good grades, he also works a part time job on the maintenance staff at Sunshine Inn to help carry the tradition of hard work and strong values that his family possesses. The Chavez family lives in an urban area and keeps up with the busyness of daily life. On Sundays, they are able to spend time together. Carlos has high hopes to be the first in his family to pursue a higher education degree. Read more about Carlos and the Chavez family at http://www.fefe.arizona.edu/curriculum.php?categoryID=32

Available simulations
★ 3.19.1 Life of Taylor Jones
★ 3.19.2 Life of Monica Erickson
★ 3.19.3 Life of Ben West
★ 3.19.4 Life of Mandy Gonzales
★ 3.19.5 Life of Carlos Chavez

National Financial Literacy Challenge
If your students participated in the National Financial Literacy Challenge, November 3–December 12, we want to hear from you! If you used the FEFE curriculum, we would love to hear how your students did. If you would like more information and the opportunity to compete in a future challenge, visit http://flc.treas.gov/teacher.aspx

Review of Financial Literacy Trade Books
High School Money Book
Everything in the High School Money Book by Don Silver is useful and well organized. This book contains 101 ways to handle money and is divided into 12 parts. The parts are Money—Smart Ways to think; to live day to day; to shop; to handle debt and credit; to give; to discuss with your parents; to prepare for college; to bank; to handle paperwork; to make your money grow; to work; and Money-Smart ideas for the future. The appendix contains sixteen brain teaser questions which could be used as bell ringer activities.

The book is incredibly clear and presented in the most useful way. If someone has a question, they can just look in the index or table of contents and find the answer. There are references for several sections if you’d like more in-depth information. It is easy to read and would be appropriate for almost any classroom, grades 7-12.

Each part or Smart Way may be used to prompt discussion and can be tied to a FEFE lesson or enhancement tool. Want to teach someone how to balance a checkbook? See page 90. What credit card should one get? See pages 50-52 and use FEFE lesson Selecting a Credit Card 1.4.1. Why is it critical to start saving for retirement at an early age? See page 108 for a very convincing set of scenarios and use lesson Time Value of Money 1.14.5. What is money, anyway? See page 1.

The author has a strong section, 47, which only speaks to having a four-year college degree. Students or educators might take the opportunity to incorporate the information included in Investing in Yourself 1.1.9.—By Priscilla Hedgecock, FEFE Master Teacher.