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of shape.

Learn to
manage your
money.

Financial
fitness for
the future.

money



Managing your money



money

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You want a better future. A better life. A better education. A better house. A better job. A better car. You might want to start your own business or to give something back to people who have less than you. But things aren't always certain or easy. Economic growth can slow. Jobs may be hard to find. Loans might not be easy to get. Credit cards may need to be paid off. There may be unexpected expenses.

One way to help ensure that you have what you need is to save money. Not a lot at once, but a little at a time – maybe putting money aside once a month. One less dinner out. One more morning coffee made at home. How about cutting out the popcorn and soda at the movies. Or, cutting out the movie all together and spending a quiet evening at home.

How much can you save?

A late-night, large pizza with two toppings:	\$12
A fast-food breakfast:	\$ 5
Ticket to the latest movie:	\$11
Ticket to the latest movie with popcorn and soda:	\$22

Total monthly savings = \$50



These are just examples. But think about it. There are lots of ways to save, helping make sure that you have the extra money you need... when you need it. And when you save, instead of paying interest when you carry balances on credit cards, you may be able to earn a little interest on your money.



No matter what age you are or how much you earn, you can start saving today!

Saving for the future is possible for you. One thing to think about is whether you are spending money on something you want or something you really need. You might want a new pair of sneakers, but your old ones may be just fine for a bit longer. You might want to go to the movies with friends, but may have just as much fun inviting them over and watching a DVD from the library.

The key is to spend less than you earn and find a safe place to put your money. It's sticking with it and making it a habit that may be a little more challenging. The most important thing is to put some money aside regularly, whatever you can afford, and not touch it for routine expenses.

By following some easy steps, you can quickly be on your way to saving money for the future.





Step

1

Setting goals and saving enough money to reach them.

Once you've started saving money, the next step is to figure out what you want to save for and how much you need to save.

Your goals may be short-term, like buying a new outfit for a special event or a car. Other short-term goals can include the deposit for a new apartment or eliminating your credit card debt.

Other goals may be long-term like buying a house, going to graduate school, starting your own business or helping support family members. It's also smart to set aside funds for unexpected expenses – and it's never too early to start planning for retirement.



IT'S TIME TO START THINKING ABOUT YOUR GOALS (and about how much money you'll need to achieve them)

Here are a few questions to ask yourself.

- What are my life goals? What do I want to achieve in the future?
- How much will I need for my short-term goals (in the next 1 to 2 years)?
- How much do I need to accomplish my long-term goals (5-10 years)?
- What is the total amount I need to save for each individual goal?
- Do I plan to save the same amount of money each month?
- Do I expect my income to change?
- If my income increases, how much more can I save to achieve my goals faster?
- If my income decreases, what steps can I take to ensure that I keep saving?

Step 2

Knowing where your money is coming from AND figuring out where your money is going.

Most people think, "I know where I spend my money." However, it's easy to skip over things like grabbing a quick sandwich or soda when you're in a hurry. Or the money spent on that magazine at the grocery store. All of these little expenses can add up. So, the first step to saving money is to keep track of your spending.

Where your money comes from	Monthly amount
Average income	_____
Other sources (includes things like support from family or friends, loans* and extra money you may receive)	_____
Total monthly income	_____

*If you are a college student, student loans that do not come due until after you have graduated can be included as income. Once it's time to repay your student loans, they are no longer income and become part of your expenses.



**TRACK YOUR SPENDING AND
SEE WHERE YOUR MONEY GOES**

Monthly amount

Food _____

Housing _____

Utilities _____

Clothing/personal care _____

Telephone/internet/cable _____

Transportation _____

Insurance _____

Medical care (including prescriptions) _____

Education/childcare (including books,
supplies, tuition and fees) _____

Entertainment (including activities like
going to the movies, dining out, travel,
recreation and sports) _____

Money given to charity or to help
friends and family _____

Credit card, loan or other debt payments _____

Miscellaneous expenses (everything else) _____

Total monthly expenses _____

Step 3

It's time to create a budget.

When most of us hear the word “budget,” we may automatically think “no fun.” But, creating a budget can help you have even more fun by ensuring you have money for the things that matter most to you. And, a budget can easily be adjusted to include what you think is necessary – including fun!

Try it out. Set up a budget and test it for a few weeks. Then you can see if it works or if you need to change it. Review your budget on a monthly basis and make adjustments to account for any changes in your life.

Tricks for sticking with it. Once the budget is set, the real challenge is to stick with it. Especially at first, a few simple tricks can make it easier for you to track how you're doing – and get back on track early if you need to.

Idea 1: Some people only use cash. It helps them see how much they're really spending.

Idea 2: Take the amount you've budgeted for the week and load it on a prepaid card. That way, you won't be able to spend more than you planned without stopping to think about it first. You can easily reload the card every week/month to help you stay within your budget.

Idea 3: Get a friend in on the act. Just like when you're on a diet and ask your friends to help you stick to it, you can ask your friends to help you keep on track with your savings goals.



Are you spending more than you earn?

Now is the time to take a hard look at your finances. That's where the “difference” column comes in. If the number is positive, you're on your way to building a future through savings. If the number is negative, you may have a little work to do on your budget.

SAMPLE MONTHLY BUDGET

Category	Budget Amount	Actual Amount	Difference
Income	(Estimated income and expenses)	(Use the information from pages 5 & 6)	Budget – Actual = Difference
Your income			
Other sources (includes things like support, loans and extra money you may receive)			
Income Subtotal			
Expenses			
Food			
Housing			
Utilities			
Clothing/personal care			
Telephone/Internet/Cable			
Transportation			
Insurance			
Medical care (including prescriptions)			
Education/childcare (including books, supplies, tuition and fees)			
Entertainment (including activities like going to the movies, dining out, travel, recreation and sports)			
Money given to charity (or to help friends and family)			
Credit card, loan or other debt payments			
Miscellaneous expenses (everything else)			
Expenses Subtotal			
Available Income			

Note: Do some of your actual expenses seem higher than you realized? Are there places where you can cut back your spending? By keeping track, you'll have a much better idea of where you can cut everyday expenses to increase the amount you save



Step

4

Setting up a savings plan

You've set your goals, figured out how much money is coming in and how you're spending it, and created a budget. What's next? The savings plan. It's like a roadmap for you to follow on your trip toward a better future.

Follow these simple steps to develop your savings plan¹.

1. Determine your savings goals.
2. Figure out how much you need to save (over what period of time) in order for you to meet your goals. So, for example, if you want to save \$1,200 per year, you would need to save \$100 per month to reach your goal.
3. Look at your expenses and decide which ones you can reduce – putting some of this money into savings.
4. Plan how you'll save. If you're working, you may be able to have your employer deposit a portion of your paycheck directly into your savings account. Or, in many cases, you can transfer funds online or just take your money to the bank and make your savings deposit in person.
5. Monitor your progress toward reaching your goal!

¹ Global Financial Education Program, Savings: You can Do It! Financial Education from Poverty to Prosperity, www.globalfinancialied.org



START YOUR SAVINGS PLAN TODAY!

Goal: _____

Amount of savings needed: _____

Number of months until you need it: _____

Amount you will have to save per year: _____

Amount you need to save per week: _____

Example:

Let's say you want to save up to buy a reliable used car within the next two years. You've done the research and know that you'll need about \$5,000.

Goal:	Buy a decent used car
Amount of savings needed:	\$5,000
Number of years until you need it:	2
Amount you have to save per year:	\$2,500
Amount you have to save per month:	\$208.33
Amount you have to save per week:	\$48.07

While everything you save adds up, for a bigger goal like this, you might need to consider making bigger changes. Maybe getting a second job for a while, moving to a less expensive apartment or getting a roommate. Or, if you're an entrepreneur and have your own business, maybe taking on some additional work.

Sure, some of those changes might not be your first choice. But, when you think about it, they might be a lot better than not having the funds for a car when you need it. Keeping your dream in mind can help you stay committed to reaching your goal.

And remember, you won't have to save quite as much if your money is in an interest-bearing savings account. The more you save, and the longer you keep it in the interest-bearing account, the more interest you will earn.



Step

5


Where to save

To decide where to save your money, you need to find out what your options are. Each bank or savings institution is different and has its own set of fees and benefits. That's why it's important to compare. Here are some other things to think about:²

Deposit requirements: Each institution has its own rules and requirements. Some may have a minimum deposit to open the account. There may be a minimum balance requirement. There also may be limits to the number of deposits you can make per month.

Costs: Some institutions may charge fees for things like going below a minimum balance, withdrawing money and/or making deposits. It's important to know what the costs are before you hand over your money.

² Global Financial Education Program, Savings: You can Do It! Financial Education from Poverty to Prosperity, www.globalfinancialed.org Prosperity, www.globalfinancialed.org



Access and ease of use: Some institutions may be close by, others farther away. Some offer Internet and mobile banking. You may want an ATM card, so the number of ATMs might be important to you. While you'll probably be able to withdraw cash via ATM from other institutions, there may be fees involved – and they can add up fast. So, you might want to know the locations of the bank's ATMs before you open an account. These are all issues to consider when deciding where to save your money.

Security: It's important to make sure the institution you choose has a good reputation. You'll probably want to check on the institution's ability to insure or guarantee funds. Where branches are located might be important too, especially if you plan to transact after standard business hours. Last, if you use the Internet or make your transactions over the phone, you might want to do a little research to see how the institution protects your privacy.

Liquidity: When choosing where to put your money, you may want to check out how easy it is to withdraw funds from the account. There are certain products that offer a higher interest rate if you deposit a certain amount of money for a specific time period. There may be fees and/or penalties for withdrawing funds prior to the specified date.

Interest: It's also important to look at interest rates. Each institution may offer different rates for different types of savings accounts with different rules to when and how interest is paid. Some rates are fixed for as long as you have your money in the account, while the interest you get for other accounts could change often.



Keep more than one savings account. You'll need one for emergencies that is easy to access and at least one for longer-term savings that is a little more difficult to get your hands on – maybe even investing it for a period of time in an account that pays more interest. By keeping some savings “out of reach,” you can help ensure that it’s not spent on everyday expenses.



HERE A FEW TIPS TO HELP YOU GET INTO GOOD FINANCIAL SHAPE.³

Pay off your debts. For long term financial health, it's important to reduce your debt. If you have a credit card and are only making the minimum monthly payments, you may want to stop using it and work on paying it off. Other forms of debt like a loan to start a small business can be paid off over time as your business begins to grow.

Learn to pay as you go. To get a handle on your budget, you may want to look into getting a prepaid debit card. These cards are a great way to manage your spending. You load cash onto the card when you need it, but can only spend what you have on the card.

Protect your credit score. Your credit score is a number that determines how risky it is for a bank or other institution to lend you money. A good score is essential to getting a loan, renting an apartment or even getting a job or purchasing insurance. To help protect your credit score, and to avoid having to pay late fees, make sure to pay your bills on time. There are lots of available tools to help you do this. You can set up online recurring payments or you can walk into a grocery store, drug store or other establishment and send cash payments for many of your bills.

Save as you earn. Try to save 10 percent of your income – even if you don't have a specific purchase or investment in mind. Since this can be hard at first, select an amount that you can save – say, put 4% of your income – and increase that amount over time. If you get a raise, put the difference into savings to help you reach your goals faster.

Try to keep at least six months of living expenses in an emergency fund. Jobs may be hard to find and circumstances may change. This emergency fund can be used when you have unexpected expenses.

³ Global Financial Education Program, Savings: You can Do It! Financial Education from Poverty to Prosperity, www.globalfinancialled.org

Savings FAQs



Q. I have my whole life ahead of me to set money aside. Why do I need to start now?

A. You need to start saving now BECAUSE you have your whole life ahead of you. You have goals and dreams. It's a lot easier to achieve what you want when you have the money you need...when you need it.

Q. I'm graduating from school next year, but don't even have a job now. How do I save?

A. When you're in school, money might be tight – but you can still save some if you watch your expenses and see where your money is going. Maybe one less slice of pizza each week. Or, instead of going out both weekend nights, choose just one and spend the other with friends at home. You can take the money you would have spent and sock it into savings. You'll be surprised at how quickly it adds up.

Q. I'd like to make a career change and find a job where I can help make the world a better place. I'm most likely not going to make a lot of money, but know I will make a difference. What's the point in saving now if I know I can't add to it over the next few years?

A. It's great that you are planning on making a difference in the world. Even if your expenses over the next few years are covered, saving now will help you down the road. You'll have money set aside for emergencies, as well as a good start toward helping you reach your goals. By getting in the habit of saving, you'll also be able to help even more people in the future. Think about it. If you save a dollar a day for the next ten years, that totals \$3,650 (not including interest). Even if you don't need it yourself, you can sure help a lot of people with that kind of money.

Q. I have so many goals for myself and I'll need money for most of them. Some are short-term, like finding a better job a job and some are more long-term, like buying a house. How do I save for everything at once?

A. It's important to prioritize your goals and set up a savings plan for each goal – long- and short-term. You'll have to adjust the amount you save, based on the amount of money you have coming in. You'll also need to provide yourself a reasonable amount of time to build up your savings. Buying a house is a big goal and it might take some time to save up money. However, if you work hard at saving and make good investment choices, almost anything is possible!

Q. I have a job, but I also have a really high balance on one of my credit cards. I want to save and get rid of this debt. Can I do both?

A. Yes you can and it's great that you're thinking about getting rid of your credit card debt. Let's say you decide to save 10 percent of the money you have coming in. Because the interest on your debt can be higher than the interest you can get from your savings, it may be better to take more than half of the money you've set aside to save and use it to pay off your credit card debt. The remainder can be put into savings. Since you have a job and are earning money, you can eventually pay off the credit card and then put the whole 10 percent into savings. Remember though, it's important to stop using your credit card now so the balance doesn't get any higher.





Want to learn more about managing your money?

Are you thinking about starting a business? Do you want to help others? There are a lot of resources available to help you plan, manage and save for the future.

Additional resources:

Financial Management

MyMoney.gov is the U.S. government's website dedicated to teaching all Americans the basics about financial education.
www.mymoney.gov

Operation HOPE is a provider of tools and services for economic empowerment in underserved communities.
www.operationhope.org

Starting or growing your own business

Hispanic Business Information Clearinghouse – Western Union is the founding sponsor of this free, bilingual web portal that provides critical business information to support the startup and growth of Hispanic-owned businesses.
www.hispanicbic.org

To Catch a Dollar –an inspiring documentary by Gayle Ferraro that follows Nobel Peace Prize winner Professor Muhammad Yunus, founder of Grameen Bank as he brings his unique and revolutionary microfinance program to the U.S.
www.tocatchadollar.com
www.grameenamerica.org

The U.S. Small Business Administration (SBA) is dedicated to providing support to small businesses across the nation.
www.sba.gov

Mercy Corps's MicroMentor program helps entrepreneurs connect with volunteer mentors to build successful businesses.
www.micromentor.org



**This workbook was developed by the
Western Union Foundation in collaboration with Mercy Corps.**

A better life. A better future. A better world. That's what Western Union and the Western Union Foundation are all about. We are committed to enriching the lives of people around the world by focusing on the economic opportunity issues that are important to our consumers and their communities. We believe that giving back to these communities makes them better places to live and work — in turn making them better places to do business.

Through the donations of Western Union, its employees, Agents and friends, the Western Union Foundation helps to fund programs that create economic opportunity around the world. Since its inception in 2001, the Foundation has awarded nearly \$74 million in grants to more than 2,033 non-governmental organizations (NGOs) in 120 countries.

www.westernunionfoundation.org • www.mercycorps.org

