

BROWN

Get Your Bearings:
Brown Financial
Literacy



**Budgeting and
Spending Wisely**

Wynette Zuppardi
Beth Murphy

Budgeting Workshop Agenda

- Financial Literacy at Brown
- What is my money personality?
- Budgeting Basics
- Spending Plan Strategies
- Shopping Tips/Tricks
- Resources

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Values About Money

Don't tell me what you value;
show me your budget
and I'll tell you
what you value.

Joe Biden

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What's Your \$ Personality?

- Take the full quiz off our website or FB page
- Pick one option that best appeals to you
- Note the letter for each question
- No right or wrong answers

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Money Personality Q #1:

You go out to dinner with a few good friends. The check comes. You:

- A. Pull out your phone to calculate out how much each person owes.
- B. Pick up the tab for the whole table.
- C. Submit your contribution without even picking up the bill and checking it.
- D. Offer to pick up the tab for those who you believe have less money than you do.



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Money Personality Q #2:

What plays the biggest role in your financial success?

- A. Careful money management and thrifty habits
- B. Financial success? I don't think that really applies to me.
- C. Can we talk about this later?
- D. Financial success is no more important than spiritual success.

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Money Personality Q #3:

Which of the following best describes your beliefs about money?

- A. Save it for a rainy day.
- B. Easy come, easy go.
- C. Managing money is overwhelming.
- D. Wealth can corrupt people.

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Money Personality Q #4:

If I won \$1 Million in the lottery I would:

- A. Put it in the bank or buy low risk investments.**
- B. Fly yourself and your best friends to New York City or Las Vegas for a weekend of fun.**
- C. Nothing yet – I'll decide on a plan later.**
- D. Enjoy donating some of it to a good cause.**



Money Personalities

- **A: HOARDER/SAVER**
 - motivated by fear of losing \$\$
- **B: SPENDER/COLLECTOR**
 - motivated by the love of money or the thrill of purchase
- **C: AVOIDER**
 - motivated by avoidance of anything financial
- **D: THINKER**
 - motivated by the purpose of the purchase

Success Resources, srpl.net, "There are 4 Money Personalities. What's Yours?", 2014

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What is your money personality?

- A: HOARDER/MISER: You like to keep track of and save every penny. You do not enjoy parting with your money.
- B: SPENDER/COLLECTOR: You enjoy spending and accumulating and may think about how to pay for your purchases later.
- C: AVOIDER: Your goal is to transact with money as quickly as possible and exit.
- D: THINKER: You care most about the impact of money, others, and your purchases.

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Avoiders

- I don't "do" money
- Plays dumb.....or is about \$\$
- Passes the responsibility to others
- Doesn't take charge
- Can neglect obligations
- Tends to "buy" and not "browse"



Budget/Spend strategy:

- Auto bill pay and online banking is ideal
- Have a good financial planner who can help you set goals

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Spenders/Collectors

- Impulsive , Dreamer, Hunter
- Saves little, materialistic
- Earning power high, but spending is as well
- Always on the “hunt” for quick buck
- Image/Money = Success
- “Got to have....purchases”
- Driven by emotion or shopping “fix”
- Finding the “deal” even if you don’t need it



Budget/Spend strategy:

- Prevent impulsive purchases by waiting for 24 hours before buying
- Develop a budget that budgets well for emergencies
- Build budget on honest assessment of wants vs. needs

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Thinkers

- Passive, lets fate take course, can be a lame duck
- May have minimal or no financial goals
- Paralysis analysis, can't make purchasing decisions
- Gullible, thus vulnerable
- Money means more than money
- Uncomfortable with managing money
- Comfortable with “status quo”



Budget/Spend strategy:

- Use/set up auto bill pay – set it and forget it
- Take ownership of own budget; learn to live within your own means, not others

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Savers/Hoarders

- Love to accumulate money and often other things
- Conservative, low risk
- Independent – do it my “own way”
- Often lives under means but can be at the expense of enjoying life
- Methodical/analytical, great planning but can end up going overboard
- Finds it difficult to take a risk
- Fears the future , constantly preparing for crisis

Budget strategy example:

- Practice that “fun” can be a worthy investment
- Taking some financial risk (e.g. investing, diversifying wealth) may be therapeutic
- Don't use money as a form of control with others



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My personality tells me that:

- My “style” is neither good nor bad
- Most of us are “hybrids”
- Becoming familiar with my style allows me to identify specific strategies and resources to help me be financially successful
- I should create a spending plan with my “money” personality in mind





BUDGETING...

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What Are Your Costs ?



\$46,408	Tuition
\$860	Average Mandatory Fees
\$3,225	Health Insurance (if not waived)
\$11,00	Rent/Utilities (may be mandatory billed by Brown)
\$6,200	Food/Groceries (may be mandatory billed by Brown)
\$1,000	Books/Supplies
\$1,000	Travel
\$3,050	Personal/Miscellaneous
\$70,346	TOTAL

 = Direct Billed

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Test Your Financial Knowledge

Building a budget means:

- a) You pay bills every month at the due date
- ☒ b) You made a plan of your expenses to be less than or equal to your income
- c) You are earning enough money to be able to live well
- d) Your bills are generally paid by every due date

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What is a BUDGET?

- A tool to measure your financial health
 - Quantifies your ability to balance resources/income with expenses
- Requires measurement over a time period
- Requires awareness of.....
 - Money available to spend
 - Money you actually spent

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Examine Your Budget....


$$\text{Revenue} - \text{Expenditure} = \text{Income/Loss}$$

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Revenue

Income

Cash Refund

Draw from Savings

Expenditures

Rent

Food

Travel

Clothing

Income/Loss

Money Left Over

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My Budget Is..... (Pick One)

- My resources exceed my expenses
- My expenses exceed my resources
- My resources equal my expenses

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Budget Danger Signs



A LOOK *at the* **BUDGET**

- Can't afford one time expenses
- “In between” resource drought
- Emergencies become a financial crisis
- Credit (card) debt staying constant or rising
- “Stealing from Peter to pay Paul” - Juggling
- Giving up necessary costs for discretionary ones
- Money controls you vs. you control your money

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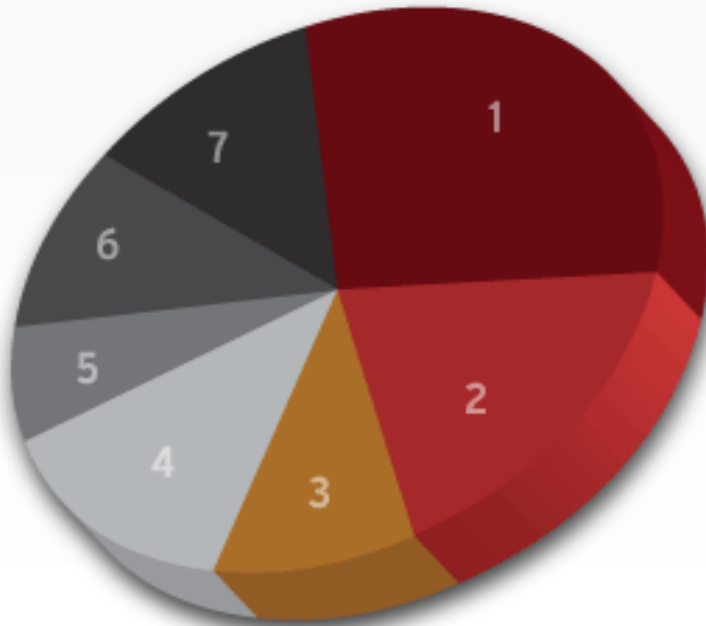
YOUR BUDGET.....

- Must be balanced to achieve financial fitness
- Two ways to achieve:
 - Increase income
 - Reduce expenses
 - = better managed money
- No magic formula
 - It requires you to assess your own needs and relationship with money

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Net Income's Ideal Budget....



- 1 HOUSING 30%**
- 2 TRANSPORTATION 18%**
- 3 DEBT 10%**
- 4 FOOD 14%**
- 5 HOUSEHOLD 7%**
- 6 SAVINGS 10%**
- 7 EVERYTHING ELSE 11%**

Carmen Wong Ulrich, On The Money
Host,

[http://www.cnbc.com/id/25933653/How
to Budget Your Money](http://www.cnbc.com/id/25933653/How_to_Budget_Your_Money)

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An Example...

SAMPLE MONTHLY BUDGET	
EXPENSE TYPE	AMOUNT
<i>INCOME</i>	\$666/month (4½ months per semester)
<i>FIXED EXPENSES</i>	
Rent, if applicable	\$0
Car insurance/payment	\$300
Cell phone	\$40
Total	\$340
Amount remaining	\$326
<i>FLEXIBLE EXPENSES</i>	
Groceries, in excess of meal plan	\$50
Eating out	\$50
Gas	\$65
Entertainment	\$90
Clothing, miscellaneous	\$35
Total	\$290
<i>WIGGLE ROOM/SAVINGS</i>	\$36



Test Your Financial Knowledge

Suppose you have \$100 in a savings account earning 2 percent interest a year. After five years, how much would you have?

- a) More than \$102**
- b) \$102**
- c) Less than \$102**
- d) Don't know**

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Money Knowledge....

- More than 75% of 16-18 year olds say they are financially savvy. However:
 - Less than 20% knew what a 401(K) plan is
 - 32% knew how credit card interest/fees work

Charles Schwab Survey, 2011

As reported by the PEW Charitable Trusts, 3/4/2014

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Spending Plan

BACK TO
BASICS

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- You can NOT create a successful spending plan without assessing your budget first
- Could take you one whole semester to assess your budget. Why?
- Will require you to be totally honest

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Your Spending Plan Goals:

- It is built on your “new” balanced budget and lifestyle at Brown
- Determine how long your current resources must last you (e.g. until Spring semester refund?)
- Calculate out exactly your available resources per time period (e.g. semester, end of month, etc)
- Continue to monitor/track your expenses
- Seek help if you need it
- Use tools to make it easier

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Need or want?

- Mortgage/Rent
- Food
- Clothing
- Transportation
- Dental Care
- Insurance
- Morning Coffee
- Cable
- Car
- Laptop
- Dog/Cat

Identify your discretionary budget items

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Some Basic Steps

- Eliminate new debt & Spending beyond limit
- Save now and create a reserve
- Watch for cash leakage
- Identify/Watch your discretionary spending
- Tackle current/old debt
- Plan for future goals

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Avoiding Debt Wisely

- **Pay yourself first no matter what**
 - (Avoid future debt)
- **Focus on secured debts first (credit)**
- **Pay unsecured debts next (utilities)**
- **Pay variable/essential costs next (groceries)**
- **Pay anticipated costs (travel)**
- **Pay non-essential costs if any left over**

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Create Your Spending Plan

- Allocate ONLY what your budget allows
 - Books/Supplies
 - Entertainment/Leisure
- Factor in Expenses that may become essential:
 - Holiday/Break Travel
 - Winter Clothes
 - Holidays/Gifts
 - Dental work

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Spreading Resources Across the Semester

Amount of Resources Available at Semester Start:		
Subtract Known Costs Ahead:	Cold Weather Clothing:	—
	Thanksgiving Travel:	—
	Holiday Travel:	—
TOTAL		=
Divide by 16. This is the amount available per week until Winter Break		=

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Success Strategies

- Join GET YOUR BEARINGS and commit to your financial health
- Live within your means, not your lifestyle
- Find scholarships to help with cash flow
- Establish your holiday gift list to include gift cards from Providence merchants
- Search Ebay and online religiously before making any substantial purchase
- Buy USED clothing – Savers, Second Time Around, etc.
- Lose cable and internet subscriptions
- Drink more water

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Success Strategies (cont'd)

- Eliminate ALL consumer debt NOW
- Plan for your first month of living expenses each semester on your own
- \$500 [emergency loan available](#)
- Bookstore Line of Credit: \$2,000
- Can borrow loan to purchase computer
- Free Legal Services
- ASK others for help if you need it
- Listen to financial experts in your free time (Netflix, Youtube, radio shows, etc)

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Budget Busters

- Not knowing what they are
- Failing to Set Aside a RESERVE
 - Automatic entry into debt
- Too Much Gift (overspending for holidays/birthdays)
- Too Much House, Car, Debt
- Lack of preparation for Non Monthly Expenses (i.e. Taxes)
- Entertainment “I deserve this...”
- Gadgets
- Displaced buying
- Buying without discounts, promo codes or coupons
- Buying without accountability
 - Online purchases
 - Buying on credit

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Top Budget Apps for Students

- [Mint](#)
- [Toshl Finance](#)
- [Left to Spend](#)
- [Slice](#)
- [Check](#)
- [CheckPlease Lite](#)
- [PocketBudget](#)
- [TextbookMe](#)
- [PayPal Mobile](#)
- [Debt Payoff Planner](#)

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Shopping Wisely



Successful Shopping.....

- Stay focused on shopping, not browsing
- Pay with cash or commit to a maximum dollar amount in advance of shopping
- When investing in purchase of non-perishables, focus on quality within your budget
- Stick with basics and classics
- When possible buy in bulk, split costs with others

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Before Shopping for Non-Essentials....

- Rule out you can't borrow, rent, or acquire anywhere else
- Research Online (force the wait)
- Time Your Purchase (seasonal sales, new releases/models, etc)
- Tell someone else about your intended purchase
- Decide what else you will offset to accommodate your purchase
- Answer "I deserve it...." with "at what cost?"
- Can you ask someone to gift it instead?

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Spending Strategy: Food/Groceries:

- BEFORE GROCERY SHOPPING, PLAN, PLAN, PLAN
- Clean out and inventory your fridge/cabinets before you leave the house
- Plan weekly menus -> Produce shopping list
 - Accommodate expiring foods
 - Plan menus around what is on sale = research!
 - www.couponmom.com
 - Weekly store fliers
 - Create menus from items you already have on hand:
 - www.recipematcher.com
 - www.recipekey.com
- Improvise menus and ingredients
 - Google recipe substitutions
 - Determine what you DON'T need to buy
- Plan Creative inexpensive meals
 - Breakfast for dinner
 - Leftover Buffet /Freezer or Cupboard Cleanout
 - Crock Pots
 - Soup night
- Have “quick” meals available at all times
- Prepare all meals for week at once
- Keep an active list on fridge for “needs” as they run out (don't buy unnecessary items)



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Which are cheap superfoods?

- Dried Beans
- Potatoes
- Applesauce
- Oats
- Bananas
- Eggs
- Frozen Veggies
- Hummus
- Canned Tuna
- Fresh Spinach
- Non-Fat Greek Yogurt
- Celery
- Edemame (Soy)
- Dried Cranberries
- Bran Cereal
- Orange Juice

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Spending Strategy: Food/Groceries

- **Perimeter store focus**
- **Buy frozen veggies**
- **Read labels for best fat/fiber levels – biggest bang for healthiest buck**
- **Stock up on Staple Sales**
 - Rice, Pasta, Flour, Sugar, Legumes
- **Use Coupons Strategically!**
 - Don't use coupons to buy, use them to reduce what you bought
- **Beware of misdirected purchases**
- **Accommodate/Plan for mid week purchases**
 - Perishables, Milk, bread

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Spending Strategy: Grocery/Household

- **Recognize/Materialize on the Loss Leader**
- **Focus on cheapest brand w/out losing your need for quality**
- **Buy less (expensive) meat and better protein purchases**
- **Avoid processed/prepared foods and individualized packaging whenever possible**
 - **Fresh baked brownies (35 minutes!)**
 - **Water (avoid individual bottles)**
- **Basic Cleaners that do 99% : Bleach, ammonia, vinegar**
- **Bulk Shop with others – then repackage**

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Clothing

- Think “uniform” not wardrobe
 - Change accessories
- Buy all the same color socks
- Consignment, Thrift Stores
- Solicit hand me downs from relatives and friends
 - Who’s your size?
- Borrow/rent for special occasions
- Assess when savings from quality overrules frugality
- Ask to receive as gift

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Transportation

- **Best Deal: Your Feet (with a good pair of shoes)**
- **Research in advance of your needs**
 - Bus, train, commuter rail, bike
 - RIPTA
 - Ride Share
 - Transit Trip Planner
- **Solicit rides on GSBB Listserve**
- **Google Alerts for deals or deadlines**
- **If you have a car:**
 - Assess the true cost of ownership so you can budget accordingly
 - Ask for gas contributions from passengers
 - Stop & Shop/credit card gas rewards
- **PLAN Ahead! What are your holiday travel plans?**



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Holidays/Gifts

- Can be a budget buster if not careful
- Presents from the heart, not the store
- Absolutely make your own cards
- Swaps, grabs, “make your own”, set \$ limits
- Custom made coupon book
- Make your own youtube video, CD/DVD
- Baked dishes or treats
- Have YOUR want list ready to share with giftgivers

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Miscellaneous

- **Save/accumulate your change in a designated place**
- **Online bill paying/budgeting whenever possible**
- **Utilize online tax software to ensure you have taken ALL deductions! (most are free for “low income” students)**
- **Buy specialized items online at appropriate places**
 - Zennioptical.com
- **Take advantage of free shipping**
- **Use price comparison websites to find lowest price**
- **Be vigilant re: avoiding fees**

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Shopping Education Loans Wisely

- If you borrowed loans for your first year, chances are this will repeat for years 2,3,4
- Consider Brown's investment as a family; make borrowing decisions TOGETHER
- Borrow ONLY what you need, not what your eligibility says
- Consider paying accruing interest during your matriculation to avoid compounding interest
- Plan NOW and know what your future monthly payment will be – avoid surprises

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Beth's List....

- Join the [Providence online “FreeCycle” Group](#)
- Scope out any purchase at Providence/Craigslist.org before buying
- Clothing: Savers, Branch Ave , Providence
- Do NOT bring a car to campus....ever
- Eyeglasses: Zennioptical.com \$19.95
- Spend Winter break
 - finding the best deals on your Spring semester books
 - Apply for outside scholarships

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Bear Bargains

- Discount Program from local vendors/retails
- Provoked by using Brown ID at nearby locations
- Details: <http://brown.edu> ➡ A-Z ➡ Bear Bargains



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Have an Idea? Need A Speaker?

Stay in Touch With Us

- **Morning Mail Announcements**
 - Upcoming Workshops or other Events
- **Public LCD Screens across Campus**
- **Calendar.brown.edu**
- **Brown.edu/go/getyourbearings**
- **Facebook – Get Your Bearings**
- **Email: getyourbearings@brown.edu**
- **Listserv.brown.edu**

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Questions?

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Get Your Bearings:
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brown.edu/go/getyourbearings