Welcome to...

Get Savvy
Grow Your Green Stuff

Budget Hacks: From Research to Practical

University of Illinois Extension
Extending Knowledge Changing Lives

USFSCSO
University Student Financial Services & Cashier Operations
Meet The Speakers

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University of Illinois Extension

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Student Money Management Center
America Saves Week

February 22 – 27, 2016

America Saves Week is coordinated by America Saves and the American Savings Education Council. Started in 2007, the Week is an annual opportunity for organizations to promote good savings behavior and a chance for individuals to assess their own saving status.
Agenda

- Identify Priorities
- Recognize Resources
- Set SMART Goals
- Tracking Progress
- Analyzing & Re-prioritizing
Money Scripts

**Money Avoiders**
Belief that money is bad or that you do not deserve money. May be worried about abusing credit cards or overdraft their checking accounts.

**Money Worshippers**
Belief that “more money will make things better”, an increase in income will solve their problems.

**Money Status**
Belief that “money is status”. May be over-concerned with financial success and being materialistic.

**Money Vigilance**
Belief that money is a deep source of shame and secrecy.
Most poor people do not deserve to have money

You can have love or money, but not both

I will not buy something unless it is new (e.g., car, house.)
Money Avoidance

I do not deserve a lot of money when others have less than me.

Rich people are greedy.

It is not okay to have more than you need.
Money Worshipper

Things would get better if I had more money.

More money will make you happier.

There will never be enough money.
Money Vigilance

- You should not tell others how much money you have or make.
- It is wrong to ask others how much money they have or make.
- Money should be saved not spent.
POLL: What money script do you lean most towards?

A: Money Status
B: Money Avoiders
C: Money Worshippers
D: Money Vigilance
Recognizing Resources

Government Assistance
- Healthcare
- SNAP
- FAFSA

Income
- Wages
- Scholarships
- Investments

Community Resources
- Library
- Public Transportation
- Food Pantries & Shelters

Gifts
- Family
- Friends
- Etc.
The Problem: Resource Drain

- Impulse Spending
- Decision Fatigue
- Spending Temptation
5 Reasons We Impulse Spend

1. Love Shopping
2. Loss Aversion Switch
3. Twisted Heuristics
4. Desire to Save
5. Rose-tinted Lenses
Combatting Impulse Spending

1. Shop Solo
Avoid shopping as a social event

2. Take the Lead
Plan your own fun activities first

3. Research Products
Set research & purchase rules

4. Ask: Is this a NEED?
Don’t fall for the “deal” mentality

5. Be Honest with Yourself
Change your behavior before buying
Overcoming Temptations

Instead of That....

- Buying that latte
- Joining a new gym
- Giving expensive gifts
- Buying a new shirt
- Purchasing fancy pants
- Impulsively buying things

Try This!

- Make your own
- Join an online fitness community
- Give home-made gifts
- Re-purpose old clothes
- Trade clothes with friends
- Remind yourself of goals
A study by Mani et al. in 2013 found that cognitive functioning can be significantly diminished in poor compared to well-off participants.

Source: http://www.sciencemag.org/content/341/6149/976
How Many Financial Decisions Have You Made Today?
Paradox of Choice

Professor Lyengar set up a booth of samples of Wilkin & Sons jams.
Paradox of Choice

60% of customers were interested in the jam

Only 3% purchased a jar

40% of customers were interested in the jam

30% purchased a jar
Suppressing Impulses

According to the New York Times article, “Do You Suffer From Decision Fatigue?”,

“...people with the best self-control are the ones who structure their lives so as to conserve willpower...”
Chat Discussion

How do you combat overcome spending temptations?

I’ve blocked most shopping sites on my web browser.
Building a Budget

1. Identify priorities
2. Recognize resources
3. Set S.M.A.R.T. goals
4. Track progress
5. Analyze & re-prioritize

6. Go back to Identify priorities
Set S.M.A.R.T. Goals

S = Specific
M = Measurable
A = Agreed Upon
R = Realistic
T = Timely
In the last 3 months, have you...

- gone to the movies
- gone to a sporting event
- gone skydiving
Budgeting for Experiences

2 Ways to Budget for Fun Experiences

1 Way to Plan for Spontaneous Spending

THE YOLO FUND

(ADJECTIVE) (NOUN) FUND

BUDGETED FUN MONEY

University of Illinois
Urbana-Champaign • Chicago • Springfield
Turn Travel Into a S.M.A.R.T. Goal
## Going to Panama City Beach, FL

<table>
<thead>
<tr>
<th>Spring Break 2017 Expenses</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas roundtrip</td>
<td>~ $125</td>
</tr>
<tr>
<td>Hotel</td>
<td>$960 / 4 friends = $240/trip</td>
</tr>
<tr>
<td>Food (estimate)</td>
<td>~ $250</td>
</tr>
<tr>
<td>Fun (estimate)</td>
<td>~ $200</td>
</tr>
<tr>
<td>Pre-Trip Expenses (sunscreen, swimsuit, possible oil change)</td>
<td>~ $150</td>
</tr>
<tr>
<td>Totals:</td>
<td>~ $965 for the whole trip</td>
</tr>
</tbody>
</table>
## Can you go to Panama?

<table>
<thead>
<tr>
<th>Date</th>
<th>Goal</th>
<th>Total Amount Needed</th>
<th>Target Date</th>
<th>Amount Needed Weekly/ Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2017</td>
<td>To go to Spring Break in Panama City Beach Florida</td>
<td>$965</td>
<td>January 2017</td>
<td>$22/week $88/month</td>
</tr>
</tbody>
</table>
Chat Discussion

What other expenses could be missing from this spring break spending plan?

What are some other ways of saving money on a road trip?
Timing Your Buying

1. Identify item
2. Recognize resources
3. Research
4. Set SMART goal
5. BUY!

University of Illinois
50/20/30 Guide to Budgeting

- Housing
- Food at home
- Utilities
- Healthcare
- Transportation
- Apparel
- Cash contributions
- Furnishings
- Entertainment
- Education
- Food away from home
- Retirement
- Savings
- Debt

- Essential Needs
- Financial Goals
- Discretionary Spending
Actual Spending by Age

**Average Spending – Under 25**
- Discretionary Spending 30%
- Essential Needs 63%
- Financial Goals 7%

**Average Spending – 45-54**
- Discretionary Spending 27%
- Financial Goals 13%
- Essential Needs 60%
Actual Spending by Income

Average Spending – $10k-$14,999

- Discretionary Spending: 24%
- Essential Needs: 75%
- Financial Goals: 1%

Average Spending – $70k+

- Discretionary Spending: 28%
- Financial Goals: 15%
- Essential Needs: 57%
Keep Track of Your Progress

Envelope Budgeting

Spreadsheets

Paper & Pencil

App Example
goodbudget.com

Making it on a College Budget
goo.gl/kHhL92

Old School Example
check register
### Food Spending

#### Cost of Food at Home (Monthly)

<table>
<thead>
<tr>
<th>Age-Gender Groups</th>
<th>Thrifty Plan</th>
<th>Low-Cost Plan</th>
<th>Moderate-Cost Plan</th>
<th>Liberal Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male 19-50</td>
<td>$187.00</td>
<td>$241.70</td>
<td>$302.90</td>
<td>$373.20</td>
</tr>
<tr>
<td>Female 19-50</td>
<td>$165.20</td>
<td>$209.50</td>
<td>$259.10</td>
<td>$330.10</td>
</tr>
<tr>
<td>Family of 2</td>
<td>$387.40</td>
<td>$496.30</td>
<td>$618.20</td>
<td>$773.60</td>
</tr>
<tr>
<td>Family of 4*</td>
<td>$563.70</td>
<td>$719.30</td>
<td>$890.60</td>
<td>$1,104.20</td>
</tr>
<tr>
<td>Family of 4**</td>
<td>$648.80</td>
<td>$851.90</td>
<td>$1,062.20</td>
<td>$1,290.10</td>
</tr>
</tbody>
</table>

Based on Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, December 2015
Step Down Method

Instead of completely cutting something out, STEP DOWN.

Dine out 4x a week

Dine out 2x a week

Dine out 1x a week

See also: “Step Down for Real Savings” by Pam Atkinson, University of Illinois Extension
Putting It Into Practice

- Identify priorities
- Recognize resources
- Set S.M.A.R.T. goals
- Track progress
- Analyze & re-prioritize

Set S.M.A.R.T. goals → Track progress → Analyze & re-prioritize → Identify priorities → Recognize resources → Set S.M.A.R.T. goals
Want to participate in University of Illinois financial education events and programs while also earning badges that you can display on social media sites? Participate in the Financial Literacy Badges Program!

Budget Hacks Quiz:
go.uillinois.edu/budgethacksquiz

Learn more about the Financial Literacy Badges Program by visiting:
badges.illinois.edu/usfsco/financialliteracyprogram

Launch of the Financial Literacy Badges program is supported through the Financial Literacy Counts Grant from HigherOne.
Stay in Contact with Us!

Financial Wellness
web.extension.illinois.edu/financialwellness

Student Money Management Center
studentmoney.uillinois.edu
SAVE. COMPETE. WIN!
Set a savings goal and enter for your chance to win.

#UISAVES

What are you saving for?

The University of Illinois campus with the highest percentage of staff, faculty and students to set savings goals between February 22 — April 8, 2016 will be named the winner of the #UISAVES competition.

Help your campus be the 2016 #UISAVES champion.

universityillinoissaves.org
Questions?