

Cadette *Budgeting*

Financial Literacy 1

There are many ways to spend your money. Should you buy that new book on which you've had your eye or save up for a weekend of fun with friends? There's a simple way to help decide: Make a budget - a plan for spending and saving money. This badge will help you learn to create a budget that's right for *you*.

Steps

1. Practice budgeting for you values
2. Learn to track your spending
3. Find out about ways to save money
4. Explore different ways to give
5. Create a budget that focuses on your values

Purpose

When I've earned this badge, I'll be able to keep track of my money, save for things I need and want, and help others by giving.

"People first, then money, then things."

-Suze Orman, financial adviser

Every step has three choices. Do ONE choice to complete each step. Inspired? Do more.

Step 1 Practice budgeting for your values

Your budget is more than just a way to track your money – how you choose to spend your money shows what’s important to you. In a way, it’s a statement of your values. For example, if healthy living important to you, you may want to budget for a gym membership or exercise class. If music is your passion, you may choose to save for music lessons or a musical instrument – or earmark money to buy your favorite tunes. If you have a favorite cause, you may wish to give money to an organization that supports it.

CHOOSE ONE:

Create a team values list. Have a discussion with your Cadette friends. How does your group handle its money? How much do you want to put aside in each of the three categories? This is a good time for some forward thinking. Is there something special you could see putting money toward in the future? You don’t need to make a plan just yet, but it never hurts to start collecting thoughts about your future spending plans so you can be ready when the time is right.

OR

Make your own values list. Write a list of all the things you’d like to have or do that cost money. Something new for your home? Check. Nice gifts for your friends and family? Check. A regular donation to a cause in which you believe? Check. Make the list as long as you like. Then, take a serious look at what you’ve written and group the items into categories: must have; nice but not necessary; or not really important to me. Sit down with family or friends and talk about how you’d like to use your money.

OR

Find out how other people budget to reflect their values. Talk to at least three adults about how they make choices when it comes to spending money. Ask them if they ever changed their priorities and how that affected their budget.

Step 2 Learn to track your spending

To come up with a budget that works, you need to know where your money goes. Without tracking your spending, it's all too easy to forget about that slice of pizza you bought or the fingernail polish you purchased for a friend's birthday.

CHOOSE ONE:

Get on the "write" track. Document your spending habits by keeping a log for a week. Make a note every time you make any purchase, including what you bought, how much it cost, and anything that might have influenced your decision to buy it. For example, did you buy a bracelet because you were with your friends and they were all buying bracelets? Did you splurge on a packet of cookies because you were hungry? Or, did you impulsively buy your best friend a present because you were in a great mood? After a week, go over your log and note any patterns about when and why you buy things.

OR

Spot spending habits. Once you've started to track your spending, sit down with your Girl Scout friends or family members to discuss your spending habits. This is the best way to spot patterns and provides a starting point for areas to cut spending. You can, also, do this by yourself; simply go over your record keeping and write down or highlight repeated spending trends.

OR

Pretend you're a psychologist. You can learn a lot by observing other people's behaviors, which is one of the things a psychologist does. For a week, take notes on what you see people buying at stores or the mall. Is there anything that you would decide not to buy if you were trying to save money? Can you think of lower-cost options that would get you what you want, like checking a book or DVD out of the library for free?

Step 3 Find out about different ways to save money

Keeping a bank account is one popular way to save money. You can, also, put your money in a personal bank at home.

CHOOSE ONE:

Do field research. If you'd like to observe some money management firsthand, try visiting the people who make a career out of managing money – bankers and bank tellers. Ask your parents to take you along on the next visit to their bank or credit union. Then, set up a quick meeting to talk with someone who can tell you more about how checking and savings accounts work.

OR

Let money talk. If you can't get to a bank, have the bank come to you. Invite a bank employee or financial adviser to speak to your group about money management. Ask your speaker about financial basics like interest rates; different kinds of accounts such as savings, checking, or money market; and the difference between banks and credit unions.

OR

Hit the books. Your local library probably has an entire section devoted to budgeting and financial planning. Check out some budgeting guides or books on banking basics. Ask a librarian for a good place to get started.

Step 4 Explore different ways to give

Lending a hand to someone in need is a surefire way to feel good about yourself. Find out what you can do with your money to benefit others. You don't need to make any giving decisions just yet, but your research might inspire you to include the needs of others into your budget and financial planning.

CHOOSE ONE:

Lead with your heart. Think of three things that are important to you. Then, research causes that touch on that interest. Maybe your family pet makes the list. Is there an animal shelter that could use our help? Be creative; there are lots of opportunities to give.

OR

Team up with others. Gather a few friends or family members to discuss different ways to donate money. For example, you could make a donation as part of your Take Action project. Or, if there's an organization you want to help financially, find out how it would use the funds. Compare and contrast - what does your group think would be the most effective use of your money?

OR

Learn from a professional. Invite someone from a philanthropic or nonprofit organization to talk to your Girl Scout group. Ask about how donations help the organization, how fund-raising works, and how decisions are made about using money.

Step 5 Create a budget that focuses on your values

It's time to make some big decisions. For what will you budget? What things will go into your spending and saving categories? And, to what will you be giving money? This is the joy of having a budget - it helps you take charge of your money and put it to good use.

CHOOSE ONE:

Make a savings action plan. Decide on something you'd like to save money to buy. Find out how much your chosen future purchase will cost. That will be the amount you need to save to reach your goal. Then, do the math: If you have a certain amount you can put away each week or month, how long will it take to reach your goal? Or, if you know you want to reach your goal in a certain amount of time, how much will you have to save each week/month to reach your goal in that time?

OR

Form a support group. Team up with your Cadette friends to offer each other advice on spending, saving, and making decisions. Work together to create budget points on which you all agree. Then, discuss where and why your budgets differ.

OR

Imagine yourself in the future. Envision your life 10 years from now. What do you think you'd need to buy? For what big purchases would you like save? How much would you like to be able to give? Create a practice budget so you can begin to see how you might use your money in the future.

Sample Budget

Suppose you received a gift of \$100 to spend however you wanted.

How do you think you would spend it? Here are three possible examples of ways a girl might budget the money.

What values do you think are reflected by each group of choices? In the fourth row, write how you would budget your surprise \$100.

Spend

Save

Give

Budget 1	\$90 on a good quality coat	\$0	\$10 to the American Red Cross
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Budget 2	\$70 on concert tickets for you and a friend	\$15 for family holiday gifts	\$15 to the local animal shelter
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Budget 3	\$25 on a dance lesson	\$50 for future trip to look at colleges	\$25 to a food bank
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Your budget

Add the Badge to Your Journey

What Take Action project are you planning? Make a budget for you project to complete step 1.

Now that I've earned this badge, I can give service by:

- Helping my friends create budgets to save for something they want
- Creating a short video about budgeting basics to educate my peers
- Setting aside some of my money to help support a cause

I'm inspired to: