

Personal Financial Literacy



Student Workbook for
Lesson Exercises



Welcome To Your Workbook

This workbook is a guide to help you complete the lesson exercises in the course. Here you can practice some of the techniques and skills that you learn in more detail.

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Lesson: Setting Goals and Creating a Budget



Exercise: Create Personal Financial Goals

You have learned about how having personal financial goals is a prerequisite for creating a good budget and setting yourself up for financial success.

In this exercise, you will create a set of personal financial goals by answering the following questions.



1. What are five short-term financial goals you have?

1.

2.

3.

4.

5.



2. What are five long-term financial goals you want to achieve?

1.

2.

3.

4.

5.



3. Name three resources you have access to that can help you reach your long-term goals?

1.

2.

3.

4.

5.



4. What strategies can you use to ensure you are making progress towards your financial goals?

1.

2.

3.

4.

5.



Exercise: Your Spending Plan

You have learned about the importance of creating a spending plan. Now let's put that knowledge to practice.

In this exercise, you will create an itemized spending plan by answering the following questions.



1. What are your sources of income?

(Remember this is where it comes from, not the amount)

1.

2.

3.

4.





2. What are your current monthly essential (non-discretionary) expenses?

(List items/categories and not amounts.)

-
-
-
-
-
-
-
-
-
-
-
-
-
-

ESSENTIALS

- Rent
- Mortgage
- Transportation
- Groceries
- Utilities (Water, Energy)
- Internet/Cable
- Insurances
- Medical / Health
- Clothing / Grooming



3. What are your monthly non-essential (discretionary) expenses?

(List items/categories and not amounts.)

-
-
-
-
-
-
-
-
-
-
-
-
-
-

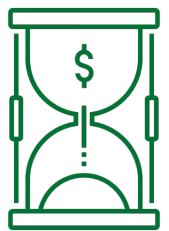
NON-ESSENTIALS

- Entertainment
- Cultural Events
- Traveling
- Gifts
- Books
- Hobbies

4. Which of your listed expenses will need to be projected monthly because the expense is paid for all at once and not on a monthly basis?

(List items/categories and not amounts.)

-
-
-
-
-
-
-
-
-
-





5. What items in your spending plan are related to achieving your short-term and long-term goals?

-
-
-
-
-
-
-





Exercise: Create A Budget

You have learned a lot about the process of creating a personal financial budget.

1. You determined your financial goals and
2. Created a spending plan to move toward achieving those goals

In this exercise, you will use the documents from the prior exercises to create a financial budget.

Step 1: Create Your Budget



Income

Source of Income	Amount
Sub-Total	

Expenses

Essential Expenses	Amount
Non-Essential Expenses	
Sub-Total	

Net Income

Total Income - Total Expenses	
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Step 2: Use your budget to answer the following question

1. **How much of your income is allocated to building your emergency funds each month?**
 - Divide your monthly emergency funds amount by your total income and multiply this by 100, to get the percentage.
 - For example, if the emergency fund allocation is 500 and income is 15,000, then savings will be:
$$500/15,000*100 = 3.3\%$$

Write your response here.



2. How much of your income is allocated to building your emergency funds each month?

- Divide your monthly emergency funds amount by your total income and multiply this by 100, to get the percentage.
- For example, if the emergency fund allocation is 500 and income is 15,000, then savings will be:
$$500/15,000*100 = 3.3\%$$

Write your response here.



3. How much of your income is allocated to savings each month?

- Divide your net income number by your total income and multiply this by 100, to get the percentage.
- For example, if net income is 2,000 and income is 15,000, then savings will be:
$$2,000/15,000*100 = 13.3\%$$

Write your response here.



Lesson: Personal Banking Accounts



Exercise: Create a Banking Account Plan for Omar

You have learned a lot about bank accounts and our recommendations on how to best use bank accounts to implement your financial budget.

Now let's put that knowledge to practice.

In this exercise, you will need to refer to Omar's budget, provided on the following page..

Omar's Budget



Income		
Work Salary		16,000.00
Allowance		6,000.00
Government Assistance		4,000.00
Total Income		26,000.00

Fixed/Essential Expenses

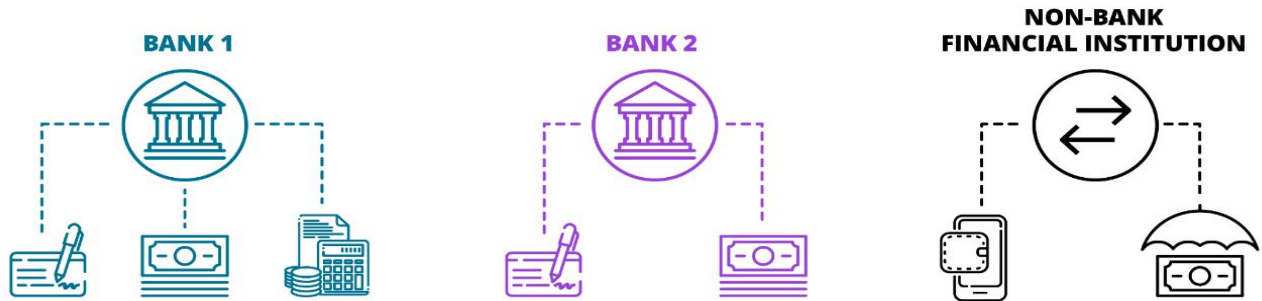
Rent		6,000.00
House Maintenance		1,000.00
Supermarket & Supplies		2,000.00
Car		
Insurance		500.00
Gasoline		1,200.00
Cable/Wifi		400.00
Mobile Phone		300.00

Variable/Non-Essential Expenses

Apparel		600.00
Grooming		500.00
Entertainment		1,200.00
Clothing		500.00
Total Expenses		14,200.00



Use Omar’s budget to answer the following question.



1. What bank accounts should Omar use for the following budget items [Current Account, Savings Account, Investment Account]

Budget Item	Type of Bank Account
Rent and House Maintenance	
Net Income not allocated for savings	
Allowance Income	
Savings for long-term goals	



Exercise: Create Your Own Banking Account Plan

In this exercise, you will create a **bank account plan** that may be used to implement the financial budget that you created in the previous lesson.

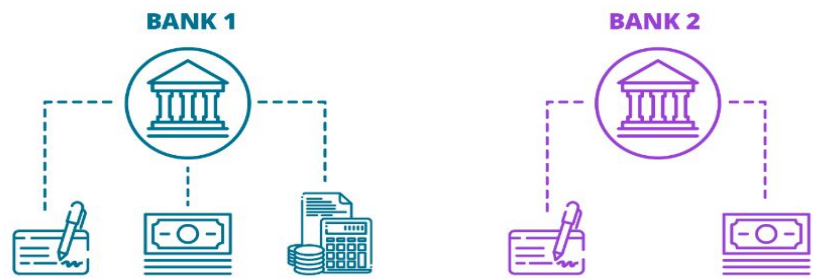
Create Your Bank Account Plan

To create your bank account plan you will need to:

1. Use a two bank strategy to determine which bank and which accounts will be used to cover each of the items in your budget.
2. Be specific about the amount of your net income that will be allocated to short-term savings (emergency funds) and long-term savings (special projects or goals)
3. Be specific about the amount of your net income that will be allocated to an investment account.



Step 1: What bank accounts will you use?



1. Use a two bank strategy to determine **which bank and which accounts** will be used to cover each of the items in your budget. Use the template on the following page.

Bank Account Choices		
	Bank 1	Bank 2
	Current Account	Current Account
	Savings Account	Savings Account
	Investment Account	

Exercise: Create Your Bank Account Plan



Source of Income	Bank 1	Bank 2
Sub-Total		

Essential Expenses	Bank 1	Bank 2
Short-term savings		
Non-Essential Expenses		
Sub-Total		

	Bank 1	Bank 2
Net Income - Long-term savings		
Net Income - Investments		



Congratulations!

The work you have completed in this workbook can be used as a helpful resource to guide your personal finance journey.

The remaining course exercises will be completed in the Udacity classroom.