



**Passerelles  
numériques**  
*A Gateway for Life*

**Lesson 9 - Money Literacy for College Students**

*Module 3 - Professional Life*

After you graduate from PNC, you will surely get a job, so you can use your monthly salary to support your living, study, and/or family.

Are you, however, sure that you can manage your money properly and that you won't overspend or spend on something that is not necessary?

What should you do to avoid financial issues?

# AGENDA



- 01 Budgeting concept
- 02 Budget on living on your own
- 03 Basic concept of saving



*Understand the budgeting concept*

**Budget** is a ledger detailing the spending decisions you intend to make, and it estimates how much money will come in during the months ahead, and it allocates enough money to cover expenditures.



A good budget also includes

- Allocations for regular savings
- A plan for where your money will go before you earn it



# Purposes of budget

- Help you save for a specific goal
- Help you pay down debt



A **personal budget** is a financial plan that allocates future income toward expenses, savings, and debt repayment.





Effective money management starts with a goal and a step-by-step plan for saving and spending.





Financial goals should be realistic, be specific, have a timeframe, and imply an action to be taken.

# Future goals

Educational goals

Family goals

Financial goals

# Goal range

- What goals are the most important for you?
- What goals are the short term goals (1-4 weeks)?
- What goals are the medium term goals (5-12 weeks)?
- What goals are the long term goals (1 year or longer)?



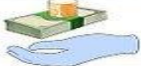








## Instruction (25 minutes)



- Students work individually and list down three goals that are important for them.
- Students then prioritize them from the most important (1) to the least important (3).
- The students work in pair and share their goals to each other.
- Trainer selects a few students to share their goals to the class.

# What you need to do to budget...

- Choose a budgeting period
- Estimate expenses and income
- Balance expenses and income

# Set up a personal budget...



- Estimate your income
- Estimate your expenses including:
  - Fixed regular monthly expenses
  - Fixed irregular monthly expenses
  - Flexible monthly expenses
- Estimate your future expenses
  - Begin by keeping a record of everything you spend
  - What are your financial goals and your plans for obtaining those goals?
- Cope with change
- Plan for new situations
- Plan for changing conditions that increase or decrease your expenses

# What a budget helps you...

- Put you in control
- Create a visual spending picture
- Prevent impulse spending
- Decide what you can and cannot afford
- Enable you to keep track of how you spend your money
- Create a savings plan
- Decide how you can protect yourself against the financial consequences of unforeseen events



# If you do a monthly budget...

*After the month had passed, discuss the following questions...*

- Was the budget realistic?
- What did you overspend?
- What did you spend less than what you planned?
- Were you able to make progress toward your financial goals?
- What do you think you should change about your budget?

Is it very hard for you to get the money you need to spend daily? If it is, then please try to save and spend on the right things.





## Instruction (35 minutes)

- Handout - personal budget
- Students work in group of 3 to do the exercise given by trainer.
- Each group compares their answers to another group.
- Trainer finalizes the answers with the class.



*Understand the budget on living  
on your own*



After you graduate from PNC, you may start the selection process of the rental house or room.

There are many factors that will be considered including where to live, how much to pay for rent, whether to share an apartment with a roommate, and what type of lease to sign.

## Instruction (50 minutes)

- Students work in groups of 5 to list down the materials they will buy before moving to the rental room/house.
- Students then prioritize the materials from the most necessary to the least necessary.
- Each group presents their material list to the class.



## Instruction (30 minutes)

- Handout - monthly budget
- Students work individually to fill out the monthly budget form based on the context given.
- Students work in pair to compare the monthly budget form with their partner.
- Trainer asks a few students to present the monthly budget form to the class.

# What you should know when rent a house or room...

- Tenant's rights
- Tenant's responsibilities
- Landlord's rights
- Landlord's responsibilities



# Tenant's rights

- Withholding rent if the landlord doesn't make repairs in a reasonable amount of time
- Safe and sanitary premises
- No changes in terms and conditions for the length of the lease

# Tenant's responsibilities

- Paying rent on time
- Using the rental for the purpose stated in the lease
- Taking reasonable care of the property
- Notifying the landlord if any major repairs are needed
- Giving notice if leaving at the end of the lease
- Paying for any damage to the walls, floors, and furniture
- Not making alterations that the landlord must fix later
- Giving landlord a new set of keys if you change the locks

# Landlord's rights

- Charging extra if rent is late (amount specified in lease agreement)
- Keeping part or all of the security deposit if you leave before the lease is up (as specified in the lease)
- Charging rent through the length of the lease even if you aren't living on the premises
- Keeping all or part of security deposit if you damage walls, floors, or fixtures, or if you make alterations that have to be fixed after you move out

# Landlord's responsibilities

- Making repairs in a reasonable amount of time
- Keeping premises safe and sanitary
- Entering premises only at agreed-upon time to make repairs (unless there is an emergency), or to show the apartment to potential renters if you are moving out
- Paying interest on deposit money
- Collecting rent
- Maintaining exterior grounds of building



*Understand the basic concept of saving*

# Saving

Saving just 35 cents a day will result in more than \$125 in a year.



Small amounts saved can easily grow into larger sums.

# Set financial goals

## Why save?

- To reach financial goals
- In case of an emergency
- To have the option of taking advantage of unforeseen opportunities



# Set financial goals

Why set goals?

Give direction for making plans and  
taking actions





# Set financial goals

## Set and prioritize your financial goals

- The goal-setting process
- Short-term goals (1-4 weeks)
- Medium-term goals (5-12 months)
- Long-range goals (1 year or longer)

# Pay yourself first

Why?

To make a habit of saving money to reach your financial goals



# Pay yourself first

## What it takes?

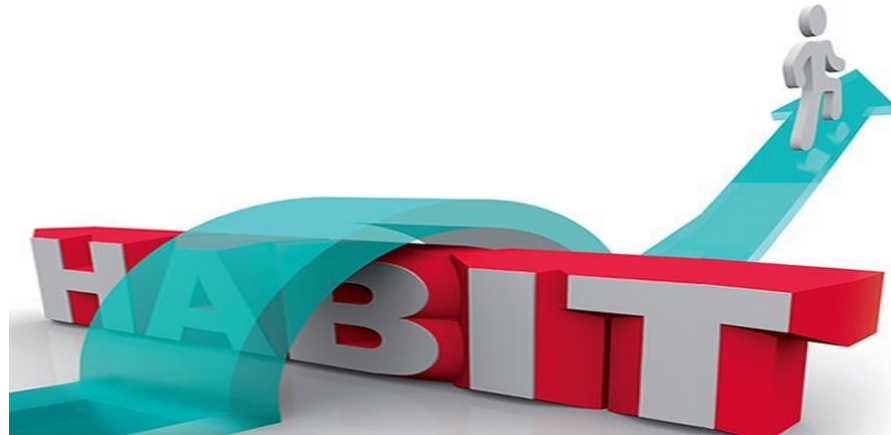
- Commitment
- Discipline
- Delayed gratification



# Pay yourself first

## Remember

Amount saved isn't as important as getting into the habit.



**example 1:**

<b>Save this each week At</b>	<b>% Interest</b>	<b>In 10 years you'll have</b>
<b>\$7.00</b>	5%	\$4,720
<b>\$14.00</b>	5%	\$9,441
<b>\$21.00</b>	5%	\$14,161
<b>\$28.00</b>	5%	\$18,882
<b>\$35.00</b>	5%	\$23,602

# Savings accounts

Simplest way to earn interest while keeping money readily accessible



# Savings accounts

## Passbook accounts

- Depositor receives a booklet in which deposits, withdrawals, and interest are recorded.
- Average interest rate is lower at banks and savings and loans than at credit unions.
- Funds are easily accessible.



# Savings accounts

## Statement account

- Basically the same as a passbook account, except depositor receives monthly statements instead of a passbook.
- Accounts are usually accessible through 24-hour automated teller machines (ATMs).
- Interest rates are the same as passbook account.
- Funds are easily accessible.



# How to calculate interest for savings accounts

## Simple interest calculation

*Dollar Amount x Interest rate x Length of Time (in years) = Amount Earned*

If you had \$100 in a savings account that paid 6% simple interest, during the first year you would earn \$6 in interest.

$$\text{\$100} \times 0.06 \times 1 = \text{\$6}$$

# How to calculate interest for savings accounts

## Compound interest calculation

*(Original \$ Amount + Earned Interest) x Interest Rate x Length of Time = Amount Earned*

If you had \$100 in a savings account that paid 6% interest compounded annually, the first year you would earn \$6.00 in interest.

### First year

$$\$100 \times 0.06 \times 1 = \$6$$

### Second year

$$(\$100 + \$6) \times 0.06 \times 1 = \$6.36$$

# Compound interest calculation



# Factors to consider when open a savings account



- Interest rate
- Fees, charges, and penalties
- Balance requirement
- Balance calculation method





## Instruction (25 minutes)

- Handout - interest rate
- Students work in pair to calculate the interest rate for savings account.
- Students compare their answers with another pair.
- Trainer finalizes the answers with the class.

# Debriefing



Work in pair to discuss what you have learned and what you don't understand.

You can ask trainer for further explanation on what you don't understand clearly.



Thank you !



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