

HOME BUDGET MANAGEMENT

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Main objectives:

- Learn to manage (home) budget

During the workshops participants will (specific objectives):

- Reflect on their beliefs related to money.
- Get to know the basics of (home) budget management.
- Set their financial goals.
- Get to know specific techniques of saving money.
- Brainstorm on possible ways of increasing income.
- Decide on changes they want to introduce in their life regarding their financial situation.

Time:

2h

Place:

indoor

Materials:

Stationary: paper (recycled if possible), pens

Equipment: computer and projector to show the presentation

To print:

- Appendix 1 - one for every 2-3 participants

Note: We prepared a presentation which gives a structure to the workshop. You can use it in the background

(<https://jamboard.google.com/d/1aecLrtuUZZfXpqr0oGTOZ2lZIn5cblRniv4nr4GzWWE/viewer?f=19>).



Course:

1. Introduction

Tell participants that the topic of today's workshop is finances. We will have a look at our relation with money and different techniques we could use to manage our home budget. This workshop is based on work of Michał Szafrński from Jak oszczędzać pieniądze (<https://jakoszczedzacpieniadze.pl/>) and Aneta Rokicka from Fundacja Wyobraź sobie (<https://wyobrazsobie.org.pl/>).

2. Where to start?

a) What are your beliefs about money?

Invite participants to take a piece of paper and for 5–7 minutes write everything which comes to their mind about money. Through this spontaneous writing we try to identify beliefs participants have about money. If we believe that money is dirty or that we are not able to save money, we will not go very far with any of the suggested techniques. After a few minutes of writing, ask participants to analyze what they wrote and see what their beliefs are. Do they have a positive attitude toward money and their ability to earn it? Are they scared of money? What's their view on people who earn money or save money? Identify any limiting belief which may stop participants from developing in the area of finances and discuss it. If you want to go deeper into the topic, you can divide participants in groups of 2–3 people and invite them to become each other coaches by asking following questions to their partners:

- Name your beliefs /choose the one you want to work with.
- Can you remember where this belief comes from? Who gave it to you?
- What do you do/not do thanks to this belief? How does it protect you? How do you benefit from it?



- What do you lose because of this belief?
- What are the exceptions? Describe the situations which denied your belief, prove your belief is not always true.
- Do other people believe in your belief? What would they (a particular person) tell you about it?
- What belief do you want to have instead? What belief will be more useful/supportive for you? What belief will still protect you but at the same time enable your full potential/help you to achieve your goals?
- On the scale 0-100% how much do you believe in the new belief?
- What proves that your new belief is true? Give examples showing that your new belief is true.

Summarize the exercise asking how our beliefs influence our financial situation and independence?

b) Know your income and expenses

There is not much we can do without knowing exactly how much money we get and how much we spend. If you know your group better, you can propose to them to write down their income and expenses for 2-4 weeks before the workshop. If not, you can discuss why it's important and show a few examples of simple excel sheets which allow us to note down income and expenses, divided into categories (for example food, house, entertainment, education, transport, etc). Most of us believe that we know what we spend money on, but very often after writing things down we are surprised to discover how much money we spend in some of the categories. Already knowing it brings motivation to change and clear indication where the change could start from.



c) Set the financial goal

As in any other areas, knowing what we want helps us to achieve it. Invite participants to define their financial goals. They can use SMART techniques. Most probably some of the participants have already heard about it, so ask them to share their knowledge. You can also use the SMART(er) technique, according to which goal should be not only Specific, Measurable, Attractive/Ambitious, Realistic and Time-framed, but also Ecological (it should take into consideration people around, our environment and society) and Recorded (written down). Underline that the goal should also be positive, written in one sentence and 100% dependable on us. Discuss all those rules with the participants to be sure they understand them. Then, ask them to write down their financial goals which will follow all those rules (for example: Till the end of the year I get a 10% increase in my monthly income. Till the end of November I will save 5.000 zloty for a new car. During the next 2 weeks I will introduce 2 methods of saving money, which will allow me to spend 5% less every month than I spend today). When participants are ready, divide them in small groups of 4-6 people and ask to share their goals. Others check if the goal follows all the rules and if not they help the person to make it SMART(er). Finish by reading all the goals loudly (if it's not comfortable for people to share their goals, they can keep them for themselves – for many of us speaking about money is still a taboo topic).

c. Pay off your debts

Before we start to do anything else, we need to pay our debts. There is no bigger saving strategy than not paying interests from our debts. Beside mortgage, encourage participants to pay all their debts as soon as possible. If needed, you can brainstorm together how it could be done.

d) Saving accounts

Once debts are paid, one of the strategies on managing our budget is to set three different accounts:



- Current expenses – for everything we have to pay on daily basis.
- Emergency fund – for unexpected situation like health issues, broken car, etc.
- Financial pillow – enough saving to survive 3–6 months without income in case of any emergency.

How much money we need on every account depends on the particular person/household. Invite participants to reflect – how much money would they need on each account to feel safe?

e) Investments

Only when all the conditions mentioned above are fulfilled can we start to think about investments. Investment is not the topic of today's workshop, so we won't go into it, but it's important to know, that we shouldn't invest if we have debt, if we don't have a financial pillow, if we don't know what our monthly incomes and expenses are.

3. Financial habits

There are two ways to have more money: reduce expenses or get more income (or both).

a) Saving money

Invite participants to reflect on how they can reduce expenses. Divide them in small groups of 2–3 people. Give each group a list of saving ideas (Appendix 1) and ask them to choose 10 that seem to them the most realistic, easy to implement and provide the biggest savings in the household budget. You can even try to sum up the potential savings.

Summarizing, ask groups which ideas they chose and if there is something else they would like to add to the list.



You can also share some techniques which may make reducing expenses and saving money easier:

- Transfer 10% of your income to savings account

First thing after receiving your salary - save 10% into your savings account (or financial pillow) before you actually start to spend on anything else.

- Envelope system

When you receive your salary or other income, divide it into different envelopes. You can have one envelope for every week of the month (to make sure that you don't spend most of your money at the beginning and stay with nothing at the end) or you can divide envelopes according to categories (for example fixed expenses, food, transport, etc). It will help you to not spend more on the given category than you decided to (based on analysis of your monthly incomes and expenses).

Remember to transfer 10% first to your savings account or create an envelope with money for saving/investments.

- Separate finances from emotions

In practise it may mean to not take children for shopping or make agreement with yourself to not buy things immediately when you spot them which is connected to the next point:

- If you shop for more than 50 euro - wait 48h

If you want to buy something which is more expensive than 50 euro, don't do it immediately. Wait 48h. This will give time for your emotions to calm down and separate them from the financial decision.

- Sell unnecessary things

Things which we don't need and we keep in our houses or basements not only don't bring us money, very often they actually generate costs (especially in the case of things which need to be repaired from time to time or lose their value with time). Consider selling them and use the money in a better way.

- Money versus time - how much do you earn per hour?

It's important to know how much you actually earn for an hour and take it into consideration while thinking if you should do some work yourself or rather pay somebody to do it.



- Diversify

This is an important point in all things related to money – earning, saving or investing. Diversify. Having only one source of income is very risky in case of any troubles.

b) Getting more income

How can you get more income? Invite participants for a brainstorm. You can use standard brainstorming or paper technique: every person should have one piece of paper; their task is to write down three ideas about how to get more income. After you say “change”, they pass the paper to the person on their right and receive the paper from the person on their left. There they have to write three more ideas which should be different from those they wrote before and different from those already written on the paper. Then, you say “change” and the process is repeated again. Continue for 5–6 rounds, so that each paper has about 15–18 ideas. Summarize the exercise by writing down all ideas in one place, on flipchart/board. Then, ask participants to choose 3–5 methods of getting more income which they believe they could try in their life. If you did a workshop about Strengths, dreams and values you can ask participants to see how they could use their strengths and talents in getting more resources.

4. Summary

Ask participants to write down one thing they can do during the next 24 hours which will bring them closer to their financial goal. It can be related to saving money or getting more income. If that’s ok for participants – ask them to share, a witnessed declaration has bigger chances to be implemented. Ask participants about their thoughts, questions, doubts about the workshop and invite them to fill the evaluation form.

Bibliography (and materials to share with participants after the workshop):

- <https://jakoszczedzacpieniadze.pl/>
- Michał Szafrński, Finansowy ninja



Appendixes

Appendix 1 – List of saving ideas (inspired by <https://jakoszczedzacpieniadze.pl/>)

Food

- Go shopping with a list and don't purchase anything outside of your list.
- Don't overpay on food.
- Limit sweets and sodas.
- Limit eating out, prepare homemade food for school or work.
- Make preserves and your own products.
- Make wholesale purchases for yourself and your friends.

Bank, finances

- Change your bank account to one with no fees.
- Close unused bank accounts.
- Exchange your currency in an online exchange office (banks take a bigger fee).
- Save on debts – pay on time, determine the optimal order for paying off debts.
- Negotiate interest rates on credit card debts (and other things).



- Automate payments for monthly services.
- Cut credit cards if you can't cut debt.

Insurance

- Search for the cheapest insurance for your car – preferably 2 months before the deadline. Actively seek discounts.
- Pay the insurance with a one annual fee.

Transport

- Choose the optimal means of transport.
- Become an Honorary Blood Donor.
- Drive with your friends to work.
- Drive the car economically.
- Drive and park in accordance with the regulations – avoid fines.
- Replace the car with a bicycle.
- Hand wash your car.
- Change the car to a more economical one.
- If you don't have a car, think carefully before buying it.



Household fees and expenses

- Do you rent an apartment? Move closer to work.
- Consider changing electricity suppliers.
- Make good use of the day / night tariff.
- Minimize the number of devices in standby mode.
- Disconnect unused devices from the main net.
- Replace lighting with energy-saving one.
- Cancel unnecessary subscriptions.
- Take care of the refrigerator – it is responsible for 25% of electricity consumption in homes.
- Do not run the dishwasher until it is full.
- Use home-saving hygiene: turn off the lights, close the tap, splash less water in the toilet, seal leaks.
- Learn to use heating wisely.
- Change your mobile operator.
- Turn off all unnecessary telecommunications services – analyze the bill telephone.
- Replace a live Christmas tree with an artificial one.



Clothes

- Visit second hand shops.
- Use store sales wisely.
- Sell or give away clothes you don't use anymore.

Entertainment

- Search for cheap or free entertainment.
- Read free newspapers and magazines lined up for shared use.
- Buy magazines with friends (in turns).
- Use the library.
- Borrow books from friends and relatives.
- Are you a "collector"? Think about what you need it for.
- Don't spend a fortune on kids – you can play with your kids cheaply with a bit of invention.

Other shopping

- Take advantage of loyalty programs.
- Make gifts yourself.



- Give your services instead of buying products, e.g. looking after children.
- If you have to buy gifts, buy them all year round.
- Avoid impulsive purchases.
- If you want something, put it on the gift list for yourself.
- Do not take your children to shopping - in particular, to shopping centers and hypermarkets.
- Don't consider shopping as a de-stress method.
- Return the products to the store if you change your mind.
- Buy cheaper on the Internet.
- Use discount coupons and group purchase services.
- Produce household chemicals - washing powder, soap and other cosmetics.

Other

- Sell unnecessary items - Allegro, Gumtree, etc.
- Give away unnecessary items.
- Get rid of unnecessary electronics quickly.
- Use barter trade.
- Return metal, plastic, paper and electro-waste to collection centers.



Changing habits

- Don't watch too much TV.
- Quit smoking, alcohol and other stimulants.
- Don't go to the movies on weekends.
- Put your change into a piggy bank.
- Write down expenses and plan expenses.
- Convert purchases to the number of working hours.
- Learn to talk to yourself – Ask yourself “Do I really need it?” and “Why do I want to buy it?”
- Don't blame yourself if you fail.
- Read good personal finance blogs.
- Don't be selfish and exchange information with your friends.
- Make your own list of saving ideas.

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