EVERFI®

Grow: Financial Planning for Life™

Smart Money Habits

NAME ______________________________ DATE ______________

OPENING

Question:

What does the phrase “pay yourself first” mean?

Answer:

BUDGETING METHODS

THE 50-30-20 METHOD	THE CATEGORIES METHOD
With the 50-30-20 method, you think about your budget in terms of percentages. You should aim to spend no more than 50% of your budget on needs and no more than 30% of your budget on wants. The other 20% (or more, if you spend less on needs and wants) should go toward savings. Savings includes an emergency fund, money for future financial goals, and money to pay down any debt you have.	With the Categories method, you think about your budget in terms of different categories. You can break this up into as many categories as you want. Some people like only a few categories and put them in order of importance. Others like a lot of categories so they can keep close track of how they spend their money. You can also use envelopes (real or virtual) to keep track of each category.

SMART MONEY HABITS

INSTRUCTIONS

Match the action step to the definition by drawing a line to connect them. Then decide which order these action steps should happen. Record the order in the left column 1-5.

ORDER: *What order should these steps go in? Write a number in this column from 1-5.*	**ACTION STEPS:** *Here are the proposed action steps covered in the lesson.*	**MATCH:** *Draw a line from the action step to its matching definition.*	**DEFINITIONS OF EACH ACTION STEP**
	Cut spending on wants		Know what you are saving up for and when you would like to make those purchases.
	Manage your debt		Spend no more than 50% of your income on needs, no more than 30% on wants, and at least 20% on savings.
	Plan a savings strategy		Create a savings account for events that may happen out of your control (For example: Replacing a shattered screen of a phone.)
	Put aside savings for emergencies		Reduce the amount of money that you spend on things that are not needs.
	Create savings goals and timelines		Pay down credit card bills. Paying off credit cards each month will mean avoiding interest fees.

EXIT TICKET

Question:	Answer:
Which budgeting method do you feel most comfortable with trying for your own budgeting and savings needs?	☐ The Categories Method ☐ The 50-30-20 Method
Which stpes do you think you need to take in order to begin the process of budgeting your money to reach your goals?	
When you hear “pay yourself first” what does that mean for you?	