

UC Agriculture & Natural Resources

4-H, Youth and Family (includes home livestock)

Title

Living On My Own:Should I Be Living on My Own? Leader Guide

Permalink

<https://escholarship.org/uc/item/41b6p569>

ISBN

978-1-62711-082-2

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Publication Date

2020-08-01

Peer reviewed



Can I Afford to Live on My Own?

Leader's Guide

Unit 2 of the *Should I Be Living on My Own?* module in the *Money Talks* series

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This leader's guide is designed to accompany the *Can I Afford to Live on My Own?* participant guide. It is recommended that each participant receive a copy of the *Can I Afford to Live on My Own?* participant guide.

Included in this leader's guide are learning objectives, background information, activities with accompanying handouts and visuals, a glossary, and a list of additional resources. The Background Information is meant to prepare instructors to both teach the unit and provide discussion materials for use with the participants. It also corresponds with the four activities included in the leader's guide and the participant guide.

The *Can I Afford to Live on My Own?* unit is part of the *Living on My Own* module from the extensive *Money Talks* series. For more information on the entire project, see *Money Talks* on p. 24 in the *Additional Resources* section of this leader's guide.

OVERALL LEARNING OBJECTIVES

Participants will . . .

- distinguish between needs and wants when finding a place to live.
- identify their values related to selecting a place of their own.
- investigate application costs, moving costs, and monthly costs for living on their own.
- discuss how to complete a rental application.
- identify financial issues associated with living on their own.
- practice financial management skills.
- develop a budget.

The purpose of this unit is to help young adults identify the financial issues associated with living on their own. It is not uncommon for young adults to decide to get a place of their own without giving much thought to what they are doing, why they are doing it, and, more importantly, if they can afford it. Many young adults may not know how to plan for getting their own place, and they may not understand what they can do to make the process successful (Harris 2015). As an instructor, you can help young adults discover how to make the best choices and ensure that they really can afford to make the move and live on their own. This can be done by providing opportunities for them to discover their true motivation for moving, evaluate their income and expenses, and prepare for living independently before they move out.

Notes: The terms *renter(s)* and *tenant(s)* are used interchangeably throughout the leader's guide.

The term *landlord(s)* is used throughout the Background Information of this leader's guide—however, renters may be working with a property manager instead of a landlord. To make the Background Information text easier to read, the authors chose to only use *landlord(s)*, but it refers to both landlord(s) and property manager(s).



BACKGROUND INFORMATION

There are many steps young adults can take to help make living on their own a successful experience. However, they may not understand what they can do to make the process successful and may not be aware of how to plan for getting their own place. In fact, young adults often decide to get a place of their own without giving much thought to why they are doing it, and, more importantly, if they can afford it (Harris 2015). Before moving out on their own, young adults should take the time to understand

- their needs versus their wants.
- how the choices they make are influenced by their needs, wants, and values.
- how much it will cost to live independently.
- their income and their expenses.
- how to create and use a financial plan and a budget.

UNDERSTANDING NEEDS AND WANTS

Young adults can begin their journey to finding a place to live by distinguishing between their needs and wants and determining what they value most in life. Needs, wants, and values will guide how they spend their money and will influence the type of housing they select.

Many people use the word “need” to mean different things. We may think something is a need when in reality it is just a want. To live our daily lives, all we really need is food, water, air, clothing, shelter, safety, health, and, for most of us, transportation. A lot of other things are nice to have but are not really needed. As young adults look for housing, they may find lots of “wants” that they classify as “needs.” The challenge is to understand the difference between what is truly needed and what is simply wanted. Most people will probably have more wants than needs—especially when it comes to finding that first place to live.

- A *need* is something that is a must-have to live on one’s own. Potential needs might be affordable rent, a safe location, being close to work or college or trade school, a space large enough for everyone living in the home, or a kitchen with a refrigerator.
- A *want* is a nice-to-have feature but is not a requirement to be able to live there. Wants might include an exercise room or pool on-site, inside laundry, on-site parking, hardwood floors, or a newer place.



Values may differ between family members and friends.



Very few people have enough money to meet all their needs and still satisfy all their wants. So, prioritizing needs and wants is an important step before selecting a place to live. Young adults will find their new housing experience to be more successful if they first focus on their needs. This will help ensure that the basics for getting a first place are covered. For example, they may need a place that is close to work or a place that has two bedrooms if they have a child. The wants and desires (a workout center or pool area) can be added later as money allows. After all, living in a beautiful apartment won't be that great if there isn't enough money for food or other necessities (Varcoe et al. 1999).

VALUES INFLUENCE NEEDS AND WANTS

Needs and wants are based on values. That is why people classify and prioritize needs and wants differently.

Values come from life experiences and help shape the choices people make. Values are the feelings inside each of us that help determine how to react and respond in different situations. A value is not good or bad—just something that is important to the individual.

To understand values, it is helpful to remember that

- values are formed from life experiences. They are learned from family as well as from other life experiences.
- values are unique. No two people share all the same values.
- values change over time and may change with new experiences and by forming new relationships.
- values influence needs and wants and therefore also influence decisions on spending, saving money, and housing choices.
- the values of family members may differ. This may cause conflicts as young adults plan to move out on their own.

Some common values young adults may identify with include

Security	Family	Friends/social network
Happiness	Status	Education
Freedom	Popularity	Giving back/altruism
Self-respect	Honesty	Personal appearance
Work ethic	Clothes	Reputation
Independence	No debt	Peace of mind
Nature	Traveling	Having a car
Good health	Sports	Power/influence

Values can and will influence young adults when looking for a place to live on their own. Here are some examples:

- Freedom may be important to young adults who want to live on their own, but they also value family. Therefore, they look for a place to live outside of the family home that also keeps them living close to their family.
- A young adult who values both an education and friends may be willing to leave friends and go to a new city to pursue higher education but will stay in touch with friends back home.
- When young adults have a priority to spend money on current wants rather than on needs, they may decide to postpone getting their own place so they can spend most of their money on those immediate wants and less on the basic needs for living on their own.

For young adults, knowing what they value about money is key to them understanding why they spend the way they do and will guide them in making housing decisions. Their values and spending habits will also help them determine how much money they will need to live on their own (Gurney 2009).

How Much Will It Cost to Live Independently?

One of the first things young adults need to know before looking for their own place is how much it will cost to live on their own. They may be surprised to learn that the cost of getting their own place includes

- application costs and other one-time fees (fees for applying for rental housing)
- move-in costs (the cost of getting moved and setting up the new place)
- monthly costs (the recurring costs of living on one's own) (Harris 2015)

Application Costs. Generally, a potential renter must pay application costs to apply for a rental unit. Most landlords require an application fee just to process the rental application. Additionally, most landlords require a fee to run a credit check—this is a credit report to help determine if the applicant has a history of paying bills on time. Some landlords may require fingerprinting so they can process a background check to see whether the person has outstanding warrants or other issues that might be of concern.

Starting to take care of some bills while still at their current home will help young adults learn how to pay bills and understand the responsibility of paying for their own place.





Since these costs can add up quickly and need to be paid with each rental application, it is smart to apply only for rentals that truly meet an individual's needs. It is also smart to limit the number of applications. Applying to too many places can use up resources that could help with other rental costs.

First-time applicants may be required to have a co-signer. A co-signer is someone willing to sign the contract and pay the rent in case the applicant misses a payment. It is important for first-time rental applicants to have someone who agrees to be a co-signer prior to filling out a rental application. Since the co-signer will need to provide contact information, sign the application form, and have a credit check, it is a good idea to have this person view potential rentals with the applicant.

It is also important to organize the personal information needed to complete rental applications. Having personal information together and well organized will save time and effort. Rental applicants will most likely need to take the following information with them when looking at potential housing:

Proof of Income

- Landlords want proof of at least 1 month's income to determine if the applicant can afford to pay the rent.
- Pay stubs covering at least 1 month are usually acceptable.
- For a new job, bringing a job offer letter with a start date from the new employer can provide proof of future income.
- Students may be asked to supply financial aid statements or housing vouchers from their school.
- Participants in HUD (Housing and Urban Development) programs may be asked to supply housing vouchers.

Job History

- Rental applicants will need information on their current job as well as past jobs.
- Include items such as the job titles and responsibilities, name of businesses, addresses, phone numbers, start/stop dates of employment, and supervisors' names.
- Writing this information down will make it easy to attach or easily transfer it to the application form.

Identification

- Most landlords require some type of government ID, such as a driver's license or passport.
- With the rapid increase in identify theft, landlords will carefully check and verify identities.

Prior Addresses

- Applicants will need to list all their addresses for the past 3 to 5 years.
- The current address should be included in the list.
- Some applications ask how long the applicant lived in each place.

References

- Most landlords will ask for contact information on non-family members who can serve as references.
- Applicants should have a list of individuals whom they have contacted and have permission to use as references.
- Information on how to contact the closest family member may also be required.
- Applicants may need to give the names, addresses, phone numbers, and email addresses for all of these references.

Vehicles

- Most landlords want to know what cars and other vehicles are being parked on their property.
- Applicants will need to list the make, model, color, year, and license plate number of all vehicles that will be parked at the rental location.

Emergency Contact

- Landlords want to know whom to contact in case the renter has an emergency.
- Information for the emergency contact includes name, address, phone number, email address, and relationship to the renter.

Application Costs Payment

- Applicants will need to pay an application fee and a credit check fee when they submit a rental application.
- Cash, checks, money orders, credit cards, and debit cards are typically accepted. Other forms of electronic payment may also be accepted.





Social Security Number

- Applicants are usually required to provide their Social Security number on the application.
- While it is not advisable to carry a Social Security card at all times, applicants will want to take it on the day they plan to complete an application.
- If an applicant doesn't have a Social Security number, suggest the following options that may help in securing a rental:
 - If eligible, apply for a Social Security number before looking for a rental.
 - Rent from family or friends who do not require a Social Security number.
 - Sublet from a renter who already has a place and the landlord does not need to qualify additional roommates.
 - Find a landlord who is willing to accept a co-signer's Social Security number to verify financial qualifications.
 - Look for a landlord who does not require a credit check and doesn't ask for a Social Security number.

Co-signer

- This is a person who agrees to sign the contract and pay the rent if the renter does not pay.
- Co-signers are commonly required for first-time renters and college students.
- If the applicant knows a co-signer is required, bring the co-signer or at least all the information about the co-signer at the time of application.
- Required co-signer information includes name, address, phone number, and email address. The co-signer's Social Security number might also be needed if a credit check is required.

Move-in Costs. These are the costs that must be paid before moving in. These fees vary from rental to rental but may include first month's rent, last month's rent, a security/cleaning deposit, connection fees for utilities, key deposits, pet fees, moving costs, furnishings, and household supplies. These costs add up quickly. Young adults will probably be surprised to learn that move-in costs can be three to four times the cost of 1 month's rent.

The first month's rent is usually paid prior to moving into a rental. In addition, many landlords require the last month's rent be paid before moving in as part of the deposit. Landlords collect the last month's rent up front in case a renter decides to move out early. It serves as an incentive for the renter to complete the rental agreement and provides

resources for the landlord to cover lost rent. Some landlords consider the last month's rent as a security deposit. Others require a separate security deposit to protect their property in the event of damage. Other fees may include the following:

- **Cleaning fees.** These are collected as part of move-in costs to encourage renters to keep the rental clean. They may be refundable if the unit is left clean. If the landlord requires that the carpet be professionally cleaned, a receipt will usually be required to show the work was completed at move-out.
- **Key deposit.** Depending on the landlord's policy, a refundable key deposit may be charged to ensure that the keys are returned.
- **Pet deposit.** Landlords who allow pets will probably charge a non-refundable pet fee as well.

If the renters pay their own utilities, some utility companies require connection fees and/or deposits. Others require paying for at least 1 month of service in advance. Utilities include cable, streaming, satellite, internet, phone, garbage, gas, electricity, water, and sewer. It is important for the renter to ask the landlord what, if any, utilities are included in the rent.

Some companies offer bundling packages that combine multiple utilities that are of particular interest to young adults—such as internet and cable. Usually the bundle offers a better price on each individual utility than when purchased separately. However, the overall package could be more expensive if only a single utility is needed and used. Bundles often require contracts that can be expensive to break should the subscriber no longer want or need the bundle. Additionally, some bundle offers have an introductory price for a limited time—such as a year—then automatically raise rates after the introductory period ends. Understanding and knowing the pros and cons of the bundle offers can help young adults choose the best options for the services they need and what they can afford.

Other move-in costs include the following:

- **Moving expenses.** The costs of physically moving personal items.
- **Furnishings.** This includes buying furniture, linens, and decorations.
- **Household supplies.** Kitchen equipment, cleaning supplies, health and beauty supplies, and everything else that will be needed on a day-to-day basis.

Did You Know?

Move-in costs can be 3 to 4 times the cost of rent. Setting up a moving budget can help to estimate these costs, and it may help save money by planning ahead.

To get the true picture of utility costs, contact utility companies to ask about connection fees and deposits and if they are refundable.





Monthly Costs. Known as ongoing expenses, monthly costs are day-to-day living expenses. These costs include rent, utilities, renter's insurance, food, transportation, entertainment, savings, clothing, medical costs, and other monthly costs such as school loan payments or car insurance. And, for some, there will be the costs associated with having children—such as childcare, diapers, etc. Considering all these costs before committing to a rental will help young adults understand what they can truly afford to pay for their first place. Monthly costs will be discussed further in the *Helping Young Adults Take Charge of Their Money* section on pp. 12-20 of this leader's guide.

MONEY AND YOUNG ADULTS

Money has a lot of control over how young adults live their lives. It can dictate where they go, what they eat, what they wear, and where they live.

Young adults who understand their earning potential and know how they spend their money can use this information to help determine how much rent they can afford.

Age is a big factor in earning potential—as age increases so does earning potential. In 2018, the earnings of young adults under 25 years of age averaged \$32,268 per year while those 25 to 34 years of age had average earnings of \$74,082 per year (U.S. Bureau of Labor Statistics 2019).

How did these young people spend their money? According to the Bureau of Labor Statistics, in 2018, people under 25 years of age used approximately 8 percent of their income for personal income taxes and another 8 percent for social security and pensions. Of the money they had to spend, they spent it as follows:

Spending Categories for People under 25 Years of Age, 2018	
Food at home	7%
Food away from home	7%
Housing	24%
Cell phone	2%
Utilities	4%
Apparel	4%
Transportation	17%
Health care	4%
Entertainment	4%
Personal care	2%
Education	7%
Contributions	1%
Personal insurance, pension, social security	8%
Other & miscellaneous	1%
Personal taxes	8%

Source: Consumer Expenditure Survey, September 2019.

Young people not living on their own tend to spend primarily on themselves—food, clothing, and entertainment (Marketing Charts 2017). As they prepare to become renters and move out on their own, the cost for housing will probably become their major financial outlay, as evidenced by the Bureau of Labor Statistics data above. People under 25 years of age spent an average of 24 percent of their before-tax income for housing. This change in how money is spent will affect all aspects of a young person’s life. For instance, while a night on the town may have been their entertainment of choice in the past, they may now find they can only afford to watch a movie at home.





HELPING YOUNG ADULTS TAKE CHARGE OF THEIR MONEY

Learning financial management skills and how to control money are major factors in having a successful rental experience. Financial management skills can help young adults maximize spending ability, contribute toward finding a place to live, achieve dreams, and live successfully on their own (Rupured and Scarrow 2014). Planning ahead for the new expenses of living on one's own can help young adults make better decisions about when they can afford to make the move. The benefits of financially planning ahead include

- determining where their money is currently being spent
- deciding where they want to spend their money, both now and in the future
- learning to live within their means
- maintaining a good credit history
- getting more for their money
- reducing financial stress
- taking control of their financial future
- knowing when they can afford to live on their own

Although there are many benefits to developing and using money management skills, as an instructor it's important to know that not everyone sees budgeting as a positive process. Money management and budgeting may be seen as boring by some. For others it could represent doing without, just scraping by, or avoiding legal problems. Still others are afraid to look at where they stand financially. They think that if they don't acknowledge their problems, they'll just go away. So, learning to use money management skills may require not only the knowledge of how to do it but also the mental process of understanding the benefits of being in control of one's money (Varcoe and Wilhelm 1991).

There are many financial tools available to young adults to help them understand the benefits of money management, setting financial goals, determining their current financial situation, and learning how to take control of their money. These include

- developing a financial plan.
- determining net worth.
- estimating cash flow.
- keeping expense records.
- creating a workable budget.

Developing a Financial Plan. A financial plan is a blueprint that establishes future financial needs and helps develop realistic ways to meet those goals. Developing a plan early will help to provide direction for how young adults plan to spend their money. A financial plan is for the long term, such as 5 or 10 years, while a budget is for day-to-day spending. A financial plan can range from an elaborate, lengthy document with charts and graphs to some notes on a phone or notepad. Since financial plans and budgets are personal, it is important for each young adult to find a format that feels right and works for them. It is also important to acknowledge that the process to develop a workable financial plan can take time. For young adults, a financial plan may be as simple as planning to have a full-time job and a place of their own in 5 years. Or, it may be more complex, such as making plans to complete college, get a job, and buy a home in 10 years.

Developing a financial plan involves an initial investment of time to get income, asset, and debt information in order. Income includes total monthly income and income from occasional sources such as tax returns. Assets include savings accounts, vehicles, household goods, jewelry, etc. Debts include anything that is owed to others—such as cell phone payments, car loans, credit card debt, child support payments, etc.

Although it will take time for young adults to track down and organize all this information, determining their future financial goals and their current financial situation will help them decide when they can afford to live on their own.

Determining Net Worth. One major element of developing a financial plan is to determine net worth. A net worth statement gives an overall picture of financial health. It also helps young adults to evaluate their personal financial resources. Knowing net worth will help young adults to take charge of their finances and to learn where they stand financially.

Net Worth

A net worth statement gives an overall picture of a person's financial condition.

What they own – What they owe = Net worth

Simply stated, net worth is the total of what is owned (cash, savings, vehicles, furniture, jewelry, other personal property, etc.) minus what is owed (credit accounts, loans, taxes, etc.).

Developing a financial plan early in life can help provide the basis for a sound financial future.





Once young adults have their records together to develop their financial plan, they will also have the information necessary to complete a net worth statement.

Sometimes people do not bother to complete a net worth statement because they are not sure how to determine the value of their assets or believe they have nothing. With a little effort, most of the blanks of a net worth statement can be filled in by getting values for what is owned and knowing what is owed. The reward is a better understanding of where they stand financially. They may be surprised at what they have!

Estimating Cash Flow. Once the net worth statement is completed, it is a good idea to look at cash flow—the amount of money flowing in and out each month. This is a step that many people skip. As a result, they overspend and don't realize where their money is going and why they never seem to have enough.

The first step in estimating cash flow is to know how much money is available each month. This can be determined by listing all sources of income, the amount received, and how often received. The goal is to end up with an average monthly income.

Cash Flow

Determining cash flow is a quick way to learn if there is enough income to cover all expenses.

$$\text{Income} - \text{Expenses} = \text{Cash flow}$$

Next, look at expenses. While it is not necessary to account for every dime, it is necessary to have a good idea of what happens to the money. Use a combination of pay stubs, credit and debit card receipts, checkbook registers and canceled checks, other bank statements, tax returns, and cash receipts to determine what is really spent. This will give a good overview of major monthly expenses. The goal is to end up with an estimate for average monthly expenses. A true picture of expenses will include the following:

- **Savings/investment.** Regular contributions made to savings plans. This might include saving plans through work, savings for emergency funds, and savings to meet long-term goals.
- **Housing.** Projected rent and renter's insurance.
- **Utilities.** All utility costs that will be paid as a renter, such as gas, electricity, water, sewer, garbage, internet, cable, satellite, and telephone.
- **Food.** All food purchased to eat at home, meals eaten out, and school and work meals.
- **Transportation.** Automobile loans, gasoline, insurance, routine maintenance, repairs, and registration. Also include the cost of public transportation such as buses, trains, taxi service, and app-based ride services.
- **Debt payments.** Credit card bills, student loans, and loans other than automobile.
- **Taxes.** Use pay stubs to determine the income taxes withheld each month. Use tax returns to estimate additional local, state, and federal income taxes.
- **Health/dental care.** Monthly insurance premiums as well as all costs not covered by insurance for doctors, dentists, hospital charges, medications, eyeglasses, and other health care products.
- **Clothing.** Everyday clothing and work uniforms, undergarments, jackets, sweaters, shoes, and sports clothing. Also include laundry expenses.
- **Personal care.** All cosmetics, toiletries, and hair care.
- **Education.** All costs for tuition, books, materials, and activity fees related to school.
- **Entertainment and travel.** Purchase or rental of DVDs, TV streaming services, and tickets for sporting events, concerts, plays, etc. Vacations, going out, and sports and hobby supplies also go in this category.
- **Gifts and charitable contributions.** All gifts that are bought for others as well as cash gifts to non-profit organizations.
- **Childcare.** If there are children in the household, there may be costs for childcare.
- **Occasional expenses.** Costs that only occur once or twice a year, such as car maintenance.

After totaling everything up, young adults may find a gap between their income and expenses. This gap is sometimes called “Who Knows?” because it is not known how the money was spent. Having big gaps in how the money is spent creates problems in trying to develop a budget and a plan for future spending. If most of the spending ends up in the “Who Knows” category, it will be difficult



Keeping a record of spending may help to identify where the “Who Knows?” funds were spent. Many people find that these missing dollars add up quickly when expenses are not recorded.



to develop a budget that reflects spending habits and uses income to meet needs. Keeping a record of all spending for a month will help young adults uncover how some of the missing money was spent, learn about their spending habits, think about ways to spend less, and develop a plan for using their money to meet their needs and (hopefully) their wants.

Keeping Expense Records. A record of expenses provides the information needed to develop a budget. It can also serve as a monitoring system to warn young adults if they begin to overspend. There is no right or wrong way to keep a record of expenses. It is just a matter of finding the system that works best for each individual.

Three of the more popular ways to keep a record of spending are as follows:

- **Receipts.** Keep all sales slips and other receipts. If necessary, create a receipt. At the end of the week, sort paper or electronic receipts into general categories and record the amount spent in each category. This will give a general picture of how one's money is being spent.
- **Debit cards, credit cards, or checkbook.** Reviewing monthly statements or online records for these accounts can help keep track of spending. These expenses can also be sorted into general categories and the amounts recorded.
- **Apps or software.** There are a variety of apps or computer programs that can be used to record expenses and develop a plan for spending. These programs vary from a very basic program that helps set up a simple budget to a very complex program that can categorize expenditures, provide year-end totals with bars and graphs, and estimate projections for future spending.

If an individual has another expense recording system that works for them, that is great. What is most important is to use the system that works the best for each individual.

Types of Expenses. Expenses can be broken into three major categories: fixed, flexible, and occasional.

Fixed expenses. Fixed expenses require approximately the same amount of money each month and are usually due the same day of each month. Examples include rent, car payments, other loan payments, and some insurance premiums. Since a large portion of income usually goes for these fixed and recurring expenses, keeping track of them becomes fairly simple.

Flexible expenses. Flexible expenses change from one month to the next. Some expenses, like water and utility bills, are due on the same day each month but the amount owed each month can vary. Other expenses, like gasoline, groceries, meals out, public transportation, and clothing, are not due on a particular date and vary based on spending habits. These expenses are paid as they occur.

Occasional expenses. These are the expenses that occur only once or twice a year, such as yearly or bi-yearly insurance premiums, taxes, back-to-school costs, gifts, special occasions, vacations, and car repairs. Application fees and move-in costs are also occasional expenses. These occasional expenses are frequently left out of spending plans and are often the cause of financial difficulty. Getting an accurate listing of occasional expenses will be the difficult part. Keeping a list of expenditures will help provide an estimate of the costs. Young adults can develop a savings plan to pay these bills by adding all their occasional expenses together and then dividing by 12. This gives an estimated monthly expense for occasional expenses. For example, their costs for taxes, insurance, vacations, and other occasional expenses might total \$2,400. If they divide by 12, they will need to save \$200 per month to have funds to cover these expenses when they occur. By saving this amount monthly, young adults will have the money they need to pay occasional expenses when they come due.

Creating a Workable Budget. Budgeting is a process for understanding how to best use one's money. As young adults prepare to live on their own, budgeting can help them learn how to take control of their money and help them decide when and what they can afford.

A budget is a tool to help get control of money. Taking the time to plan how to use money and other resources can help young adults achieve a sense of satisfaction in knowing that their resources are going for the things they need and that are important to them, such as providing the means to live on their own. The benefits of a budget include

- learning to live with the money they have
- maintaining a good credit history by ensuring that bills are paid in a timely manner
- getting more for their money as they plan how they are spending
- reducing financial stress since they will know where money is being spent and (hopefully) that bills will be paid



A budget is a personal game plan for managing money.



A budget puts young adults in charge of their finances. A workable budget also includes a little extra money to spend each month, just for themselves, and still tuck away a few dollars for future enjoyment.

A good budget should be

- a guide—not a master.
- personal and unique.
- practical and realistic.
- flexible.
- for pleasure as well as necessities.

An important budget item that is often overlooked is savings. The only way to make future goals become a reality is to save money. When living on one's own, it is important to have some savings for financial emergencies like car repairs or losing a job. Before paying any bills, financial experts recommend putting some money into savings. If money is not saved before paying bills, it will probably be spent on something other than savings.

The best way to save is to pay yourself first (PYF). That means putting money into savings before paying any bills. The same amount of money is taken out each month and put into some type of savings. PYF provides the basis for making sure funds are available for emergencies and to plan for the future. Most financial advisors suggest putting 10 percent of take-home pay into savings. However, over time, even \$10 a month will add up to a lot.

Setting up a savings plan to PYF is easy and can be done through automatic savings with a financial institution or employer. Money is taken out and put into savings before the young adult ever sees it. In this way, it becomes a fixed expense. Making savings a fixed expense helps to ensure some money is regularly added to savings. As young adults watch their bank balance grow, they may find that saving can be just as addictive as spending, but with positive results.

PYF means Pay Yourself First.

PYF provides the basis for making sure funds are available for emergencies and to plan for the future. Saving money regularly is one of the most important parts of any budget.

Making a budget and using it helps young adults save for future goals while meeting present needs. It serves as a personal game plan that will guide them toward achieving their goal of living on their own (Varcoe et al. 1999). Some of the positive aspects of having a budget include the following:

- **Planning.** A budget is a plan that helps to ensure expenses are not greater than income and that all bills are paid on time.
- **Monitoring.** A budget helps to monitor spending and evaluate actual spending behavior.
- **Motivation.** Since the budget is a personally created plan, it provides feedback that helps to achieve personal financial goals.
- **Education.** People who use a budget can learn something about themselves as they keep track of where their money comes from and where it goes. Knowing this information will help discover personal saving and spending behavior.
- **Communication.** The budget is a statement of goals and spending plans. It provides the opportunity to talk about money and to be sure all who are preparing the budget agree on how income should be spent.

One of the greatest benefits of a budget is that it serves as a form of communication. This is especially true when more than one person is involved in the process. Couples, families, and other household groups will want to work together to create the plan that will be best for them as a group. When more than one person is involved in making budgeting decisions, everyone will be more successful by working together to determine income, expenses, and future purchases.



Did You Know?

People who make their budgets work are usually creative about using their resources to get the things they want. They are open-minded and consider all options.

Most people do not make a budget that works for them the first time. It is important to keep trying.

A sense of financial well-being is positively influenced by feeling in control of one's money, regardless of how much money there is (Wilhelm et al. 1993).



Once young adults know how much income they receive, where they currently spend their money, and where they want to spend their money, they can develop their budget for spending and saving. It is important that a budget be personalized to their individual needs and goals. This will encourage them to live within their budget and to make adjustments to help them achieve their goals. The following steps will help them create their own budget.

- 1. List monthly expenses.** Look at all of their expenses and determine how much they plan to spend for each expense. For the budget to work, it needs to be flexible and reasonable in the amount of money allocated to each of the expenditures. One of the greatest reasons budgets fail is that individuals cannot live within the constraints set for themselves by their budget.
- 2. Compare income with expenses.** Compare the total planned spending to the expected income. If the income is greater than the expenses, that is great. Any extra money can be put into savings for something else that is important. However, if the expenses are greater than the income, adjustments need to be made. When there is not enough money to cover all the expenses, making a plan that sets smaller limits for some or all spending categories or eliminating non-critical expenditures can help balance income and expenses.
- 3. Record spending to try the plan.** Keep a record of spending for a month to see if it works. Does the spending stay within the amounts set in the plan?
- 4. Check progress.** If the budget worked, great. If it does not work, revise the spending plan based on how the money was actually spent and try again. Repeat this process to find a plan that works. The plan will improve with time as experiences, good and bad, help make the plan workable. Also, revise the plan when major changes occur in life, such as graduation from college or trade school, relocation, change of jobs, the birth of a child, marriage, divorce, or other changes in income and expenses.

SUMMARY

Understanding needs, wants, and values, and developing plans for using their money will help young adults to

- ensure their needs, wants, and values are reflected in their spending.
- determine where their money is currently being spent.
- decide where they want to spend their money, both now and in the future.
- learn to live with the money they have.
- maintain a good credit history.
- get more for their money.
- reduce financial stress.
- take control of their financial future and spend to reach their goals.
- know when they can afford to live on their own.
- know how much they can afford to spend on a place of their own.

GLOSSARY

Application costs. Fees potential renters pay to apply for a rental. Fees include processing the application, credit checks, and, in some cases, background checks.

Budget. A plan for spending and saving based on income; also known as a spending plan.

Bundling. Putting two or more utilities together in a package, usually for a lower initial price. A contract is usually required, and the price may go up during or at the end of the contract period.

Cash flow. All income and expenses for a specified time period.

Co-signer. Someone who agrees to sign the rental contract and pay the rent if the renter does not pay. Co-signers are typically required for first-time renters and renters with low credit scores.

Financial plan. A money management plan that provides an outline for spending money and serves as a guide for meeting future financial needs and goals.

Fixed expenses. Recurring expenses that tend to be the same amount and due about the same time every month. Rent, car payments, renter's insurance, and trash service are examples of fixed expenses.

Flexible expenses. Recurring expenses for which the amount may change from month to month. Utilities like gas, electricity, and water are flexible expenses. Food, entertainment, and gasoline costs are also considered flexible expenses.

Landlord. Someone who owns real estate and rents it to others.

Monthly costs. Day-to-day living expenses; also known as ongoing expenses. These costs include rent, renter's insurance, utilities, transportation, food, etc.

Move-in costs. Expenses for moving to a new place. These can include first and last month's rent, security deposit, cleaning deposit, key deposit, pet deposit, utility connections fees, moving costs, furniture, kitchen supplies, etc.

Net worth. An overall picture of a person's or family's financial health. It is calculated by taking a total of what is owned minus what is owed.

Occasional expenses. Expenses that occur just a few times a year. Car repairs, holiday spending, gifts, a vacation, being in a wedding, and other special occasions are examples of occasional expenses.

Pay Yourself First (PYF). Funds are taken out each pay period and placed in some type of saving or investment account. This saved money becomes an emergency fund and savings for the future. Also called PYF.

Property manager. Someone who manages real estate rental property for a landlord.

Renter/tenant. Someone who rents real estate property.

Who knows? Money is spent, but no one knows where or when it was spent.

ADDITIONAL RESOURCES

eXtension is a website from the national Cooperative Extension System that brings together the best resources from more than 70 land grant universities. There are many resource areas, including one on personal finance: http://articles.extension.org/personal_finance.

Jump\$tart.org is the national coalition for personal financial literacy, which consists of a diverse group of financial education stakeholder organizations that work together to educate and prepare our nation's youth for lifelong success. Their website (<http://www.jumpstart.org>) features a variety of programs available from the coalition members.

Money Talks is a financial literacy website developed by the University of California Cooperative Extension for teens and young adults. Participant guides are available in both English and Spanish. Topics include simple ways to save, money matters, car buying, food buying, banking, credit, and finding a job. Educators and leaders can access the participant guides as well as the leader's guides, which include background information, lesson plans, and activities. UCCE *Money Talks* website, <http://moneytalks.ucanr.edu>.

[MyMoney.gov](http://mymoney.gov) is the federal government's website dedicated to helping Americans understand more about their money—how to save it, invest it, and manage it to meet personal goals. Materials are directed at youth as well as adults. <http://mymoney.gov>.

The National Endowment for Financial Education's (NEFE's) High School Financial Planning Program® is a financial literacy program focused on basic personal finance skills that are relevant to the lives of teens, consisting of six student guides on financial topics. The materials are research-based, non-commercial, and offered completely free of charge. Instructor materials include lesson plans, presentation materials, handouts, performance assessments, and online resources. <https://www.hsfpp.org/>.

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To order or obtain UC ANR publications and other products, visit the UC ANR online catalog at <http://anrcatalog.ucanr.edu/> or phone 1-800-994-8849. Direct inquiries to

UC Agriculture and Natural Resources
Publishing
2801 Second Street
Davis, CA 95618

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Publication 8666

ISBN-13: 978-1-62711-082-2

<https://doi.org/10.3733/ucanr.8666>

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This publication has been anonymously peer reviewed for technical accuracy by University of California scientists and other qualified professionals. This review process was managed by UC ANR Associate Editor for 4-H Youth Development Kendra Lewis.

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Activity One

Defining Needs and Wants

Estimated Activity Time: 45- to 60-minute session

In this activity, the powerful relationship between needs, wants, and values is illustrated. Participants identify and prioritize their needs and wants and distinguish between them when looking for housing. Additionally, they explore values and how their personal values relate to needs, wants, and housing.

GETTING READY CHECKLIST

Session

- Read through the entire activity before presenting it.
- Set up equipment to project visual.
- Visual 1—*Needs and Wants*
- Make and post “Need” and “Want” signs (large enough for participants to see on opposite sides of the room).
- *Can I Afford to Live on My Own?* participant guide—one per participant

Extend the Lesson

- Set up equipment to project visual.
- Visual 2—*Values Influence Needs and Wants*
- Handout 1—*My Money Values Survey*—copy one per participant



LEARNING OBJECTIVES

Participants will...

- identify housing needs and wants.
- prioritize housing needs and wants.
- identify how needs and wants impact the search for housing.
- discuss how values impact housing needs and wants.

SUPPLIES NEEDED

Session

- Visual 1—*Needs and Wants*
- Equipment to project visual
- *Can I Afford to Live on My Own?* participant guide
- Two large pieces of paper or poster board to make “Need” and “Want” signs
- Markers
- Tape to post signs
- Any form of poster, writing board, or electronic projection for making a list

Extend the Lesson

- Visual 2—*Values Influence Needs and Wants*
- Equipment to project visual
- Handout 1—*My Money Values Survey*



DOING THE ACTIVITY

Session

1. Before doing the lesson, make two signs. Write “Need” on one sign and “Want” on the other. Post the signs on opposite sides of the room. Make the signs large enough and post them high enough so participants can easily read them while standing.
2. Set up equipment to project visuals.
3. Begin the activity by asking participants
 - What is the difference between a need and a want?
 - When it comes to getting a first rental, how do you think needs and wants will differ among first-time renters?Acknowledge their answers.
4. Display **Visual 1—Needs and Wants**. Provide an overview about needs and wants, using the *Understanding Needs and Wants* section on pp. 3-4 of the Background Information in this leader’s guide. Include the following points:
 - Needs are things we must have to live.
 - Needs are the basics of life—food, air, water, health, safety, shelter, and, in some cases, transportation.
 - Wants are anything above these basics.
 - The challenge is to understand the difference between needs and wants.
 - When looking for housing, young adults will have lots of wants that they may think are needs.
 - Not all wants are needs.
5. Ask participants to individually complete the *My Top 10* list on p. 3 in the *Can I Afford to Live on My Own?* participant guide.
6. Once the lists are completed, ask each participant to share one of their top 10 items **but not to disclose if it was listed as a need or a want**. Record each item on the poster, writing board, or electronic projection.
7. Invite all participants to stand in the middle of the room. Point to the “Need” sign posted on one side of the room and the “Want” sign posted on the other side. Explain that you will be calling out an item from the list you just recorded. Participants will individually determine if the item is a housing need or want and then individually move toward the respective sign. It is okay for participants to stand somewhere in the middle.

8. Call out an item. Once participants have moved to the signs, ask a couple of participants to explain why they chose to stand where they did. Continue through the list as time allows.
9. If time allows, provide participants an opportunity to review their *My Top 10* lists and make changes based on their reactions to the activity.
10. Summarize the activity by noting that needs and wants are very personal—and they can change over time. Encourage participants to keep their completed *My Top 10* lists and update them before they begin to look for housing.

Extend the Lesson

1. Begin the activity by asking participants
 - What is an example of a value?
2. Display **Visual 2**—*Values Influence Needs and Wants*. Discuss the importance of values in decision making about housing, using the *Values Influence Needs and Wants* section on pp. 4-5 of the Background Information in this leader's guide.

Include the following:

- Values are personal beliefs about what is important in life.
 - Values are formed from life experiences. They are learned from family as well as from other life experiences.
 - Values are unique. No two people share all the same values.
 - Values influence needs and wants and therefore also influence spending money, saving money, and housing decisions.
 - Values change over time and may change with new experiences and new relationships.
 - Values may differ among family members. This may cause conflicts as young adults plan to move out on their own.
3. To help participants discover their values about money, distribute a copy of **Handout 1**—*My Money Values Survey* to each participant. Give adequate time for participants to complete the handout, including tallying the number of times they circled each symbol.
 4. Review with participants the money values ratings on the second page of the *My Money Values Survey* handout.
 5. Encourage participants to reflect on their ratings. Ask participants
 - How will your values influence your needs and wants for a first place to live on your own?





- If you cannot afford a place that meets all your needs and wants, how would you decide on the most important features to have in your first place?

Acknowledge their answers and note that their values will influence when they move and where they decide to live. Remind participants that their values can and probably will change over time. Suggest that they may find it helpful to complete the *My Money Values Survey* handout a second time, just before they begin to look for a place to live on their own, to ensure that they are looking for housing that meets their most current needs and wants.

Needs and Wants

- **Needs**
 - **basic essentials to live:**
water, food, shelter, clothing
- **Wants**
 - **nice to have, but not necessary:**
new car, jewelry, latest cell phone
- **Your needs and wants influence your search for housing**
- **Prioritize your needs and wants to find what is most important to you**



Values Influence Needs & Wants

- **Values are**
 - **personal beliefs about what is important**
 - **formed from life experiences**
 - **vary from person to person**
 - **change over time**
- **Your values impact your housing needs and wants**



Handout 1


























My Money Values Survey

INSTRUCTIONS

Read the following value statements. When you definitely agree with a statement circle the symbol at the end of the statement. Circle as many statements as you agree with.

Your values about money will be a major factor in what you want in a place to live on your own. Learning how you value money is an important first step in understanding how and why you spend your money. This survey helps you discover what values you have about money and what those values mean.

Value Statements


1. Nothing is too good for me. 
2. It's a good feeling to have money in my pocket. 
3. You can't live without credit. 
4. There are a lot of things that are more important than money. 
5. Keeping track of every dollar would drive me crazy. 
6. It would be easy to spend \$5,000 in just a couple of days. 
7. It's important to record every dollar you spend. 
8. Money and prestige go hand in hand. 
9. You can get along without a savings account. 
10. It's easy to have fun with simple things that do not cost much money. 
11. If I wait, my money problems will either go away or take care of themselves. 
12. Buying at the best stores is important. 
13. Happiness is buying something brand new. 
14. I shop around for the best prices. 
15. It seems silly to try to keep up with what others have. 
16. A person is entitled to some of the nice things in life. 
17. I like having money in the bank just for emergencies. 
18. A fancy car and a good-looking house spell success. 
19. It's terrible to have to wait for something I really want. 
20. Don't even try to make plans about money. 
21. A lot of money would be nice, but I don't really need it. 
22. You must spend a little more than you can afford to get ahead in life. 
23. Having no cash savings is frightening. 
24. There's no need for a budget—either I have the money or I don't. 
25. Money doesn't buy happiness. 


My Totals


Write how many times you circled each symbol.


	<input type="text"/>
	<input type="text"/>
	<input type="text"/>
	<input type="text"/>
	<input type="text"/>


Use the following information to find out how you value money.

If you mostly circled , you value money for **security**: having money makes you feel safe. You'll probably save up for moving costs and have an emergency fund when you start living on your own.

If you mostly circled , you value money for **status**: it makes you feel important. You might find yourself wanting to look at very nice places to live or spending lots of money on decorating your place.

If you mostly circled , you value money for **self-indulgence**: you want a lot of stuff and you want it now. You might find that you want to move out on your own before you've really planned for the move and buy a lot of furniture before you save money to pay for it.

If you mostly circled , you value money for **self-fulfillment**: money itself is not important. The important thing is that it helps you get the things you need and want. You might find yourself using your money to reach your goal of living on your own as soon as you can afford it.

If you mostly circled , you are **not really concerned about money**: there's no reason to worry about it. You'll move out when you want to and find the money somewhere to pay for it. You might find that you don't really plan ahead for moving.

Did you have a tie in the top two or more categories? If yes, that's not surprising. Many people find that they have several values about money.

Knowing how you feel about money is the key to understanding why you spend or do not spend money the way you do. You have already taken the first step in learning about how you spend money by completing the *My Money Values Survey*. Nice work!

Money values tip: *Save this survey and repeat it when you are ready to start looking for your own place. Share it with any future roommates to learn how similar or different your money values are. Then discuss how you can plan to be sure your differences do not cause concerns when living together.*

Activity Two

Planning Ahead: The Rental Application

Estimated Activity Time: 45- to 60-minute session

In this activity, participants examine the information needed to complete a rental application. Using a case study, they explore how to organize personal information to accurately and completely fill out a rental agreement. They reflect on the amount and diversity of information required and how to obtain all the needed information prior to filling out their own rental applications.

GETTING READY CHECKLIST

- Read through the entire activity before presenting it.
- Set up equipment to project visuals.
- Visual 3—*The Rental Application: Required Information*
- Visual 4—*The Rental Application: More Required Information*
- *Can I Afford to Live on My Own?* participant guide—one per participant
- Handout 2—*Case Study: Completing a Rental Application*—copy one per participant
- Handout 3—*Completing a Rental Application Worksheet*—copy two per participant
- Handout 4—*Completing a Rental Application Worksheet Answers*—copy one per participant



LEARNING OBJECTIVES

Participants will...

- identify information and items to take when making a rental application.
- explain the importance of being prepared to complete a rental application.
- organize personal information needed to complete a rental application.

SUPPLIES NEEDED

- Visual 3—*The Rental Application: Required Information*
- Visual 4—*The Rental Application: More Required Information*
- Equipment to project visuals
- *Can I Afford to Live on My Own?* participant guide
- Handout 2—*Case Study: Completing a Rental Application*
- Handout 3—*Completing a Rental Application Worksheet*
- Handout 4—*Completing a Rental Application Worksheet Answers*



DOING THE ACTIVITY

1. Begin the activity by asking participants
 - What information would be important to take with you when making an application for a rental?
 - Why are these items important?

Acknowledge their answers by indicating that there is a lot of personal and financial information to organize when applying for a rental.

2. Refer participants to the *Planning Ahead* section on p. 6 of the *Can I Afford to Live on My Own?* participant guide for a complete list of information needed for a rental application.
3. Display **Visual 3**—*The Rental Application: Required Information*. Use the *Application Costs* section on pp. 5-8 of the Background Information in this leader's guide to review the information most commonly needed to complete a rental application. Include the following:

Proof of Income

- Landlords want proof of at least 1 month's income to determine if the applicant can afford to pay the rent.
- Pay stubs covering at least 1 month are usually acceptable.
- For a new job, bringing a job offer letter from the new employer with start date can provide proof of future income.
- Students may be asked to supply financial aid statements or housing vouchers from their school.
- Participants in HUD (Housing and Urban Development) programs may be asked to supply housing vouchers.

Job History

- Rental applicants will need information on their current job as well as past jobs.
- Include items such as the job titles and responsibilities, name of businesses, addresses, phone number, start/stop dates of employment, and supervisors' names.
- Writing this information down will make it easy to attach or easily transfer it to the application form.

Identification

- Most landlords require some type of government ID, such as a driver's license or passport.
- With the rapid increase in identify theft, landlords will carefully check and verify identities.

Prior Addresses

- Applicants will need to list all their addresses for the past 3 to 5 years.
- The current address should be included in the list.
- Some applications ask how long the applicant lived in each place.

References

- Most landlords will ask for contact information on non-family members who can serve as references.
- Applicants should have a list of individuals whom they have contacted and have permission to use as references.
- Information on how to contact the closest family member may also be required.
- For all of these contacts, give the names, addresses, phone numbers, and email addresses.

Display **Visual 4**—*The Rental Application: More Required Information*. Continue the discussion of information needed to complete a rental application.

Vehicles

- Most landlords want to know what cars and other vehicles are being parked on their property.
- Applicants will need to list the make, model, color, year, and license plate number of all vehicles that will be parked at the rental location.

Emergency Contact

- Landlords want to know whom to contact in case the renter has an emergency.
- Information for the emergency contact includes name, address, phone number, email address, and relationship to the renter.

Application Costs Payment

- Applicants will need to pay the application fee and credit check fee when they submit a rental application.
- Cash, checks, money orders, credit cards, and debit cards are typically accepted. Other forms of electronic payment may also be accepted.





Social Security Number

- Applicants are usually required to provide their Social Security number on the application.
- While it is not advisable to carry a Social Security card at all times, applicants will want to take it on the day they plan to complete an application.
- If an applicant doesn't have a Social Security number, suggest the following options that may help in securing a rental.
 - If eligible, apply for a Social Security number before looking for a rental.
 - Rent from family or friends who do not require a Social Security number.
 - Sublet from a renter who already has a place and the landlord does not need to qualify additional roommates.
 - Find a landlord who is willing to accept a co-signer's Social Security number to verify financial qualifications.
 - Look for a landlord who does not require a credit check and doesn't ask for a Social Security number.

Co-signer

- This is a person who agrees to sign the contract and pay the rent if the renter does not pay.
 - Co-signers are commonly required for first-time renters and college students.
 - If the applicant knows a co-signer is required, bring the co-signer or at least all the information about the co-signer at the time of application.
 - Required co-signer information includes name, address, phone number, and email address. The co-signer's Social Security number might also be needed if a credit check is required.
4. Encourage participants to share their reactions to the information needed to complete a rental application by asking
- What surprised you about the information requested?
 - What will be the most challenging items for you to obtain? Why?

Summarize the discussion by acknowledging how much information is needed to complete a rental application and how helpful it is to have some way to organize all the information before looking at potential rentals.

5. Give each participant a copy of **Handout 2—Case Study: Completing a Rental Application** and **Handout 3—Completing a Rental Application Worksheet**. Have participants complete the worksheet using the case study.
6. Once they complete the forms, discuss the answers and provide a copy of **Handout 4—Completing a Rental Application Worksheet Answers**. Encourage participants to share and discuss the issues they encountered while filling out the form by asking
 - How was your experience completing the form?
 - What issues did you encounter while completing the form?
7. Discuss with participants the process of completing this form for themselves.
 - How challenging do you think it will be to accurately complete a rental application for yourself?
 - What are your thoughts about how challenging it will be to get this information together?
 - What might help you to acquire the needed information?
8. End this activity by having participants discuss the importance of being organized and how it will help them as they search for a place of their own. Ask
 - What are some of the consequences of not having your information organized before filling out a rental application?
9. To assist participants in organizing their own information provide them with a second copy of **Handout 3—Completing a Rental Application Worksheet** to complete privately with their own personal information at home.

Note to leader: *Remind participants of the importance of keeping personal information confidential and to not share their information with other participants, the instructor/leader, or their friends. (As a leader, never collect any forms for the Money Talks program that have participants' personal information.)*



The Rental Application: Required Information

- **Proof of income**
- **Job history**
- **ID**
- **Prior addresses**
- **References**



The Rental Application: More Required Information

- **Vehicles**
- **Emergency contact**
- **Application costs payment**
- **Social Security number**
- **Co-signer**



Handout 2

Case Study: Completing a Rental Application

INSTRUCTIONS

Anne Roosevelt is moving to start a new job and looking for a place to live. When she visited a few possible rentals near her new job, the landlords asked her for several pieces of information that she did not have with her. Before she returns to fill out an application for a little apartment she really likes, Anne wants to be sure she has everything she needs. Help her by completing **Handout 3**—*Completing a Rental Application Worksheet*, using the following information.

Anne has not started her new job yet, but she will be working for a skilled nursing home as a medical technician. She has asked her new employer to provide her with a letter of employment indicating her starting date and her salary.

To begin her new job, Anne submitted a 2-week notice of resignation to her supervisor, Eli Tong, at ABC Restaurant, 14231 B Street, Apple, CA 92566, 950-222-3456. She worked at the restaurant as a hostess for 2 years and 3 months starting February 15, 2018. Her job responsibilities included greeting and seating customers.

Anne does not have a passport, but her California driver's license number is N56789911. She knows to keep her Social Security number private, but she has memorized the number and can add it to the application. Her Social Security number is 123-45-6789.

Currently, Anne lives with her dad at 235 N Street, Apple, CA 92565, and has lived there since she was 5 years old. Anne is 19.

For her first reference, she plans to use her math teacher from high school, who has already said he would be glad to give her a good reference. His name and information is Matthew News, Apple High School, 211 Main St., Apple, CA 92563, 950-333-2222, mnews@applehs.edu.

For her other references, she will ask her neighbor, Grace Torres, 245 N Street, Apple, CA 92565, 950-333-1234, grace@xyz.net; and her friend at work, Olivia Lee, 335 M Street, Apple, CA 92562, 950-333-5678, olee@xyz.net.

Her car is a 2015 blue Honda Civic, license plate number MX23456.

For a co-signer, closest family member, and emergency contact, she will use her dad, Fred Roosevelt. His contact information is 951-000-1234, froo@xyz.net. His Social Security number is 001-23-4567.

She will use her credit card to pay the application fee and credit check fee of \$150.

Handout 3

Completing a Rental Application Worksheet

INSTRUCTIONS

Read **Handout 2**—*Case Study: Completing a Rental Application* and use the information in the case study to complete this worksheet.

1. Proof of income: (check one)

- Pay stubs for at least 1 month Financial aid statements from school
 Housing vouchers Letter of job offer from new employer

2. Job history: (list all employers in past 2 years)

- Current employer:

Business name _____

Address _____

Phone number _____ Supervisor's name _____

Job title _____ Responsibilities _____

Employment start date _____ End date _____

- Previous employer:

Business name _____

Address _____

Phone number _____ Supervisor's name _____

Job title _____ Responsibilities _____

Employment start date _____ End date _____

3. Identification: (provide at least one government ID)

- Driver's license _____
- Passport _____
- Other form of ID _____

4. Social Security number: _____

5. Prior address(es) in past 3 years:

- Current address _____

How long _____

- Previous address _____

How long _____

6. References: (non-family members only)

- Name _____ Phone number _____
Address _____
Email address _____
- Name _____ Phone number _____
Address _____
Email address _____
- Name _____ Phone number _____
Address _____
Email address _____

7. Closest family member:

Name _____ Phone number _____
Address _____
Email address _____
Relationship to tenant _____

8. Car information:

a. Vehicle 1:

Make _____ Model _____ Year _____
License plate number _____ Color _____

a. Vehicle 2:

Make _____ Model _____ Year _____
License plate number _____ Color _____

9. Emergency contact:

Name _____ Phone number _____
Address _____
Email address _____
Relationship to tenant _____

10. Form of payment for application fee and credit check fee: (check one)

Cash Check Credit card Debit card Other _____

11. Co-signer:

Name _____ Phone number _____
Address _____
Email address _____
Relationship to tenant _____

Handout 4

Completing a Rental Application Worksheet Answers

INSTRUCTIONS

Use the following information to compare your answers for **Handout 3—Completing a Rental Application Worksheet**. If you have different answers than the ones listed below, review **Handout 2—Case Study: Completing a Rental Application** and determine why your answers differ.

1. Proof of income: (check one)

- Pay stubs for at least 1 month Financial aid statements from school
 Housing vouchers Letter of job offer from new employer

2. Job history: (list all employers in past 2 years)

- Current employer:

Business name **ABC Restaurant** _____

Address **14231 B Street, Apple, CA 92566** _____

Phone number **950-222-3456** _____ Supervisor's name **Eli Tong** _____

Job title **Hostess** _____ Responsibilities **Greet and seat customers** _____

Employment start date **2/15/2018** _____ End date **5/15/2020** _____

- Previous employer:

Business name _____

Address _____

Phone number _____ Supervisor's name _____

Job title _____ Responsibilities _____

Employment start date _____ End date _____

3. Identification: (provide at least one government ID)

- Driver's license **N56789911 CA** _____
- Passport _____
- Other form of ID _____

4. Social Security number: **123-45-6789** _____

5. Prior address(es) in past 3 years:

- Current address **235 N Street, Apple, CA 92565** _____

How long **14 years** _____

- Previous address _____

How long _____

6. References: (non-family members only)

- Name **Matthew News** _____ Phone number **950-333-2222** _____
Address **Apple High School, 211 Main St., Apple, CA 92563** _____
Email address **mnews@applehs.edu** _____
- Name **Grace Torres** _____ Phone number **950-333-1234** _____
Address **245 N Street, Apple, CA 92565** _____
Email address **grace@xyz.net** _____
- Name **Olivia Lee** _____ Phone number **950-333-5678** _____
Address **335 M Street, Apple, CA 92562** _____
Email address **olee@xyz.net** _____

7. Closest family member:

Name **Fred Roosevelt** _____ Phone number **951-000-1234** _____
Address **235 N Street, Apple, CA 92565** _____
Email address **froo@xyz.net** _____
Relationship to tenant **Father** _____

8. Car information:

- a. Vehicle 1:
Make **Honda** _____ Model **Civic** _____ Year **2015** _____
License plate number **MX23456** _____ Color **Blue** _____
- a. Vehicle 2:
Make _____ Model _____ Year _____
License plate number _____ Color _____

9. Emergency contact:

Name **Fred Roosevelt** _____ Phone number **951-000-1234** _____
Address **235 N Street, Apple, CA 92565** _____
Email address **froo@xyz.net** _____
Relationship to tenant **Father** _____

10. Form of payment for application fee and credit check fee: (check one)

Cash Check Credit card Debit card Other _____

11. Co-signer:

Name **Fred Roosevelt** _____ Phone number **951-000-1234** _____
Address **235 N Street, Apple, CA 92565** _____
Email address **froo@xyz.net** _____
Relationship to tenant **Father** _____
Social Security number **001-23-4567** _____

Activity Three

The Cost of Utilities

Estimated Activity Time: Two 45- to 60-minute sessions

In this activity, participants explore move-in costs for living on one's own. In Session 1, they review the types of costs that are typically experienced when moving into a new place to live; they evaluate a bundling offer for cable, internet, and satellite services; and they research the costs of starting utilities for a first-time customer. In Session 2, participants report on their findings for starting utilities for a first-time customer.

GETTING READY CHECKLIST

Session 1

- Read through the entire activity before presenting it.
- Set up equipment to project visuals.
- Visual 5—*Common Move-in Costs*
- Visual 6—*Common Rental Utilities*
- Visual 7—*Cable, Internet, and Satellite*
- Visual 8—*Bundling Offer*
- *Can I Afford to Live on My Own?* participant guide—one per participant
- Handout 5—*Utilities: The Costs of Getting Service*—copy one per participant
- A list of utility companies that service the area where participants live (check with the Chamber of Commerce and real estate offices to determine if a list of utilities already exists)

Session 2

- Handout 5—*Utilities: The Costs of Getting Service* (previously completed in Session 1)

LEARNING OBJECTIVES

Participants will...

- identify common costs of moving into a new place.
- identify types of utilities that renters pay.
- examine fees and charges for getting utilities connected to a new place.
- evaluate the pros and cons of bundling options.

SUPPLIES NEEDED

Session 1

- Visual 5—*Common Move-in Costs*
- Visual 6—*Common Rental Utilities*
- Visual 7—*Cable, Internet, and Satellite*
- Visual 8—*Bundling Offer*
- Equipment to project visuals
- *Can I Afford to Live on My Own?* participant guide
- Handout 5—*Utilities: The Cost of Getting Service*
- Computers, tablets, or cell phones with internet connection

Session 2

- Handout 5—*Utilities: The Cost of Getting Service* (previously completed in Session 1)
- Computers, tablets, or cell phones with internet connection



DOING THE ACTIVITY

Session 1

1. Begin the session by asking participants
 - What types of costs will there be to move into a new place?Acknowledge their answers.
2. Explain move-in costs, including what types of expenses are considered move-in costs, using the *How Much Will It Cost to Live Independently?* section on pp. 5-10 of the Background Information in this leader's guide. Include the following:
 - Once a rental application is approved, move-in costs must be paid before moving into the rental.
 - Many renters are surprised to learn that move-in costs can be three to four times the monthly rent.
3. Display **Visual 5**—*Common Move-in Costs*. Refer participants to the *Move-in Costs* section on p. 8 of the *Can I Afford to Live on My Own?* participant guide and review the following costs:
 - First month's rent
 - Last month's rent
 - Security/cleaning deposit
 - Key deposit
 - Pet deposit
 - Utilities setup
 - Moving expenses
 - Furnishings
 - Household supplies

Explain that knowing and understanding move-in costs before looking for a rental can help new renters financially plan for the move.

4. Display **Visual 6**—*Common Rental Utilities*. Using the *Move-in Costs* section on pp. 8-9 of the Background Information of this leader's guide, explain that utilities can be a surprisingly expensive part of move-in costs. Include the following:
 - Potential utilities needed for a rental include electricity, gas, water, trash, sewer, internet, cable, and satellite.
 - It is the renter's responsibility to find out which utilities are included in the rent and which are not.
 - For the utilities that a renter pays, many will require connection fees, which may or may not be refundable.

- Individuals who start utilities in their name for the first time may have additional charges.
- Some utilities also charge deposits.
- Find out about all utility fees before signing up for these services.

Summarize by noting there are many utilities costs. Knowing what they are and what they will cost will help new renters plan for these expenses.

5. Display **Visual 7—Cable, Internet, and Satellite**. Explain cable, internet, and satellite services. Include the following:
 - Cable, internet, and satellite services are not normally included in the rent.
 - Many of these providers offer bundling options.
 - Investigate bundling options before signing up.
 - Individual items may be cheaper separately.
 - Some bundling programs require extra items to be included in the contract. The subscriber may not need these extras, yet they are required to pay for them when bundled.
 - Some bundling providers offer sign-up pricing or extra services that expire in a few months or a year. After they expire the subscriber will be charged more.
 - Avoid contracts if possible. There can be high charges for discontinuing the service before the contract is up.
6. Display **Visual 8—Bundling Offer**. Discuss the bundling offer. Ask
 - What do you think about the bundling offer?
 - What are the key points of this offer?
 - Why would someone decide to purchase or not to purchase this bundle?
7. To give participants an opportunity to learn hands-on about utility costs, divide the group into small teams of two or three people. Distribute a copy of **Handout 5—Utilities: The Costs of Getting Service** to each participant. Assign each team a type of utility company to research. Ask teams to use the internet or call a local utility company to complete the section of the handout for their assigned utility.

Note to leader: *If there is not enough time to finish in class, indicate whether the project will be finished during the next class or if it should be finished outside of class and brought to the next class.*





Session 2

1. Once teams have completed their sections of the handout, have a “report back” session for the class. Ask each team
 - What type of utility did you research?
 - What was the name of the company?
 - What upfront fees are charged?
 - Were any of the fees refundable?
 - Was a contract required?
 - Was a bundling option available?
 - Is there any other information you learned about the utility?
2. Once all participants have shared their utility costs findings, ask participants
 - What new information did you learn by completing the activity?
 - How will this information impact your decision to live on your own?
3. If possible, have participants compile a master list of all the findings so they have the information from all the utilities researched.
4. Summarize this activity by reminding participants that utility costs are usually a major expense of living on one’s own and that knowing the costs for utilities before signing a rental agreement will help them determine if the rentals they are interested in will be affordable.

Common Move-in Costs

- **First month's rent** • **Utilities setup**
- **Last month's rent** • **Moving expenses**
- **Security/cleaning deposit** • **Furnishings**
- **Key deposit** • **Household supplies**
- **Pet deposit**



Common Rental Utilities

- **Electricity**
 - **Gas**
 - **Water**
 - **Trash**
 - **Sewer**
 - **Internet**
 - **Cable/satellite**
- Ask about
- **connection fees**
 - **first-time customer deposits**
 - **non-refundable fees**
 - **contracts and fees to cancel early**



Cable, Internet, and Satellite

- Research cable, internet, and satellite services
 - Can be expensive
 - Contracts can be confusing
 - Expensive to break contracts
- Evaluate bundling options





\$49.99/MONTH

**TV
PACKAGE**

For 12 months
\$103.99/month for TV package for months
13–24. Subject to change.
Requires other qualifying service
subscriptions
(such as internet or phone)**

***PLUS TAXES. 24-MONTH AGREEMENT REQUIRED. | **AT EXTRA COST**

Bundling Offer

TV PACKAGE—\$49.99/MONTH*

- For 12 months
- For months 13–24, \$103.99/month, subject to change
- Requires other qualifying service subscriptions (such as internet or phone)**

***Plus taxes. 24-month agreement required**

****At extra cost**

Great deal?

Handout 5

Utilities: The Cost of Getting Service

INSTRUCTIONS

In your team, research online or contact your assigned utility company to ask about the costs of starting services for a new customer. Use this form to enter the costs for your assigned utility.

Utility	Deposit Required		First-time Customer Charge		Connection Fee		Contract Required	
	Amount of deposit	Refundable	Amount of charge	Refundable	Amount of fee	Refundable	Length of contract	Fee to cancel early
Electric:	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	<input type="checkbox"/> Yes ____ months <input type="checkbox"/> No	<input type="checkbox"/> Yes \$____ <input type="checkbox"/> No
Gas:	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	<input type="checkbox"/> Yes ____ months <input type="checkbox"/> No	<input type="checkbox"/> Yes \$____ <input type="checkbox"/> No
Water:	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	<input type="checkbox"/> Yes ____ months <input type="checkbox"/> No	<input type="checkbox"/> Yes \$____ <input type="checkbox"/> No
Sewer:	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	<input type="checkbox"/> Yes ____ months <input type="checkbox"/> No	<input type="checkbox"/> Yes \$____ <input type="checkbox"/> No
Trash:	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	<input type="checkbox"/> Yes ____ months <input type="checkbox"/> No	<input type="checkbox"/> Yes \$____ <input type="checkbox"/> No
Satellite:	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	<input type="checkbox"/> Yes ____ months <input type="checkbox"/> No	<input type="checkbox"/> Yes \$____ <input type="checkbox"/> No
Cable:	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	\$	<input type="checkbox"/> Yes When: <input type="checkbox"/> No	<input type="checkbox"/> Yes ____ months <input type="checkbox"/> No	<input type="checkbox"/> Yes \$____ <input type="checkbox"/> No

Utility	Deposit Required		First-time Customer Charge		Connection Fee		Contract Required	
	Amount of deposit	Refundable	Amount of charge	Refundable	Amount of fee	Refundable	Length of contract	Fee to cancel early
Internet:	\$ _____	<input type="checkbox"/> Yes When: _____ <input type="checkbox"/> No	\$ _____	<input type="checkbox"/> Yes When: _____ <input type="checkbox"/> No	\$ _____	<input type="checkbox"/> Yes When: _____ <input type="checkbox"/> No	<input type="checkbox"/> Yes ____ months <input type="checkbox"/> No	<input type="checkbox"/> Yes \$ _____ <input type="checkbox"/> No
Other:	\$ _____	<input type="checkbox"/> Yes When: _____ <input type="checkbox"/> No	\$ _____	<input type="checkbox"/> Yes When: _____ <input type="checkbox"/> No	\$ _____	<input type="checkbox"/> Yes When: _____ <input type="checkbox"/> No	<input type="checkbox"/> Yes ____ months <input type="checkbox"/> No	<input type="checkbox"/> Yes \$ _____ <input type="checkbox"/> No

If you researched internet, cable, or satellite services, describe any bundling options that are available.

Bundling options:

- Cost _____
- What's included _____
- Length of contract _____
- Fee to cancel early _____

You may be asked to report your findings to the entire group. Prepare a short presentation that includes the following information:

- type of utility you researched
- name of the company
- upfront fees that are charged
- any fees that are refundable
- if contract is required
- bundling options available
- other information you learned about the utility

Activity Four

Estimate Monthly Expenses

Estimated Activity Time: Two 45- to 60-minute sessions

In this activity, participants explore common monthly costs when living on one's own. They evaluate a monthly budget and determine ways to balance the budget. Optionally, they determine how gift giving can affect a budget and discuss ways to save money when giving gifts.

GETTING READY CHECKLIST

Session 1

- Read through the entire activity before presenting it.
- Set up equipment to project visuals.
- Visual 9—*Monthly Costs*
- Visual 10—*Benefits of a Budget*
- Visual 11—*Major Living Expense Categories*
- Visual 12—*Estimate Monthly Expenses*
- Visual 13—*The Budget*
- *Can I Afford to Live on My Own?* participant guide—one per participant
- Handout 6—*Estimating Monthly Income and Expenses*—copy two per participant (save one copy for Session 2)

Session 2

- Handout 6—*Estimating Monthly Income and Expenses*—distribute new blank copy
- Handout 7—*Assessing My Gift Giving*—copy one per participant



LEARNING OBJECTIVES

Participants will...

- identify monthly expenses associated with renting a place to live.
- practice how to develop a budget.
- explain the concept of PYF, Pay Yourself First.
- evaluate how flexible and occasional expenses (like gifts) can affect a spending plan.

SUPPLIES NEEDED

Session 1

- Visual 9—*Monthly Costs*
- Visual 10—*Benefits of a Budget*
- Visual 11—*Major Living Expense Categories*
- Visual 12—*Estimate Monthly Expenses*
- Visual 13—*The Budget*
- Equipment to project visuals
- *Can I Afford to Live on My Own?* participant guide
- Handout 6—*Estimating Monthly Income and Expenses*
- Computers, tablets, or cell phones with internet connection

Session 2

- Handout 6—*Estimating Monthly Income and Expenses* (copy completed in Session 1 plus new blank copy)
- Handout 7—*Assessing My Gift Giving*



DOING THE ACTIVITY

Session 1

1. Display **Visual 9**—*Monthly Costs*. Begin the activity by asking
 - What monthly expenses would you expect to have when living on your own?
 - How would you determine if you had enough money to pay for your monthly expenses?

Acknowledge that there are a lot of living expenses when living on your own and that it helps to have a monthly budget to be sure there is enough money to pay for all of the expenses.

2. Display **Visual 10**—*Benefits of a Budget*. Provide an overview of the *Creating a Workable Budget* section on pp. 17-20 of the Background Information in this leader's guide. Include the following:
 - Using good money management skills and developing a budget can help individuals learn how to take control of their money.
 - A budget is a road map and game plan for using money to pay for what is most important.
 - Some of the many positive aspects of developing a budget include
 - **Planning.** A budget is a plan that helps to ensure expenses are not greater than income and that all bills are paid on time.
 - **Monitor.** Budgets help to monitor spending and evaluate actual spending behavior.
 - **Motivation.** Since the budget is a personally created plan, it will provide feedback that helps achieve personal financial goals.
 - **Education.** People who use a budget can learn something about themselves as they keep track of where their money is coming from and where it is going. Knowing this information will help them discover their personal saving and spending behavior.
 - **Communication.** The budget is a statement of goals and spending plans. It provides the opportunity to talk about money and to be sure all who are preparing the budget are in agreement on how income should be spent.
3. Refer participants to the *Monthly Costs* section on p. 9 of the *Can I Afford to Live on My Own?* participant guide. Review common

monthly costs when living on one's own, using these sections in the Background Information of this leader's guide: *Monthly Costs* on p. 10, and *Helping Young Adults Take Charge of Their Money* on pp. 12-17. Explain that monthly costs include

- Savings
- Rent
- Renter's insurance
- Utilities
- Cell phone
- Internet
- Food
- Transportation
- Parking
- Debt payment
- Taxes
- Health/dental costs
- Clothing
- Personal care
- Education
- Entertainment
- Gifts/charity
- Childcare
- Occasional expenses
- Other _____

4. Display **Visual 11**—*Major Living Expense Categories*. Use the *Types of Expenses* section on pp. 16-17 of the Background Information in this leader's guide to explain how living expenses are usually divided into these three categories

- fixed
- flexible
- occasional

5. Review fixed expenses, including the following:

- Fixed expenses are the same every month. So, it is easy to plan for them in a budget.
- Rent, car payments, car insurance, renter's insurance, savings, and internet charges are most likely fixed expenses.

6. Review flexible expenses, including the following:

- Flexible expenses change monthly. Every month flexible expenses tend to be different from the last month, making it a little harder to plan for them in a budget.
- Utilities, food, clothing, entertainment, credit card payments, and medical expenses are common flexible expenses.
- Estimate flexible expenses by looking at how much was previously spent on these items.

7. Review occasional expenses, including the following:

- Occasional expenses occur just a few times a year, like car repairs, some insurance premiums, a special concert, holidays, vacations, tuition, being in a wedding, etc.





- They can be particularly hard to plan for, especially when they are unexpected, like car repairs. However, not planning for them can cause financial problems.
 - One way to plan for these expenses is to estimate what they will cost yearly, divide the total by 12, and save that amount of money each month.
 - For example, if yearly estimated occasional expenses total \$2,400, divide \$2,400 by 12 months. The answer is \$200 per month. That means someone would need to save \$200 per month for occasional expenses to help when these expenses occur.
8. Review the importance of savings, and PYF. Include the following:
- Savings is a budget item that is often overlooked.
 - When living on one's own it is important to have some savings for financial emergencies like car repairs or losing a job.
 - Before paying any bills, financial experts recommend putting some money into savings. It is called PYF—Pay Yourself First. This means that the same amount of money is taken out each pay period and put into some type of savings. Over time, even \$10 a month will add up to a lot.
 - If money is not saved **before** paying bills, it will probably be spent on something other than savings.
 - Making savings a fixed expense will help to ensure some money is regularly added to savings.
9. Provide participants an opportunity to practice developing a budget. Refer them to the *Putting It All Together: Case Study* on p. 11 in the *Can I Afford to Live on My Own?* participant guide. Allow participants time to answer the case study questions. Ask and discuss with participants:
- What changes could Antonio make to balance his budget?
- Acknowledge that there are several options for balancing a budget to be sure all expenses can be paid. The final decision on how to balance a budget will usually be a personal choice.
10. Display **Visual 12**—*Estimate Monthly Expenses*. Give participants an opportunity to begin to estimate what they think their income and expenses might be when living on their own. Divide the group into small teams of three or four people. Distribute a copy of **Handout 6**—*Estimating Monthly Income and Expenses* to each participant. Explain that the teams will be working together as if they will be roommates; however, each participants will use **Handout 6** to develop their own personal budget. Have them

begin by doing online research to find estimates of rental costs. Based on the results of their findings, ask each participant to develop a workable personal budget for living with roommates. Depending on the time available, this activity can be done during the class or as a take-home activity.

Session 2

1. Welcome participants back and explain that this session will be a continuation of the budget activity from the last session. Ask participants to reflect on the process of completing their budgets by asking the following:
 - What aspects of the budget were easy to complete?
 - What were the more challenging aspects of completing the budget?
 - In what ways did communication among your team members help or hinder the process of making a budget?
2. Now that participants have had time to reflect on the process, inquire about what changes they made so that expenses were not more than income:
 - How did you respond if your expenses were more than your income?
 - What process did you go through to be sure your expenses were not more than your income?
 - How did you include savings in your budget?
 - How would you apply what you learned to your own personal situation?

Give each participant another copy of **Handout 6—*Estimating Monthly Income and Expenses*** to use later to develop their personal budget for living on their own.

3. Display **Visual 13—*The Budget***. Explain that developing a workable budget takes times. Share with participants that
 - budgets are a best estimate of how much income there will be and how it will be spent and saved.
 - since it is hard to know for sure what all expenses will actually be, most people will not make the perfect budget the first or even the second time.
 - it is helpful to try out a budget for 2 or 3 months and make adjustments as needed.





- it is useful to keep the budget current by reviewing and revising it regularly, especially when major changes occur. Changes such as getting a job or a different job, graduation, moving, illness, marriage, divorce, or birth of a child are just some examples of life changes that impact a budget and signal a need to review and possibly change it.
 - although budgets take some time and effort, young adults can develop successful budgets that will guide them in being financially successful. The payoff will be knowing they have more control over their money.
4. Explain how flexible and occasional expenses are important components of successfully budgeting money. Using the *Keeping Expense Records* section on p. 16 of the Background Information in this leader's guide, remind participants that
 - flexible expenses tend to be different each month, making it a little harder to plan for them in a budget.
 - occasional expenses occur just a few times a year. These can be particularly hard to plan for, especially when they are unexpected, like a lost cell phone. However, not planning for them can lead to financial problems.
 5. Ask participants
 - How can flexible and occasional expenses affect your budget?Acknowledge their answers and, if not mentioned by participants, note that a lack of planning for flexible and occasional expenses can be a major cause of budgets failing.
 6. Explain that gifts fall into the flexible or occasional expense categories, depending on how regularly they are purchased. Someone who buys gifts regularly would probably list them in the flexible category, while a person who buys a gift only now and then would list them in the occasional category. Many people spend a great deal on gifts.
 7. Explain that the next activity will help participants understand how much money they spend on gifts. Distribute **Handout 7—Assessing My Gift Giving**, to each participant. Have participants complete the handout, including the questions on the second page.

8. When they have completed their answers, help them reflect on their gift giving by asking
 - What surprised you about how much you spent on gifts?
 - How challenging was it to estimate your spending on gifts?
 - What changes would you make in your gift-giving expenses so you can afford to live on your own?
 - What did you learn about yourself in the process?
9. As a group, explore ways to save money on gifts. Ask
 - What ideas do you have for saving money on gifts and still celebrate special events with family and friends?

When the group has finished sharing ideas, have participants individually review and possibly revise their ideas at the end of **Handout 7—Assessing My Gift Giving**.

10. Conclude this activity by indicating that gift giving is just one expense that could lead to overspending in a budget and that it is important to consider all flexible and occasional expenses that might impact the budget and explore ways to pay for these expenses while staying within budget.



Monthly Costs Are Also Known as Everyday Living Expenses



Benefits of a Budget

- **Plan**
- **Monitor**
- **Motivate**
- **Educate**
- **Communicate**



Major Living Expense Categories

- **Fixed**
- **Flexible**
- **Occasional**



Estimate Monthly Expenses

- Identify monthly expenses for a rental
 - Use the internet
 - Research local rental options
- Develop your budget
- Include PYF (Pay Yourself First)



The Budget

- Estimate of expenses and income
- Usually not perfect the first time
- Try it for 2 or 3 months
- Make changes as needed
- Keep it current

**Payoff—
more control over your money**



Handout 6

Estimating Monthly Income and Expenses

INSTRUCTIONS

Estimate your monthly income and expenses for your first rental. Use the internet or apps to research rentals that meet your needs and wants. Use your best estimates for categories for which you do not have exact figures. Total up income and expenses. Subtract your expenses from your income. Compare to see if your income is greater than your expenses.

MONTHLY INCOME	
\$	Monthly salary
\$	Scholarships, grants, vouchers, etc.
\$	Family/friends support
\$	Other
\$	Other
\$	Total Income

MONTHLY EXPENSES			
FIXED EXPENSES		FLEXIBLE EXPENSES	
\$	Rent	\$	Electricity
\$	Savings	\$	Gas
\$	Internet	\$	Water
\$	Transportation	\$	Debt payment
\$	Parking	\$	Childcare
\$	Cell phone	\$	Health/medical
\$	Renter's insurance	\$	Clothing
\$	Cable/satellite	\$	Entertainment
\$	Charity	\$	Occasional expenses
\$	Other	\$	Other
\$	Other	\$	Other
\$	Total Fixed Expenses	\$	Total Flexible Expenses

So HOW DID YOU DO?

\$	Total Fixed Expenses	+	\$	Total Flexible Expenses	=	\$	Total Expenses
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\$	Total Income	-	\$	Total Expenses	=	\$	Difference (+ or -)
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Looking back on your budget:

- *If you have enough money to pay all your expenses, that is great! Congratulations!*
- *If you found that your expenses are more than your income, think about how you can reduce expenses or increase income so there is enough money to pay all the bills.*

Write down some of your ideas for making your budget work.

I could reduce expenses by:

1. _____
2. _____
3. _____

I could increase income by:

1. _____
2. _____
3. _____

Look back at the two lists you just made. Put a ✓ by the idea you are most likely to try in each category.

Now you have a plan for making your expenses and income match up. This is a great first step to help you be financially successful when living on your own!

Handout 7

Assessing My Gift Giving

INSTRUCTIONS

Thinking back over the last month, use this handout to list the gifts you gave. Recall or estimate how much you spent on each gift. List only what you actually gave—there's no expectation that you need to fill in every line. But be sure to total up your costs for the gifts you gave last month.

BIRTHDAYS

1. _____ \$ _____
2. _____ \$ _____
3. _____ \$ _____

HOLIDAYS

1. _____ \$ _____
2. _____ \$ _____
3. _____ \$ _____

SPECIAL OCCASIONS (GRADUATIONS, WEDDINGS, ETC.)

1. _____ \$ _____
2. _____ \$ _____
3. _____ \$ _____

CELEBRATIONS (NEW BABY, NEW HOME, ETC.)

1. _____ \$ _____
2. _____ \$ _____
3. _____ \$ _____

OTHER

1. _____ \$ _____
2. _____ \$ _____
3. _____ \$ _____

Total amount I spent on gifts in the last month: \$ _____

Giving gifts is a popular way to celebrate many special events in life. Gift giving can be fun, and it shows others that you care about them. Gift giving can also be expensive and might impact if you can afford other things in life that you want, such as living on your own.

This activity will help you explore how much money you spend on gifts for family and friends. Knowing how much money is spent on gifts can help you determine if you can continue to afford to spend your money on all the gifts you would like to give when you start living on your own.

Looking back over your gift-giving summary, ask yourself

- Is this how much I usually spend on gifts each month? If not, I estimate that in a normal month I would spend this amount on gifts: \$ _____.
- How will spending this amount of money on gifts affect whether or not I will be able to afford to live on my own? _____.
- Knowing that I will have more expenses when I am living on my own, this is what I think I can afford to spend on gifts each month and still be able to pay for my own place:
\$ _____.

To afford to live on my own, I can save money on gifts by

1. _____
2. _____

Congratulations! *You now have a better idea of what you spend on gift giving, how this can impact your ability to live on your own, how much you can still afford to spend on gifts when you have your own place, and ways you can save money on gifts and still celebrate with family and friends. Nice work!*