My name is Tim Sain, and you guys are in a budgeting workshop. Has anyone ever done any kind of financial literacy? No. Budgeting? Workshop? Talked about money? Has anybody ever showed you how to spend your money? Was it fun? Was it boring?

**Audience:** Boring.

A bit boring, right? Talking about money can be quite boring, right? So the first thing I want to do is, you guys were given a dollar when you came in, or a half-dollar, some play money? Somewhere in this room; there's a match to your half of the dollar and partner number, so why don't you get up and find that partner? Okay, and when you find your partner, I want you to get two things. I want you to share something you've done, tell your partner something you've done smart with regards to money this last year or ever, and something you've done that was not so smart or stupid, okay? So come on, let's go.

I can't let you guys get too comfortable. Anyone not have a partner? Everyone's got one? Okay, so now we're going to do this. Everyone share. Has everyone shared? Yes, right on. Does anyone want to volunteer something that they've shared? I'm going to start calling on you if you don't volunteer, so, one thing that you've done smart with your money this year, and one thing that you haven't done so smart with your money this year.

**Audience:** I spent it all.

**Tim Sain:** Ok, what is something you've done smart with your money?

**Audience:** Save it, like in a savings account.
Time Sain: Oh, all of your money. Pretty impressive. Who wants to be brave and tell me something stupid they've done with their money?

Audience: Online shopping.

Tim Sain: Online shopping. Oh, you're going to recognize something in our presentation about that. And this presentation gets right at the heart of that, okay? So now I don't know if you guys have done it already, maybe or maybe not, but on the back there's also groups, okay?

Okay, so we'll go like this. This will be group one. Since they're already here, four, two, and three. All okay? That's what we're going to do today.
We have an interactive game on hand. That's going to take up most of the presentation. I'm going to tell you what budgeting is, and maybe why you need to budget, and I'm going to give you a little bit of tools for budgeting. I'm not going to show you how to create a budget because, frankly, that is really, really boring, okay? What I'm going to do is teach you why you need to have a budget, what a budget is, and maybe a little bit of tips and tricks and how to work within a budget, okay? If you guys want more specifics on how to create a budget, give me your email address at the end of this presentation and I'll send you a complete pack that I got from a bank to show you how to create a budget.
All right, so on the back side of your sheets, I'm going to pass you guys out some dice. The way this is going to work is each group is considered a household, all right? Each group is a household. You guys are going to be playing a game. You guys are all a part of one group, though, okay? I'm just giving you more dice; I'm just making it faster. What I want you to do is roll three dice at a time for each roll that I ask you to roll. You guys might want to pull up a chair in the middle or something so you guys have something to roll on.
So first roll, lucky roll number one. Roll your dice and record it on the back side like you roll number one. Each person does it; each person. Three dice; total it up, put it on the line. You're rolling all three dice; each person is doing it individually, okay? On lucky roll number one, you're going to write it right here. Do the same thing for lucky roll number two. Roll it twice.

Now we're going to keep rolling, guys, okay? This time, though, you're back over here on this side. Flip your paper over. All right, so now you're going to roll five times. Each person's going to roll five times, and I want you to record the rolls as you go, okay? So go ahead.
So, anybody get a three? No? Three's a hard one. There's only one way to get it, right?
Anybody get a four? If you've bought coffee every day, Starbucks is your favorite place. So you're going to write this next to your four, negative $50.00. So whatever roll you got this four, you'd come over and write that on $50.00. Ready?
What about a five? Who got a five? Oh, you went splurging and went holiday gift shopping.
Six, who got a six? Dined out. You didn’t just go dine out; you took all your roommates with you. Okay, $55.00.
Number seven, and, again, you had to take your roommates with you. $30.00; you got off cheap. You went to the matinee.
What about an eight? Oh, went shopping at Craigslist. Who said that they went shopping online? That was you right here. You had to get that Gucci purse, didn't you?
What about nine? Nine, nine, nine. Awesome, there's only one way to get a nine. So you've got some birthday money. Grandma loves you. You've got $30.00. That's going to be plus $30.00.
What about 10? You guys didn't use campus resources. Man, it's free at the health center. Don't you know?
11, went clothes shopping.
12, you've got a 12? Oh, what you're going to do is you're going to roll two dice and then add a zero. So hopefully you don't get 12. Yes, if you got a six, you got a zero, that means 60, so it's going to be negative 60. This is for spending too much money. Anyone not know what a bank overdraft charge is? All right, good, I don't need to explain it. That's good because I'm not a banker. A bank overdraft fee is what a bank charges you if you spend more money than you have in your account.
14, you had to represent. You had to, right? Couldn't wait for it to go on sale, no. You had to represent.
Round 15, ding, ding. Oh, you lucky dog, You found $20.00. I'm curious, what's the most anybody's ever found?

**Audience:** $800.00.

**Tim Sain:** $800.00 all at once? Oh, my gosh. I want to roll around with you. Anybody beat that? Yes, I didn't think so. I don't know; I thought I was lucky getting a hundred.
Family emergency, 16, man. You had to fly home, had to eat out. Some of us wish we could get home on a hundred dollars.
All right, 17, credit cards. Who here has a credit card? Yes, so this is for the payment for your credit card. Okay, maybe it's from spending $75.00 on Craigslist.
18; there's only one way to get 18, 3 sixes. Anybody get it? Yes. She was the smart one. She got a job on campus. Well, anyway, so you got paid $90.00. All right, guys, so you notice that you guys went through and you spent all this money, right? I want you to total it up and take it away from your total. On the back, you've got $1,100.00; you see that? That's how much money an average college student has on a monthly basis to spend. It doesn't say that all of you do, but if you took all the college students around campus and you averaged out how much money they get per semester and then divide that by how many months there are, $1,100.00 is about it. Okay, so I want you to total up what you've spent, and then I want you to take that total, subtract it from $1,100.00, and then flip it over and write that amount on the back, on the top line. Do you see where it says "Subtotal" on the top?

I'm curious, is anybody negative already? No. What about who has over $800.00? Who has over five? Who has less than four? Less than five? Did you notice out of all, I think, the 18 items that we've seen up there, what's missing?

**Audience:** Food.

**Tim Sain:** Food. Everything you need to get by in a month, I bet you. Everything you need to get by on a monthly basis, any way you spend your money. What's missing? Food.

**Audience:** Shampoo.

**Tim Sain:** Shopping, right, grocery shopping, clothes, you guys have got to eat. Phone, right? Every one of us has a phone. Who in here does not have a phone? There you go. What else, guys? You've got to charge that phone, don't you?

**Audience:** Utility bill and rent.
I want you guys to roll the dice, one dice, each person roll one dice. If you get an even number, you guys got the basic package, okay? No HBO, no show time, no none of that, okay? Odd rollers, $50.00. You guys got HBO; you got the premium package.

>> So minus 30?

>> Minus, that's negative, yes. And you're going to put that right on the back. You know, the back side, it's got five spots there. You put one, put that there on one of those. All right, ready? Anybody not roll? Okay, next.
Phone bill, okay? Same thing.


>> $50.00, you guys. You guys got the basic package. Man, you might not even be able to text. $100.00, you guys got it all, right? Unlimited everything.

>> Yes.
Oh, grocery bill. I spend $400.00 a month just for me. And you guys are getting off lucky. And a lot of us will spend more on groceries, yes, but a lot of college students do get by on $50.00 a week, right, so this is not completely off the wall.
Same thing, all right? If you've got to turn the lights off; you've got to.
All right, ready? Rent. Who spends more than this a month on rent?

>> Oh!

>> Per month?

>> Yes.

>> $300.00. Same thing, $200.00 for even rollers, $300.00 for odd rollers. All right now, remember the wild -- the lucky numbers, guys? Does anyone want to know what's up with those? No. You probably don't care. Well, you're going to, okay?
Highest lucky number in the group, so out of your household who's the highest lucky number? Raise your hand. If you died, we'll figure that out.

Okay, so you're the car owner, okay? And the house, who's got the highest number here, highest lucky number? You're the car owner. Over here? You're the car owner. You guys are tied, so you guys are both joint owners. Same thing over here. Yes, okay, so you're the lucky number. Everyone else, you know you're using their car, right? You're going grocery shopping in their car, they're taking you out on the weekends.
So I want you guys to take one die and roll it and not a zero, and that's what you're going to pay your car owner.

All right, guys, so now I want you to total everything up, okay? I want you to take away all of those things, the PG&E, the phone, all that stuff, I want you to take that away from your first subtotal.

All right, so I'm curious, who has more than $500.00? Who has more than four? Who has more than three? Three of you. Everybody. So what happens if you got "own the car"? Don't you have to pay car insurance? No, all the other people are paying for that, right? You're paying them gas money. You just gave that car owner, like each person gave him at least $10.00, at least, up to 60, right? Okay, and it's not a perfect game. Who has less than three? Less than two? Who has less than a hundred?

How many people are negative? That's what I'm hoping. That was what I was hoping for. So how did it feel spending your money by rolling the dice?

**Audience:** Horrible.

**Tim Sain:** Horrible, right? And that's essentially what you're doing when you don't plan to spend your money. I mean, I know when I don't plan on spending my money, it just goes, right? It's like who knows what I'm going to spend the next day. How we did it is all the stuff that we consider being fun, you know, like going to the movies, buying on Craigslist, came before you spent the money on your bills, right? And that's what happens a lot of the times when we don't make a budget. We go out and cash our paycheck, and before we even get home we start spending. So now we're going to get into a little bit of the lecture
part of this workshop.
So who needs a budget? Ask yourself these questions. Does anyone here borrow money to pay their bills, ever? That could be from your parents, from your friends buying you lunch when you go out. And nobody's going to raise a hand. That's all right. Who is regularly late on paying bills? You guys late on paying bills? And you're not going to answer that one, either, are you? That's all right. Have you just given up on some bills? But you guys can all answer this one, all right? Who feels broke all the time?
Yes. So if you answered yes to any of these questions, right, either verbally or in your head, then you probably need a budget.
Okay, so a budget is basically a plan for spending and saving money. The main reason to create a budget is to reach financial goals, all right? Those could be different for each one of you, so brainstorm.
Any kind of financial goals?

**Audience:** Grad school, buying a house.

**Tim Sain:** What about saving for retirement? I know you guys aren't thinking of that yet, but that could be a goal. Next year's rent? These are all really good goals, so here's some more.
Save for a car. Not all of us get financial aid, so save for tuition, textbooks, get your own apartment, maybe you're tired of living with roommates, right? Payoff some bills, get out of debt, take a vacation, all right? How about pay your own way? That's usually a popular one in college classes. I like to pay my own way, not to rely on my parents for everything, you know? How about just cutting back on some expenses?
So most budgeting starts with a needs versus want. You go to any kind of workshop on budgeting or financial literacy and this is where they start. Needs versus wants, okay, because you've got to be able to distinguish from the two if you're going to spend your money in a smart way, okay? And needs versus wants looks different for everyone, okay? So my needs are not going to be the same as you guys' needs, all right?
So let's look at a list and you tell me. What do you guys think? Cable TV, need or want?

**Cable T.V.:** Want.
**Cell phones:** Want.
**Car Insurance:** Need.
**Education:** Need.
**Textbooks:** Need.
**Paying your bills on time:** Need.
**Vacations:** Want.
**Trips home on the weekends:** Want.
**Starbuck’s Coffee:** Want.
Want? Did you know that if you bought three tall Starbucks a week, you've spent $800.00 a year at Starbucks. 800 a year, so that's -- I mean, I know, what is that, $3.00 a time? That's not very much. It's like three bucks is three bucks, right? But this stuff adds up.
All right, so there's a lot of tips and tricks that I've come across in developing a budget, and I'm not going to go through each one of them because, like I said before, it's kind of boring.
But this is one that stuck out, and it's called a reserve account, and it's something like a savings account but it's really not. A reserve account is for paying annual bills. Annual bills, bills that aren't due every month, okay? Anybody give me an example of one of those?

**Audience:** Mortgage.

**Tim Sain:** Mortgage, perfect. Rent? Sometimes that's like when you get an apartment, you can actually pay like the rent for a whole year. Car insurance usually gets paid by the six months, right? Property taxes, if you own a house, gets paid once a year. What about college tuition? That gets paid, right, textbooks, that kind of stuff, you pay that, you only pay that once every, what, six months or so, right? Okay, so a reserve account works like this. Oh, I forgot to mention, what about holidays, right? Holidays are a big one, too. In my family, I have three kids so if I don't save money in a reserve account for Christmas, I'm broke come January, let me tell you that. So what a reserve account is, is it's a plan for saving that money so it can be spent where it's supposed to, okay?
So what you do is you're going to add up all these bills that you have, like your auto insurance, your car registration, all this stuff. You're going to divide that by 12 for 12 months in the year, and that's how much you need to put back every month. It's not a savings account; it's not an emergency account. The money's already spent, okay? So when those bills come around, you've already put that money back, right? It's right there to be paid.
So there are just some traps, some budgeting traps. The credit card trap. Like you say, a lot of people in here have credit cards, right? But you should never use a credit card to buy a want, right? It's not a good practice. You're going to pay way more than you need to, okay? The borrowing trap. Avoid borrowing money to pay off debt. Anyone here ever get a payday loan? No. I have. I've done these payday loans, and it's a vicious, vicious trap, okay? Basically, you go in there with your check stub and a credit card or a checkbook and you write them a $300.00 check. They give you $250.00, right? So when you go in there to buy that check back from them, you've got to pay them $300.00. Well, what happens is I get paid and I go in there to pay off that $300.00. Now I'm $300.00 shorter for that month, so I've got to borrow another 250 from them again, and it's just a constant cycle, right, until you get a chunk of money and you just go in there and pay them off but the 90-day same as cash, anybody not know what that is? No? Car lots will do this. When you guys get ready to go buy a car, you're going to see this. All right, and basically they're saying, "If you pay me off completely in 90 days, there's going to be no interest. I'm not going to charge you anything for letting you take the car early." But these guys that offer these deals, are pros. They know that you're probably not going to be able to pay that off, and it's written in the contract that if you don't pay it off in those 90 days, it's some astronomical fee for not paying it off. So a good rule of thumb here is if you want to buy something for 90 days and you think you can pay it off in 90 days, save it for 90 days and just go buy it yourself. And the "you deserve it" trap, we see this with a lot of things that we set goals for. Weight loss is a good one. People set a goal for weight loss, they reach that goal, and then they want to go splurge and have cake and ice cream. The same thing. When you reach your financial goal that you set, don't reward yourself with monetary items, use something else that's not
going to cost money.
So here are some tips, and we kind of talked about them already. So try to pay more than the minimal amount due on your credit items. Make sure that everyone in your household knows you're on a budget. This will go especially helpful for when you get your own home and, you know, a spouse and that kind of stuff. If you get deferred payments, like the 90-day deferred payments, pay anyway. You guys said that paying your bills on time is a need. Well, this would suggest that you guys were right. A good credit rating will always insure that you pay less for the items that you credit. So if you don't pay your bills on time, your credit rating drops. Then when you go to get credit, they want to charge you twice as much. Stay organized; keep track of your gills, keep track of your receipts, right? Don't let stuff fall through the cracks. And, of course, pay your bills on time.
So for when you do go to create a budget, I've got a little packet for you. If you guys want it, I'll give it to you. But it's going to help you develop a plan of action. It walks you through every single step. It makes you really think and reflect on why you're making choices, and why you're spending your money the way you do. And it helps you, of course, fix that. Think positively, right? Money is a depressing thing sometimes, so try to keep an optimistic outlook on these things. And tell your friends your plans. Then you can't cheat so much. Your friends will surprisingly hold you accountable. Remember the reward, the goal that you set. Give yourself a second chance. It's not easy doing this. And set a starting date; that's the most important predictor of success.