

BETTER MONEY HABITS

Achieving Financial Independence: Taking the Next Steps

BANK OF AMERICA 

IN PARTNERSHIP WITH:

Special Olympics  **ndi** | NATIONAL
DISABILITY
INSTITUTE

Spending and Saving



Developing better spending and saving habits

1

Know your needs
and wants

2

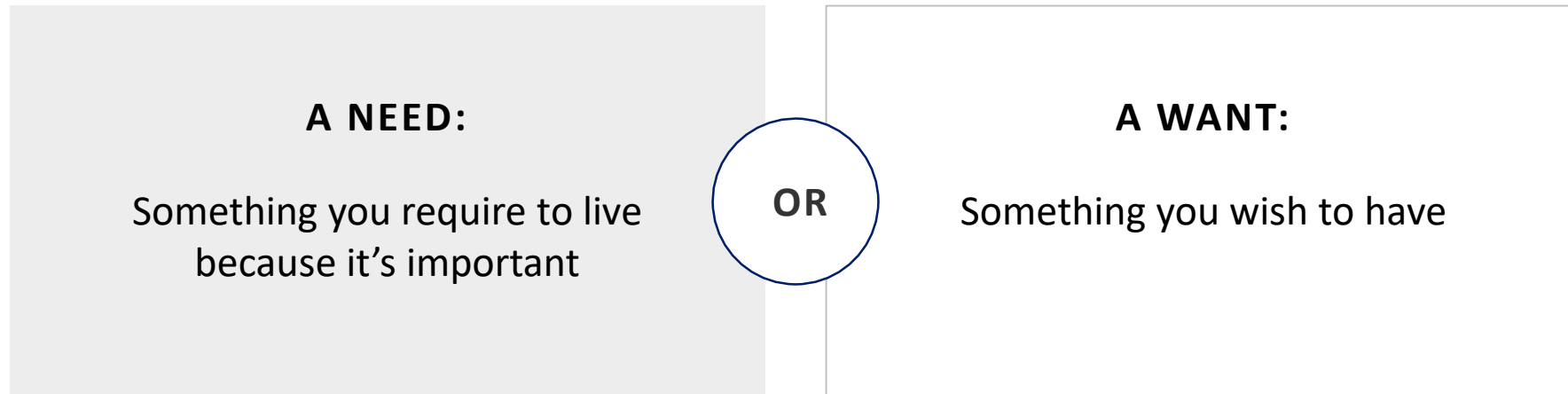
Have a savings goal

3

Make a saving and
spending plan

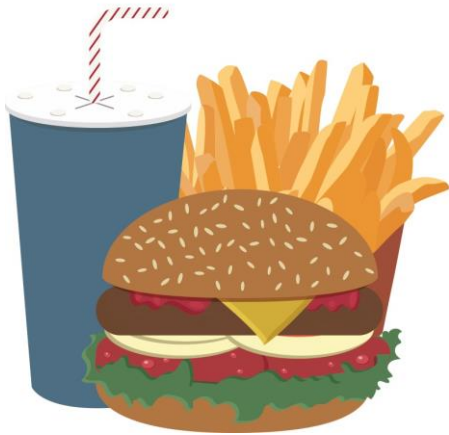


Know the difference between needs and wants



Decrease spending by knowing the difference between needs and wants

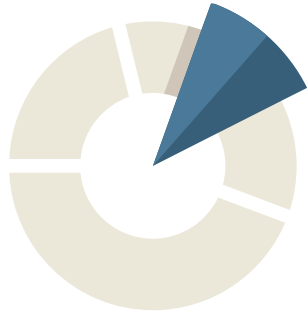
Which of the below are needs and which are wants?



Why do you save? What are your savings goals?

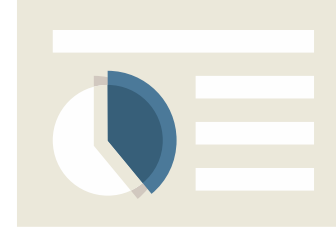


Two key reasons to save



Having enough money to buy something you want:

- Vacation
- A computer or other gadget
- Other large purchases



Having enough money for unexpected events:

- Hospital bills
- Job loss
- An unexpected trip



Ways to save money



1

Take it day by day:
Pick a realistic number
and start today.

2

Pick something to not buy:
Find 1–2 specific things to
stop buying.

3

Organize your spending:
Use the envelope
method.



How to save money

Divide the cost of your purchase by the number of paychecks you'll receive to see how much you need to save each paycheck.

FOR EXAMPLE:

$$\begin{array}{|c|} \hline \text{Purchase cost:} \\ \hline \mathbf{\$500} \\ \hline \end{array} \quad \text{divided by} \quad \begin{array}{|c|} \hline \text{Number of} \\ \text{paychecks: } \mathbf{10} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Save per} \\ \text{paycheck: } \mathbf{\$50} \\ \hline \end{array}$$



Where can you keep your money?

Some options help you grow your money with interest.



INTEREST: Money the bank may pay you, depending on the type of account you have, while they have your money.



Places to keep your savings

CHECKING ACCOUNT

Money kept at a bank that is easy to access and spend. Usually does not earn interest.

SAVING ACCOUNT

Money kept at a bank that can grow with interest. Harder to access and spend.

ABLE ACCOUNT

A savings account for qualified individuals with disabilities.

MONEY MARKET ACCOUNT

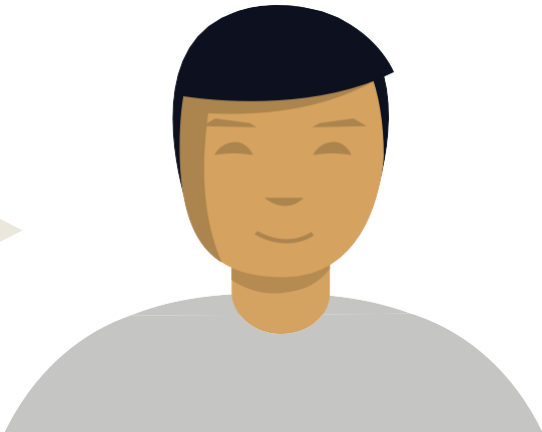
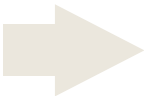
An account with a higher rate of interest growth. Requires a higher minimum balance.



A spending plan helps you meet savings goals

INCOME:

The money that comes in
or that I have to spend.



EXPENSES:

The money that goes out
or that I spend on needs.



SAVINGS: The money left after expenses



Understanding your paycheck

The diagram illustrates the layout of a paycheck with four numbered callouts:

- 1** Gross pay
- 2** Deductions
 - Federal income tax
 - State income tax
 - Social Security
 - Medicare
 - Health insurance*
 - 401(k)
 - FSA
 - Commuter
- 3** (Callout for the deduction items listed under 2)
- 4** Net pay

The paycheck form includes the following sections:

- Employee name**
- Deductions**
- Check amount**
- Description**, **Current**, **Y-T-D** (Year-to-Date)

A hand is shown holding a magnifying glass over the deductions section.



Understanding your paycheck

GROSS PAY

The total amount you are paid before any deductions are taken out. This is not the amount you take home.

REQUIRED DEDUCTIONS

- Tax deductions you must pay by law:
- Federal income
 - State income
 - Social Security
 - Medicare

OPTIONAL DEDUCTIONS

- Deductions you may have the option to take:
- Health insurance
 - Retirement account contributions

NET PAY

The amount you actually receive—what you take home.

Gross pay

—

Required deductions

—

Optional deductions

=

Net Pay



Potential sources of income

Income from your job:

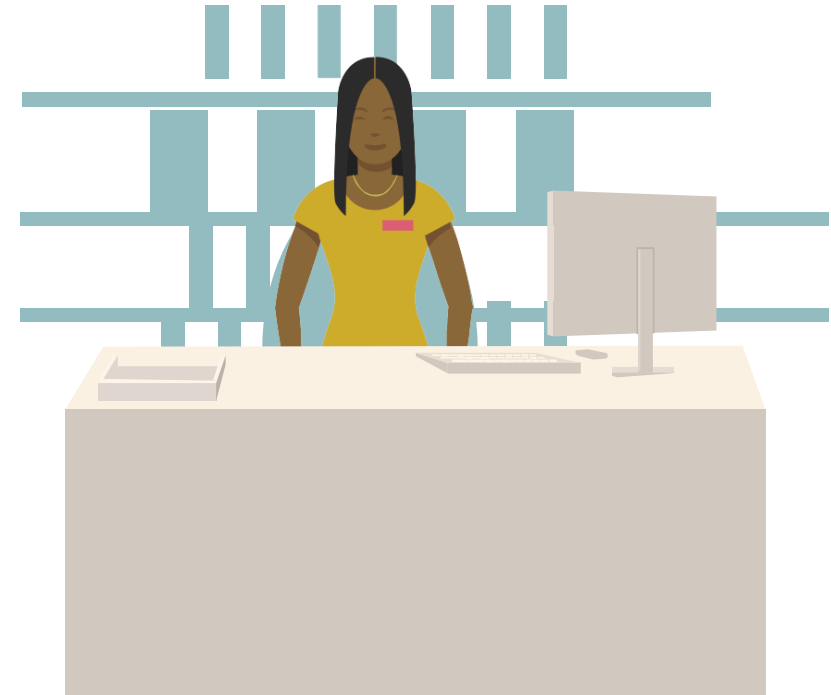
Money received on a regular basis from your work.

Social Security Disability Insurance:

Provides income to people with disabilities if they have worked long enough and have paid Social Security taxes.

Supplemental Security Income:

Provides income to people who are blind or disabled who have little or no income.



TO LEARN MORE, GO TO WWW.SSA.GOV OR TALK TO A BENEFITS SPECIALIST.



Write down your expenses

Savings Goals	Cost	
1	\$	Saving more will get you to your Savings Goals faster. Your Savings Goals might include sporting events, vacations or dining out.
2	\$	
3	\$	

SPENDING CATEGORY	PLANNED SPENDING	ACTUAL SPENDING
Monthly Income		
Your pay	\$	\$
Benefits	\$	\$
Other	\$	\$
Total Income (sum of rows above)	\$	\$
Monthly Expenses: Food		
Groceries/contributions to at-home meals	\$	\$
Out-of-home food	\$	\$
Monthly Expenses: Personal		
Movies & music	\$	\$
Hobbies, sports, gyms, etc.	\$	\$
Medication	\$	\$
Medical, dental & eye care costs	\$	\$
Personal products/toiletries	\$	\$
Other	\$	\$
Monthly Expenses: Transportation		
Public transportation	\$	\$
Public car (Paratransit)	\$	\$
Taxi, Uber, Lyft	\$	\$
Car insurance	\$	\$
Car repairs & maintenance	\$	\$
Other	\$	\$
Monthly Expenses: Home & Utilities		
Mortgage or rent	\$	\$
Electricity	\$	\$
Gas	\$	\$
Water	\$	\$
Internet	\$	\$
Cable	\$	\$
Phone	\$	\$
Total Expenses (sum of all rows in red)	\$	\$
Total Savings or Loss (subtract Total Expenses from Total Income)	\$	\$



Spending and Saving review

1

Know your needs
and wants

2

Define savings goals

3

Make a spending plan to
manage your expenses



