Goals $orted

Setting goals, making a budget

Seminar facilitator's guide

Brought to you by the Commission for Financial Capability

Commission for Financial Capability

Facilitator's guide

Setting our financial goals puts us in charge – whether those goals are short or long term, small or large. Whatever they are, having goals gives us something to aim for. And making a budget helps us achieve them. By setting realistic goals and a budget, we start to bring our goals within reach. This Sorted seminar will introduce your participants to setting goals and making a budget.

This facilitator's guide has all the information you need to successfully deliver the seminar. The seminar will take about one hour, during which participants will start to set their own goals. At the end of the seminar participants will know how to make a budget and how a budget can help them to achieve their goals.

This seminar is designed to be as facilitative as possible. If you have time, allow longer than an hour so that you can encourage discussion and make it possible for participants to ask questions.

Remember

Order Sorted's booklets from **sorted.org.nz/#/order** at least five working days before the seminar. All of Sorted's booklets and resources are free.

Disclaimer

Facilitators must agree not to give personal financial advice nor to promote or recommend any financial product or organisation when delivering this seminar. The information in this guide is generalised and current as at April 2016. Laws or policies may change at any time. This seminar should not be the only source of information when making financial decisions. It should be treated as a starting point before seeking professional advice..

Preparing for the seminar

Inviting participants

Encourage participants to attend by explaining that at the seminar they will start to set their own goals. By the end of the seminar participants will leave with information to help them to make a budget – to achieve those goals.

You may wish to keep the number of participants to between 12 and 20. As money matters are often shared, you may want to consider giving participants the opportunity to bring whānau or a friend to the seminar.

Seminar materials

You'll need:

- The presentation slides
- A computer or mobile device with Adobe Reader connected to a projector or television to run the slides
- Internet access if you wish to demonstrate the calculators and tools on **sorted.org.nz** during the seminar. They can also be demonstrated on participants' own phones.
- Pencils and erasers for participants to write their goals in their goals booklet
- A whiteboard and marker or something similar

Know your participants

This seminar is generalised so it's important that you think about the ways you can make it more relevant to participants:

- Are participants young, middle-aged, older?
- Do they have families, young children, or have their children left home?
- What sort of incomes do they earn?
- What cultural values do they bring?
- Do they have whānau and family obligations that need to be considered?

People may be uncomfortable sharing information about their personal financial situation with others. You can help overcome this by using the examples in this guide or talking about your own experiences. Encourage participants by getting them to think about other people they know rather than just thinking about their own situation.

Read the facilitator's guide and accompanying materials carefully and use the resources and tools on **sorted.org.nz** before delivering this seminar. Being familiar with the material and Sorted resources will help you to deliver it well.

Preparing for the seminar continued

Sorted booklets

Sorted booklets for participants – order now.

You'll be providing participants with these Sorted booklets:

- ***Goals:*** *Targets to shoot for*
- ***Budgeting:*** Making a plan to reach our goals

These Sorted booklets are used during the seminar. Copies are free and can be ordered from the Sorted website at **sorted.org.nz/#/order**. Allow five working days for delivery.

> **Remember**
> Order Sorted's booklets at least a week before the seminar. All of Sorted's booklets and resources are free.

Preparation for activity on slide 8 – on the day

If you plan to include the activity on slide 8, write the following items on the whiteboard before the seminar begins. Feel free to add and exclude items so they're appropriate for participants.

- Rent
- Child support
- Groceries
- Power
- Telephone
- Sky TV
- Mobile phone
- Holiday
- Birthday presents
- Mortgage payments
- Salary
- Working for Families payment
- Parking fines
- Bus fares
- DVD hire
- Club membership
- School trips
- Childcare
- Petrol
- Insurance
- Warrant of fitness

Presentation guide

This section guides you through the seminar. It has extra information to clarify details or make the seminar more interesting.

Key points

This is summary of the key objectives for each slide.

Activities

These are the key things to do during each slide, including suggested activities you may wish to use, to help discussion and get participants involved in the seminar. These activities are shown in turquoise text.

To say

Background information to use as a rough script for each slide. These words are shown in regular grey text.

To explain

You may need to explain some key terms or concepts. Where necessary, definitions are included to help you do this.

Slide 1

Key points

- Welcome participants to the seminar.
- Explain the purpose of the seminar.
- Introduce Sorted.

Activity – Whole group

Ask each person to introduce themselves to the group and say what they want to get from being at the seminar. Start with yourself.

Welcome

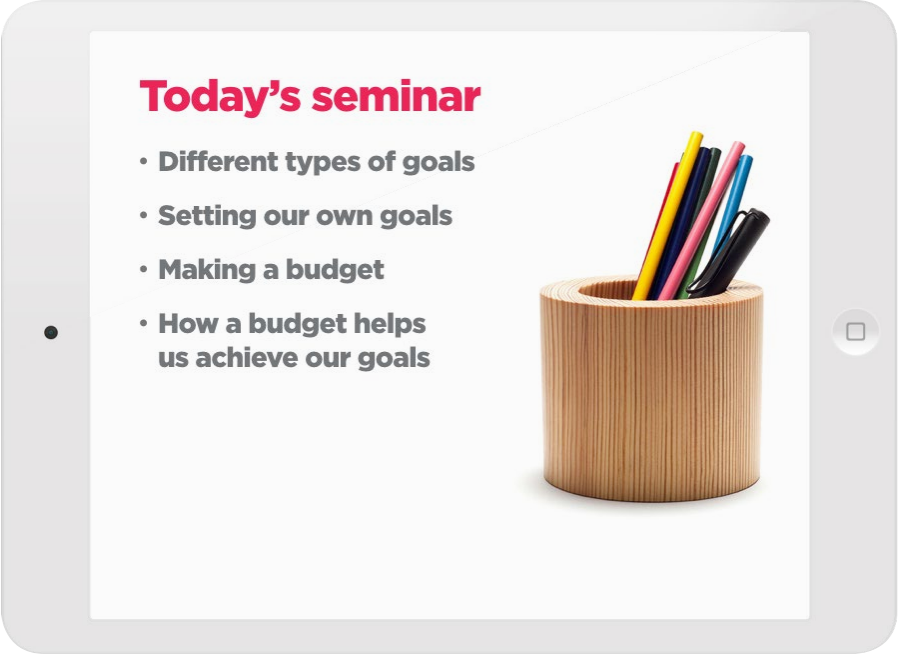
Welcome to Sorted's seminar on goal setting and budgeting. This seminar will take about an hour and by the end of it, we'll have started to set our own goals. We'll also leave with information about how to make our own budgets, and we'll see how having a budget is a great way to help us achieve our goals.

Impartial information, not advice

But before we start, who's heard of Sorted before? Sorted is brought to you by the Commission for Financial Capability. It provides free, independent and impartial information about money matters.

Because it's impartial, we won't be giving out personalised advice in this seminar – but you will get information you can use to make more informed decisions about goal setting and budgeting.

Slide 2



Key points

- Introduce the key topics.
- We'll spend time writing down our own goals and look at how to make a budget.
- Emphasise that having a budget is a great way for all of us to achieve our goals.

Today's session

Hand out the goals booklet to participants.

First of all, we'll look at goals – there are different types. Some are big, some are small. We'll see how different goals have different timeframes and that these are different for everyone, depending on our financial situation.

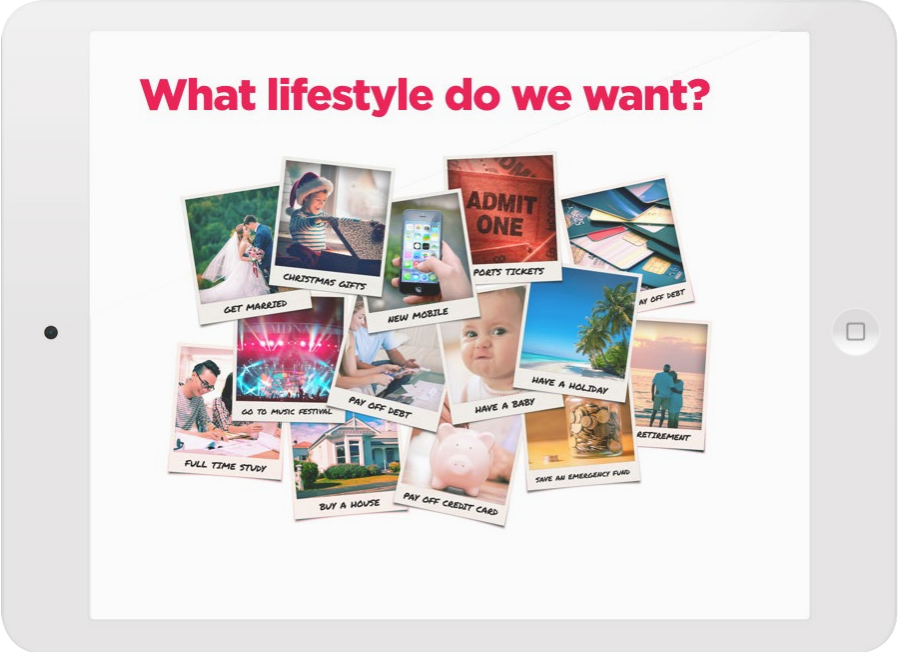
We'll also spend some time writing down our own goals – for ourselves and our whānau.

After that, we'll talk about budgeting – the things we need to make a budget, putting a budget together and what to do once we've got a budget.

So what do you think you would like to leave this workshop knowing?

By the end of this seminar, we should see how having a budget will help us (and our whānau) achieve the goals we've set. We'll also see how setting up a budget takes time and that it needs to be accurate to work.

Slide 3



Key points

- Goals can be big (buying a house) or small (saving for a new mobile). (You can tailor your examples here for your audience.)
- Setting our own goals helps us think about what we want to achieve in life – for ourselves and for our families.
- To achieve most goals, we need money.

Activity – Whole group

Ask participants to consider the goals on the slide. Do any apply to them? If so, which ones? If not, ask them to suggest three goals that would apply to them.

To explain

Emergency fund: Saving three to six months' expenses for an emergency fund can help us if anything unexpected happens.

Goals for the short, medium and long terms

There are many different types of goals – here are just a few. Some of them are big ones (such as buying a house, furthering our studies or saving for retirement). Others are medium-sized, like saving three to six months' expenses for an emergency fund, or smaller – like paying for Christmas gifts or a holiday, or saving up for the Big Day Out.

Do any of these apply to us here today? What are some other goals that we could choose?

Having goals helps us think about what we want to achieve in life – for ourselves and our families. And by writing our goals down, we're more likely to achieve them.

Why do you think that is?

When we work on our goals, we start thinking about how we can achieve them – in many cases, we'll need money. So it's a good idea, when thinking about goals to also think about the money that each goal might require.

Slide 4

Key points

- Each goal takes different lengths of time to achieve.
- Giving our goals a timeframe and working out how much each goal may cost will help us to decide which goals come first.
- People with the same goals won't necessarily have the same timeframes – when we want to achieve our goals depends on our financial situation and our stage in life.

Activity – Whole group

Ask the oldest and youngest participants to choose a hypothetical goal from the slide that could be relevant to them, and to explain how long they think it might take to achieve it.

Discuss with the group – the difference or similarity in goals and their timeframes.

Giving goals a timeframe

When setting goals, what factors do we need to think about?

We need to think not only about how much they will cost, but when we're hoping to achieve them by.

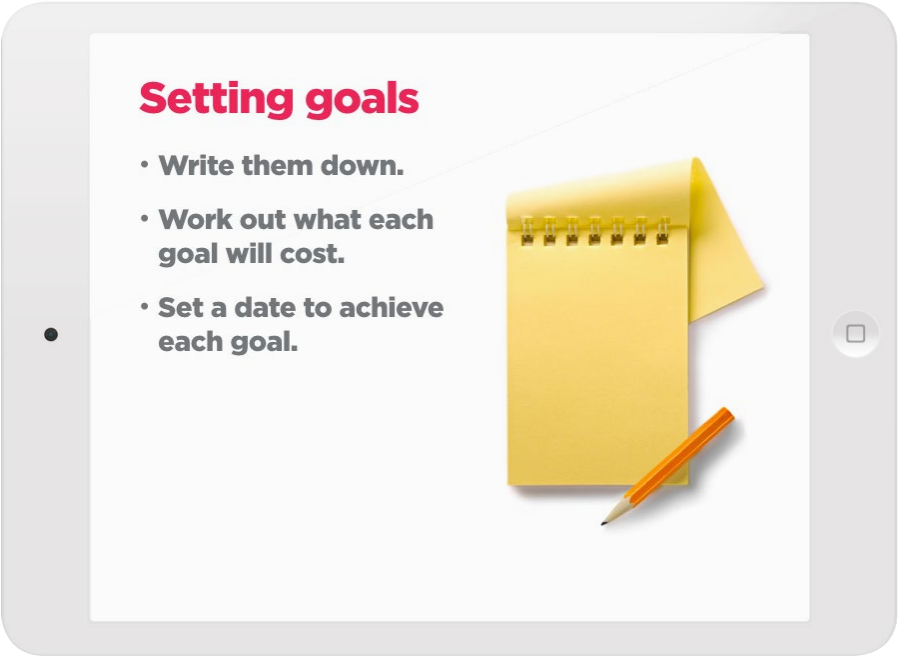
Different people will have different timeframes for the same goals. For example, depending on how old we are, we might want to have a baby, buy a car or a house this year, or in five years or 10 years' time.

What are some other examples of different timeframes for the same goal that we can think of?

If we're 20, for example, we've got more than 40 years to save for retirement, but if we are closer to 60, we have less time.

Giving our goals a timeframe and working out how much money each goal needs will help to decide which goals to work on first.

Slide 5



Key points

- We're more likely to achieve a goal if we've written it down.
- It's useful to think about how much each one might cost and when we want to achieve them by.
- Ask participants to complete the goals worksheet in the goals booklet.

Activity – Individually

Hand out the goals booklet.

Ask participants to write down their goals on the worksheet. Use pencils so they can change their goals later – especially if they plan to discuss them with their whānau.

You may wish to click back to slide 3 to help participants think of goals they'd like to include in their worksheet.

Slide 5 (continued)

Where would we like to be?

We're more likely to achieve a goal if we've written it down. Let's take some time to do this now. Using the worksheet in the goals booklet, let's write down our goals.

For each goal, let's include a date by which we'll achieve it. And an estimate of the cost. Let's write down one or two steps we'll take to achieve each goal.

For example, if our goal is to save for retirement, we need to decide how much we want to save by the time we'll stop working. Our action could be to put $20 a week into our KiwiSaver fund. Or we may want to buy a new mobile phone – and the first step is to compare different models and prices to work out which one we'd like and can afford.

The worksheet has short-term and long-term goals. Let's try to include at least one short-term and one long-term goal – it's good to have both.

To help get started, we may wish to look at some of the financial goals listed in the booklet. If any of these are right for us, we can put them in our worksheet.

- Paying off high-interest debt such as credit cards or hire purchase
- Saving for an emergency fund
- Paying off the mortgage faster
- Saving for retirement

It's no problem if we need more time to think about our goals, or we want to discuss them with our whānau. Let's not worry if we're not sure about the exact costs. The purpose of this exercise is to start thinking about our goals and work out how we might achieve them over time. Working out estimated costs and a timeframe will help us decide which goals to work on first.

The last thing we need to do is to set a date to review our goals. Let's write this in the space given on the worksheet.

What could we do to help us remember this date and keep motivated?

We might also want to add this date to our diary or calendar.

What barriers might stop us from reaching our goals?

What can we do to try to overcome these barriers?

Now we'll take a look at budgeting. By the end of this seminar, we'll see how having a budget helps us achieve our goals.

Slide 6

Key points

- A budget is a plan for how we use our money.
- A budget is a great way for people to achieve their goals.
- For a budget to work it needs to be accurate and it can't be too tight.

Who is this for?

What exactly is a budget? Who benefits from having one? How does having a budget help us achieve our goals?

(Remember to use spending examples that are relevant to participants.)

A budget is a plan for the money we earn and how we expect to spend it. Everyone can benefit from having a budget. It's one of the best tools for getting sorted. Having a budget will help us achieve the goals we set just now.

For a budget to work it needs to be accurate. It has to include all of our spending – from the small things like a daily coffee and bus fares (which are easy to forget) to things like school trips, household groceries and rent or mortgage payments.

The other important thing is to make sure that our budget isn't too tight. We'll talk more about this later.

Slide 7

Key points

- For a budget to work, it needs to be accurate and complete.
- It helps to take time to collect the information we need to work out how much we spend.
- If we have joint accounts or want to make a household budget, it helps to involve our whānau.

Activity – In groups/in pairs

Show participants the list on the whiteboard and ask them to split them into income and expenses.

Once they've done this, ask them to split the expenses into groups: weekly expenses, monthly expenses, yearly expenses.

Ask the groups to report back and discuss the results.

Slide 7 (continued)

Accuracy is important

As we've said before a budget will only work if it is accurate. So it needs to include all our income and all our expenses – daily, weekly, monthly and yearly.

It's important to take time getting all the information together. We may need to spend a week or two writing down everything we spend money on – including the little things like coffee, magazines and bus fares. These things are easy to forget about, but if we don't include them then our budget won't work. What can we do to make sure we don't forget things?

(Possible answers: keeping shopping receipts, keeping a spending diary.)

If we're making a household budget or have joint accounts, we'll need to make sure everyone in our household is involved so that we have a complete picture of our household's spending.

We'll need to collect bank statements and bills for the last three months. These will give us a good picture of our monthly household spending.

We also need to think about less regular costs – there may be payments we make every two or three months, six-monthly or once a year, such as vehicle licensing, rates and insurance. Let's make sure to write these down.

When we write down our income we can't forget to include allowances such as Working for Families payments or child support, benefit payments or NZ Super if we get any of these. If we are making a joint household budget, then we need to include our partner's income as well.

A list of the things we need to make a budget is included in the booklet.

Hand out the budgeting booklet. Show participants the list of things to make a budget.

Slide 8

Key points

- Step participants through the worksheet in the budgeting booklet. Or use the budgeting tool on **sorted.org.nz** if you have Internet access – it does the calculations automatically.
- Explain that people using the worksheet in the budgeting booklet will have to convert their monthly and annual spending to weekly amounts. The calculations to do this are shown at the bottom of each worksheet page.
- Tell participants about 0508 BUDGET and local budgeting services.

Activity – As a group

Discuss the different items in the different periods. For example, weekly entertainment compared to monthly credit card payments compared to annual holidays.

Adding it all up

Let's write down all our spending – weekly, monthly and yearly costs. This is where the information we've been collecting needs to go. Is there anything we've forgotten?

Now let's add up these separate totals – so we'll have three totals for our spending – one for our weekly spending, another for our monthly spending and another for our yearly spending.

Activity – In pairs

Ask participants to get in pairs and describe to one another how to use the budgeting worksheet.

Slide 8 (continued)

Surplus... or deficit?

So now that we've gathered all the information we've mentioned, it's time to sit down and make a budget. Remember, a budget is a plan for the money we're expecting to receive (income) and how we expect to spend it. And the aim of a budget is to have money left over (a surplus) and then use that surplus to reach our goals.

When we make a budget we add up all our income and all our spending and then work out the difference between the two. We either have money left over (a surplus), or not enough (a deficit).

Let's look at the worksheet in the budgeting booklet as an example. This worksheet helps us make a weekly budget.

Show participants where they need to include their income in the budgeting worksheet in the budgeting booklet.

The first thing we need to write in is our weekly income. There's a list here of all the things this could include – not just our pay. What could these be? Things like NZ Super, Working for Families or rent from someone boarding with us are all sources of income. Let's remember to list as many as we can. There may be others.

Then we add them up – this is the total income we receive each week.

Activity

Show participants the sections on spending in the budgeting booklet.

Show participants the budget calculation section of the booklet. Depending on the participants, you may need to describe these calculations and their purpose, or ask a more capable participant to describe them.

For example: Multiplying the monthly total by 12 to get an annual amount. Then divide this by 52 to get a weekly amount.

Slide 8 (continued)

Calculating spending

Then we have to do some extra calculations to change the monthly and yearly spending amounts to weekly amounts. These calculations are shown on the pages for monthly spending and yearly spending. So we will turn our monthly spending into a weekly amount and put this in Box 3. And we will turn our yearly spending into a weekly amount and include this in Box 4. Finally, Boxes 2, 3 and 4 will each feature a weekly spending amount.

We then add these three weekly amounts to come up with a single total for our weekly spending, putting this in the final panel. Then we subtract the total weekly spending from the total weekly income.

The result is the weekly difference between our income and our spending, and we put this in the final panel.

If it is more than zero, it is a surplus. We're spending less than we earn, which is extremely important.

If it is less than zero, it is a deficit – we are spending more than we earn.

What can we do, if we are in deficit, to get our budgets into surplus?

The two main things are either to reduce spending or increase income.

Activity – As a group

Demonstrate the budgeting tool on **sorted.org.nz**.

Sorted's budgeting tool

If any of us have trouble with the calculations, we can also use Sorted budgeting tool, which works on our phones, too. It does all the calculations.

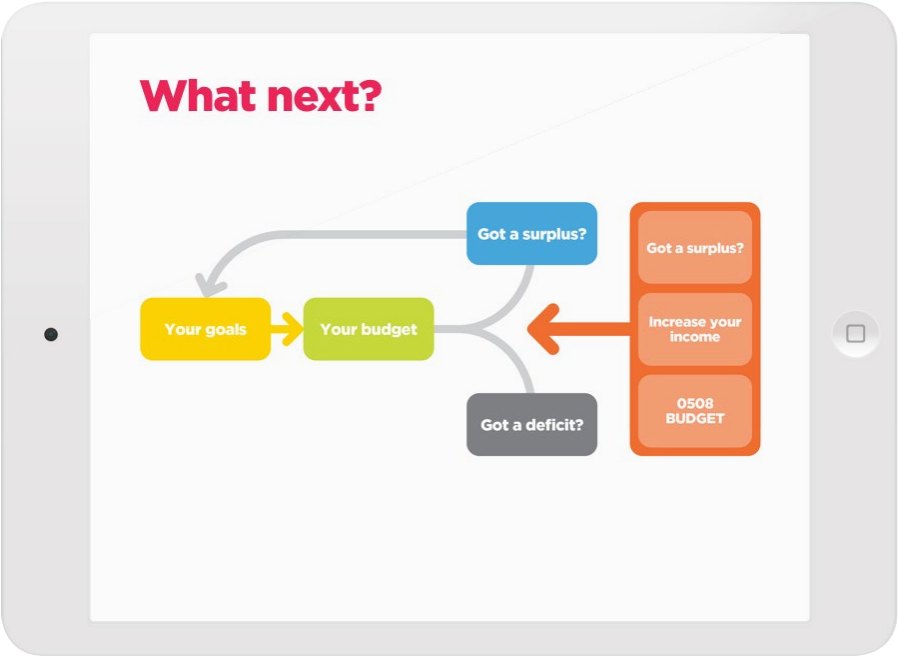
Otherwise, we can also get free budget help from a local budgeting adviser by calling the New Zealand Federation of Family Budgeting Services on 0508 BUDGET (0508 283 438). A trained budget adviser will answer the call. They can answer questions or put us in touch with an adviser in our area. Their number is also listed in the budgeting booklet.

To explain

Surplus: This is money left over. The aim of a budget is to have a surplus – so we are earning more than we spend.

Deficit: This is when we don't have money left over. We are spending more than we earn.

Slide 9



Key points

- Explain what participants need to do next if they have a deficit or surplus. If necessary, check that participants understand the meaning of "surplus" and "deficit".
- Remind participants about 0508 BUDGET.
- Use the flowchart to emphasise the connection between setting goals and budgeting: the bigger our surplus, the more we can save it up for our goals.

What to do with a deficit

So we've set our goals and made a budget. We either have a surplus or a deficit.

Let's look a bit more at what we can do if we have a deficit (we're spending more than we earn). What are some ideas we have?

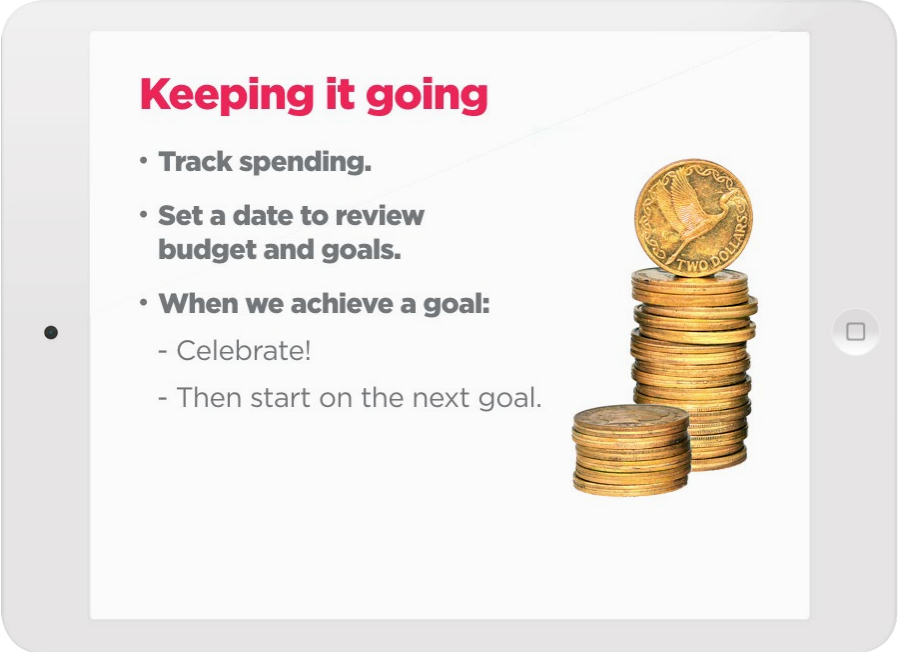
1. Check the budget again. Is there any spending we could reduce?
2. If we have a family, we may be able to get Working for Families payments. Call 0800 774 004 to see if there's anything we could qualify for.
3. Are there any ways we could increase our take-home pay?
4. Finally, a budget adviser may be able to help make our budget fit within our income. They can be reached on 0508 BUDGET – we can speak to a trained budget adviser for free. They will answer our questions or put us in touch with an adviser in our area. Their number is also listed in the budgeting booklet.

What to do with a surplus

If we have a surplus, then we're earning more than we spend. We need a surplus to put money towards our goals. But first, we may want to check to make sure we have allowed enough money to cover our expenses. Are there areas in our budget where spending a little more could make a difference for us and our whānau? What difficulties could come up if we're too tight with our budget? If an unexpected expense comes up, it will be hard to stick to.

After that, it's important to think about which goal we could use the surplus for. We may want to pay off debt more quickly so that we save on interest, or there may be other goals we'd like to achieve first.

Slide 10



Key points

- Once we've set our goals and made a budget, we need to keep working on them.
- We may need to adjust our budget to start with. If it's too tight it won't work.
- Whenever we achieve a goal or our circumstances change, it's important to make sure we review our budget.

Tracking our spend

So we've set our goals and made a budget. How do we keep everything going?

It's important to keep a check on our spending – is it within our budget?

If we're having trouble because we don't have enough money to cover our expenses, we need to check if there are areas where we could reduce our spending to help other areas that need an increase.

How can we reduce our spending? Does anyone have any tips?

Some people find it easier if each week they give themselves a certain amount of spending money which they can use as they wish – knowing that the rest of their money will cover all their bills and groceries and other expenses. We might find it easier to stick to our budget if we do this.

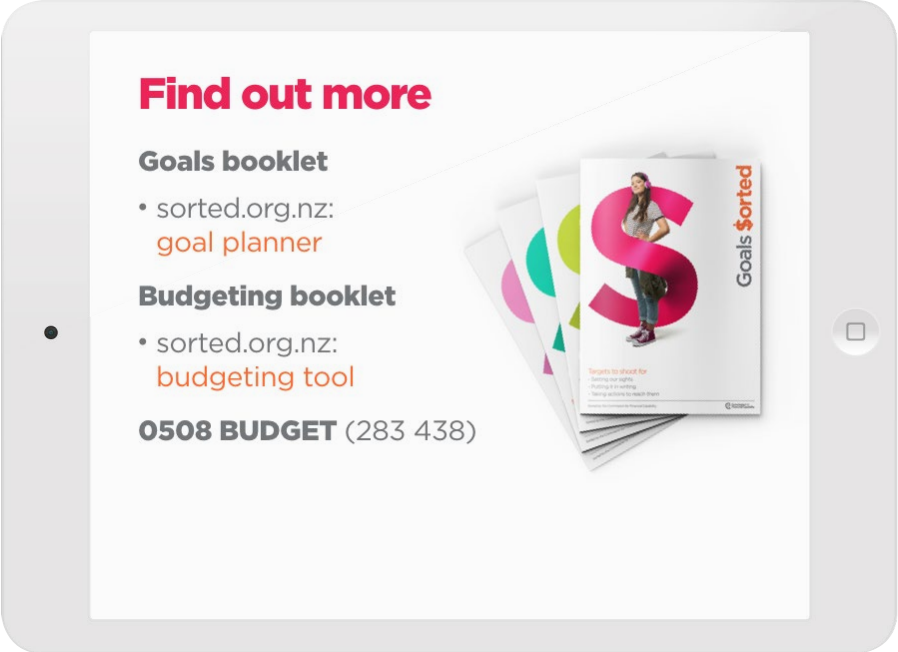
Show participants that the worksheet in the budgeting booklet has room for them to include a date to review their budget.

Reviewing regularly

The other thing to do is to set a date to review our budget. We might like to do this when we review our goals. Have we achieved any goals, or are we closer to achieving some? If we have achieved a goal – let's make sure to celebrate it! Then we can set another.

Let's remember if things change for us, such as a change in pay or we pay off debt or have a baby, then we need to review our budget and our goals. We may find our goals have changed and we need to change our budget.

Slide 11



Key points

- When setting goals, we need to include how long each goal will take and estimate the cost.
- Then we need to take time to make a budget – one that's accurate and complete.
- Remind participants to use the free Sorted booklets and tools on **sorted.org.nz**.

Activity – Whole group

Ask each participant to share with the group one thing they have learned and one thing that they will put into action.

Looking forward

So what are we taking away from this session? What are we going to put into practice?

To recap, setting goals is a good first step towards getting our money sorted.

We need to set goals that are realistic, and think about the date we want to achieve them by and how much they'll cost. We've begun to write down our goals in the goals booklet. Who could we complete our budgets with? Our partner, our whānau? Do we all have the same goals? Or do we have different ones? It helps to put our goals somewhere where we can see them – so that we have a daily reminder of our goals.

Let's try to complete our goals within the next couple of days. The next thing to do is to make a budget. If we want to create a household budget or we have joint accounts, we'll need to involve our partner and our whānau in making our budget.

Making a budget takes time and it's important that the information we include is correct. We need to include everything about our income and spending.

Slide 11 (continued)

What timeframe shall we all aim to make a budget in? Two weeks? Let's use this time to collect the information needed. We'll need to work out our everyday spending (keeping shopping receipts helps), and find our bills and bank statements for the last three months. We'll then need to note down all other less-regular costs such as rates, bills, the car's warrant of fitness and insurance.

Once we've got all this information, we can use the worksheet in the budgeting booklet or the budgeting tool on **sorted.org.nz** – it does all the calculations automatically and we can save it to our dashboard on Sorted for future reference.

What barriers do we think may prevent us from making a budget? How can we overcome them? Once we've made our budgets we may wish to read the money tracking guide on **sorted.org.nz** to get help tracking all our spending each month. This way we can see how well we're going to plan.

When we do our review, we may find we've achieved some of the goals we've set. Remember, we're more likely to achieve our goals if we've written them down and made a budget.

Remind participants about 0508 BUDGET.

Commission for Financial Capability
Building wealthy lives

The Commission helps New Zealanders prepare financially for retirement, through education, information and promotion. Our Sorted information programme helps Kiwis of all ages to understand money matters and manage their personal finances throughout life. The Sorted programme is made up of the website sorted.org.nz, a range of Sorted booklets and Sorted seminars.

If you have any feedback on this seminar material we would like to hear from you. Please email the Sorted team at **office@sorted.org.nz.**

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