Savings & Budgeting Strategies

Module 3

Created By:

Here are the key points we will cover in Module 3:

1. **Why You Should Save Your Money**
   a. Identifying Savings & Savings Rates
   b. Establishing an Emergency Savings
   c. Pay yourself first
   d. Savings Tools

2. **Budgeting Rules to Live By**
   a. Budgeting 101
   b. Budgeting Strategies
   c. Budgeting in the Gig Economy
   d. Building your Budget

01

Why You Should Save Your Money

In this section you'll learn how to not spend more than you make, paying yourself first, importance of establishing an emergency fund, and different budgeting strategies

What Does It Mean to Save Your Money?

Savings refers to the money that a person has left over after they subtract out their consumer spending from their disposable income over a given time period.

Savings, therefore, represents a net surplus of funds for an individual or household after all expenses and obligations have been paid.

Savings can be kept in cash or cash equivalents (such as a savings account at a bank), which are exposed to no risk of loss, but also come with minimal returns.

Understanding Savings

Savings comprise the amount of money left over after spending. People may save for various life goals or aspirations such as retirement, a child's college education, the down payment for a home or car, a vacation, or several other examples.

Savings may commonly be earmarked for emergencies. You don't want to find yourself in a position of living paycheck to paycheck. If an emergency arises, you need to be prepared.

The Difference Between Saving & Investing

Before diving into the importance of saving, it is key to understand the difference between saving and investing. We'll discuss investing later on.

After watching, what are the two differences between saving and investing your money?

Activity Option

NGPF DATA CRUNCH: What is the U.S. Savings Rate?

Analyze the image on the worksheet linked above to answer the questions on this Data Crunch.

This activity is NGPF's DATA CRUNCH: What is the U.S. Savings Rate?

Establishing an Emergency Savings

These are funds specifically set aside for unplanned expenses, such as medical bills, car repairs, or home repairs.

- According to a survey completed by BankRate in 2025, only 46% of U.S. adults have enough emergency savings to cover 3 months' expenses
- Nearly 1 in 4 Americans have no emergency savings at all
- Just 41% of Americans can cover a $1,000 emergency expense using savings; the rest would rely on credit cards, loans, or borrowing from family and friends

7 easy steps to get your emergency fund started

1 Make a budget and see where you can start saving more money

2 Determine your emergency fund goal

3 Set up a direct deposit

4 Gradually increase your savings

5 Save unexpected income

6 Keep saving after reaching your goal

7 Use a bank account bonus to jumpstart your savings

Consequences of No E.S.

It can be costly… Here are 6 specific consequences

1. Credit card interest could compound your expense
2. Trouble paying your bills could damage your credit rating
3. Loss of access to utilities
4. Loss of housing
5. Car trouble causing you to miss work
6. Skipped medial treatment can lead to complications

Thinking About Saving & Budgeting?

Pay Yourself First!

How much money should you save?

What steps are needed to begin paying yourself first?

What are the pros and cons of using this method?

On the next slide, you'll watch a video from FNBO that explains in more detail what Pay Yourself First (PYF) is.

Pay Yourself First

If you don’t put money aside for yourself, no one else will.

In the video to the left, watch how to pay yourself first.

Question: What does this method prioritize in the budget?

Reflection Question #1:

According to the information you just learned about, what percentage of Americans can afford a $1,000 emergency?

A. 31%
B. 41%
C. 51%
D. 61%

Reflection Question #2:

What is an emergency fund?

A. An available amount of liquid money set aside for unexpected expenses
B. A tax-advantaged savings account
C. A savings option that earns a high rate of return
D. An amount of money that is left over after paying for basic necessities

Reflection Question #3:

What is the recommended amount to have in an emergency fund?

A. 1-2 months of expenses
B. 3-6 months of expenses
C. 6-12 months of income
D. 4-8 months of income

Additional Savings Strategies to Consider

1. AUTOMATE YOUR SAVINGS.

2. FOCUS ON SMALLER GOALS FIRST.

3. TRACK YOUR SPENDING

Common Savings Tools

Traditional & Online Savings Account

Let's first look at traditional and online savings accounts. These types of accounts are common savings tools due to their high level of liquidity and insurance protection. Both have benefits and drawbacks.

Over the past few years, online savings accounts have surged in popularity. Features like high interest rates and convenient deposit and withdrawal options are enticing. But they're not for everyone. On the following slides will be a breakdown of the two.

Traditional Savings Account

Advantages:

- They are convenient
- Easier to handle problems if you can go into your physical branch
- Easier to combine several different types of financial products

Disadvantages:

- Lower return rates
- Minimum balance requirements
- Federal limits on saving withdrawal

Online Savings Account

Advantages:

- High yield interest rates
- Minimal fees
- Superior online websites & user experiences
- Opening an account is quick and easy

Disadvantages:

- Websites can do down with technical difficulty
- You can’t go into a physical branch
- Potentially high ATM fees
- Limited deposit and withdrawal options

Online Savings Accounts

Best High-Yield Savings Accounts of July 2025: Up to 4.66%

Bank/institution	NerdWallet rating	APY	Bonus
EverBank EverBank Performance℠ Savings LEARN MORE at EverBank, Member FDIC	5.0 /5 Best for High-Yield Online Savings Accounts	4.30% With $0 min. balance for APY	N/A
SoFi SoFi Checking and Savings LEARN MORE at SoFi Bank, N.A., Member FDIC	4.5 /5 Best for High-Yield Online Savings Accounts	Up to 3.80% With $0 min. balance for APY	Up to $300 Earn up to $300 with direct deposit. Terms apply.
BARCLAYS Barclays Tiered Savings Account LEARN MORE at Barclays, Member FDIC	4.5 /5 Best for High-Yield Online Savings Accounts	3.90% With $0 min. balance for APY	N/A

In the image linked to the left, you'll be able to explore top high yield savings accounts for 2025.

Thinking Prompt

Do you currently have a savings account?

If so, is it a traditional savings account at a physical bank branch or an online savings account?

If so, do you know what your current interest rate on your savings account is? (Take some time to look it up now)

Moving forward, which option do you think is best for you?

Money Market Account

Another common type of savings tool is a money market account. Watch the video to the left to learn about the key features of this type of tool.

After watching the video, discuss the 3 key features.

A Few Money Market Accounts

Ally Bank:

- 3.50% interest rate
- No monthly maintenance fees or minimum balance requirements

Discover:

- Up to 3.45% interest rate
- No fees

Sallie Mae:

- 3.85% interest rate
- No monthly maintenance fees or minimum balance requirements

Certificate of Deposit

This is a savings product that earns interest on a lump sum for a fixed period of time. They differ from traditional savings accounts because the money must remain untouched for the entirety of their term or risk penalty fees or lost interest.

CDs usually have higher interest rates than savings accounts as an incentive for lost liquidity.

Each bank can determine which terms they want to offer so shopping around is crucial. You can find these at both traditional and online institutions.

In 2025, banks are currently offering shorter terms at great rates compared to years past!


HOW DO THEY WORK?
CERTIFICATE OF DEPOSIT
This video will describe what a certificate of deposit is and how they work. This video does not constitute as financial or investment advice. For such, please consult a certified financial advisor.

Activity Option

NGPF COMPARE: Types of Savings Accounts

There are several different types of saving accounts. Take a deep dive into these accounts and when they'll be most beneficial for you. Follow the directions on the worksheet linked to complete this activity. You'll be covering: *traditional savings accounts, online savings accounts, certificate of deposits, and money market accounts*.

This activity is NGPF's COMPARE: Types of Savings Accounts

02

Budgeting Rules to Live By

In this section you'll learn how to not spend more than you make, paying yourself first, importance of establishing an emergency fund, and different budgeting strategies

Reasons Why You Should Budget

You need to know where your $ goes.

We are faced with challenges every day of balancing all the things we want to do and the needs of day to day life.....

So where does a budget help with that? Why is it so important to financial success? The single biggest way to avoid spending more than you make is to create and follow a budget.

Let’s learn why it is important to budget your money.

Reasons Why You Should Budget Your Money

Watch the video to the left and then answer:

What could happen if someone spends money without keeping track of it?

How can having a budget help you reach your goals faster?

Important Things to Consider..

When creating a budget –

- Decide why you want to budget.
- Rate the importance of your budget goals.
- Set a time limit on your budget goals.
- List your fun expenses in order of priority in your budget.
- Brainstorm areas you can cut money in your budget
- Identify areas of weakness in your budget and brainstorm solutions

Why most budgets fail: L.I.F.E.

LISTED

Expenses are underestimated or miscatergorized as necessities instead of non-essentials.

IMPULSE

Buying causes money to slip through your fingers.

FORGOTTEN

Bills, especially those paid every 6 months or year, are not included in the monthly budget. The larger than normal expanse throws off the budget.

EMERGENCIES

Result in unexpected costs not included in the budget. Oft-cited statistic is that 5 in 10 Americans are not prepared to handle an unexpected cash expense of $400 based on a Federal Reserve Board Economic Well-Being of U.S. Households study.

Balancing Your Spending

Don’t spend more than you make…

Spending less than you make is the single most important financial habit to develop. And as fate would have it, it is also the hardest. It’s always a balance between wants and needs.

On the following slides, let’s take a look at some expense definitions and how to distinguish between wants and needs.

Gross Pay vs. Net Pay

A vital part of creating a budget is understanding how much money you have available to budget. You might think that's as simple as multiplying your hourly wage by your total hours worked, but that's not the case.

You have to consider your actual TAKE HOME pay after taxes, insurance, and any employer-provided retirement funds are deducted.

Fixed, Variable, and Discretionary

Fixed Expenses

Costs you incur regularly that will be there no matter what.

Exs: Rent, utilities, taxes, insurance, and phone

Variable Expenses

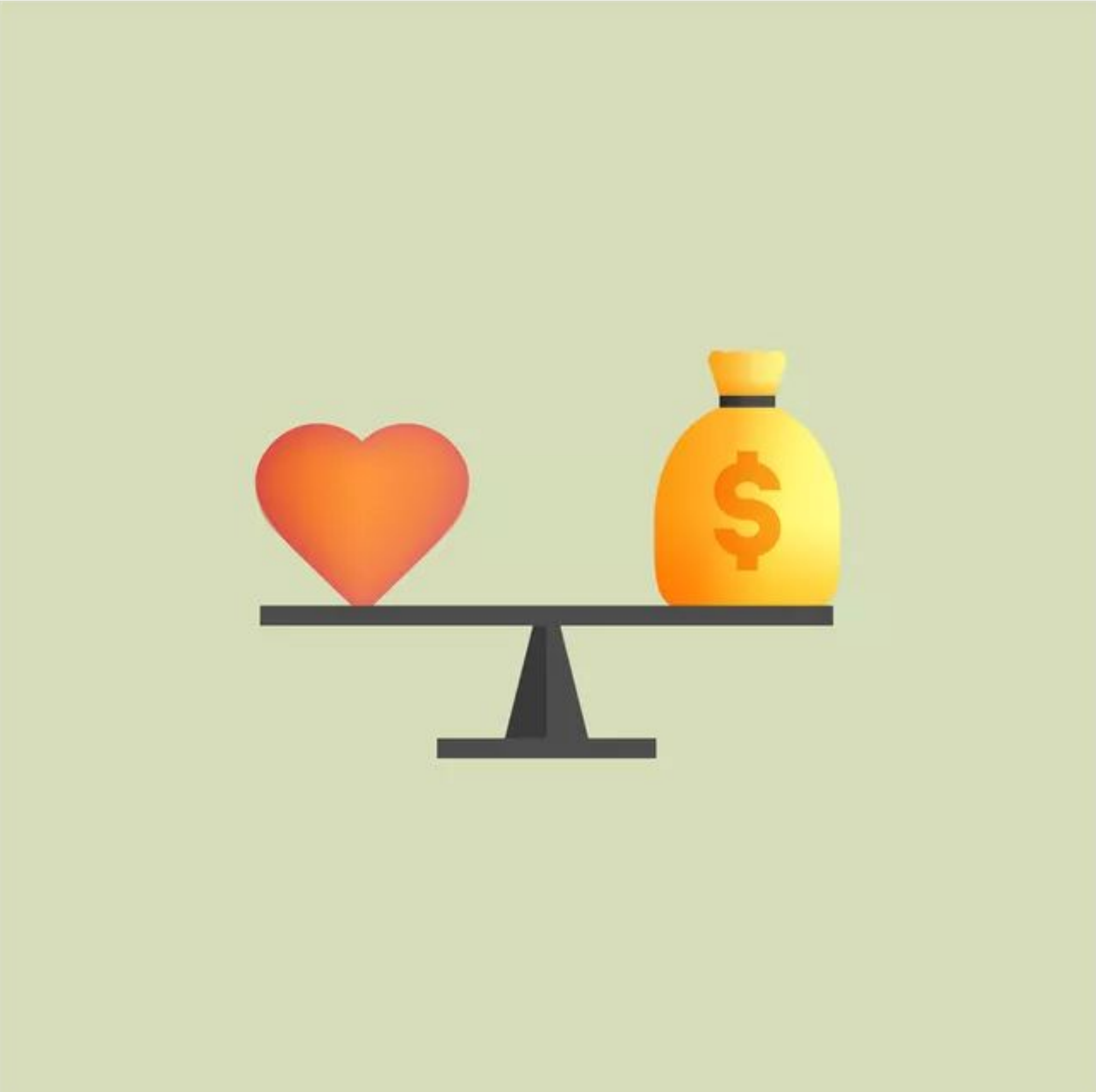
Costs that fluctuate and are under your control to choose the lifestyle you want to live.

Exs: entertainment, cable, dining out, coffee, gym memberships

Discretionary Income

What is left over after your fixed and variable expenses are subtracted from your income. You have *discretion* over how to spend it.

Distinguishing Between Wants and Needs



Next, to create a budget you need to look at your expenses and figure out which ones are needs and which ones are wants.

It's important to wait to purchase something until you can afford it.

Read the article linked to the left image. As you read, consider purchases you've made and the categories (want vs. need) they fall into.

Activity Option

High-Priority Wants	High-Priority Needs	Low-Priority Wants	Low-Priority Needs

Thinking Prompt

Imagine you just got your first paycheck. You need to cover things like food, gas, fun, and maybe start saving too. How would you decide how much to spend, save, or set aside?

Budgeting Methods & Strategies

50/30/20 Rule

Zero-Based Budget

Envelope Method

Pay Yourself First

80/20

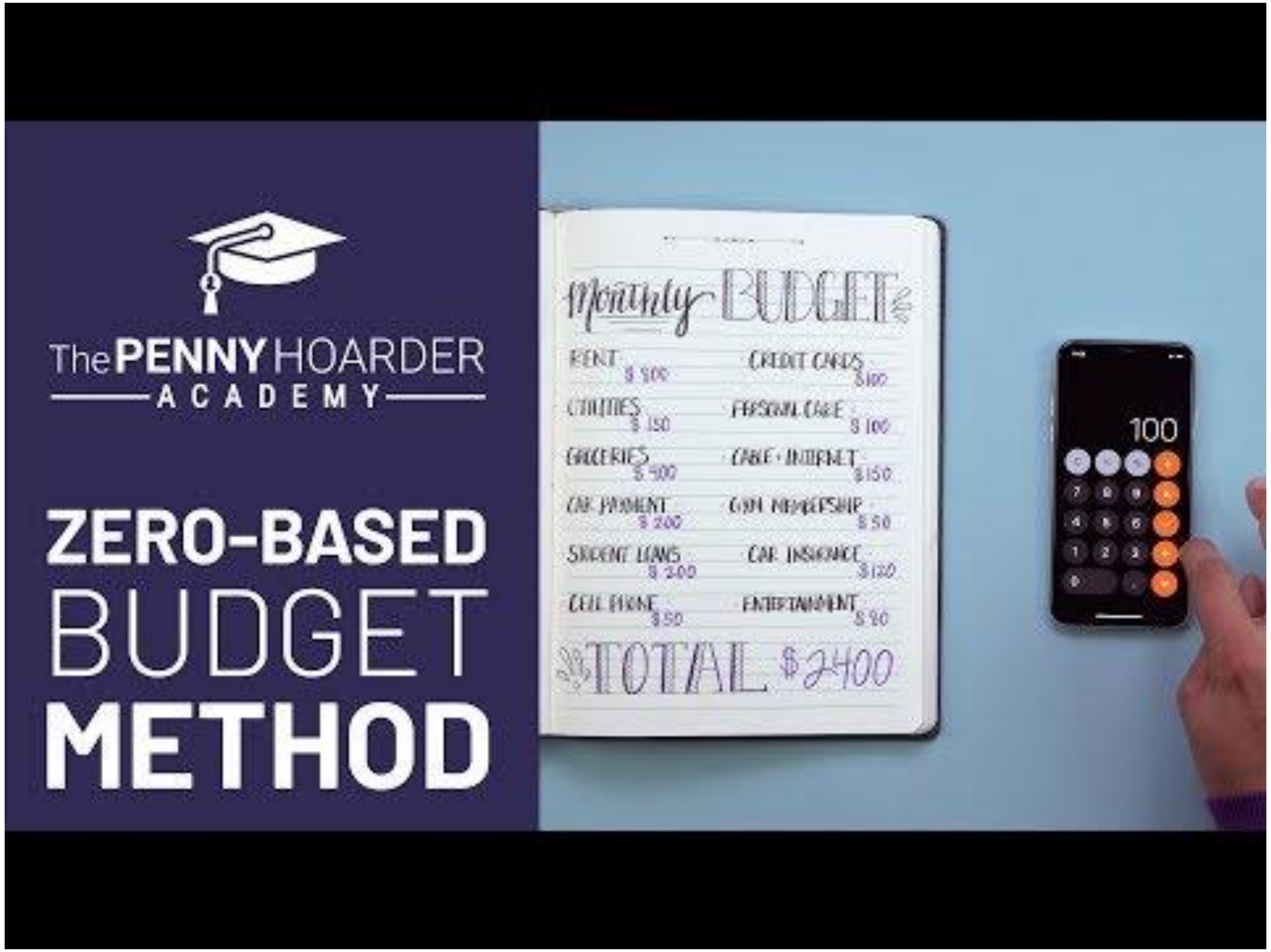
60/40

50/30/20 Rule

One of the most popular budgeting strategies is the 50/30/20 rule. Watch the video to the left.

In your own words, how would you explain this method to a friend?

Zero-Based Budgeting Strategy



This resource is from NGPF's Budgeting Strategies Lesson

This strategy is where every dollar counts. Watch the video to the left to see how this work. Then answer the questions:

1. Desean sets up his zero-based budget and has $175 left after he assigns all of his expenses to each category. What would be a good category for him to put that money in?
2. What might be one drawback of this method?

The Envelope Method

A cash-based way to manage money.

You divide your income into different envelopes, each labeled with a category (like food, gas, fun, or savings).

How it works:

1. Write spending categories on envelopes
2. Put the budgeted amount of cash into each envelope
3. Spend only from that envelope for its purpose
4. When the envelope is empty → no more spending in that category until the next payday

Why people use it: helps control overspending; makes you see and feel your money; and keeps money organized by purpose

Many apps now offer a “digital envelope” system, tracking spending electronically.

80/20 Budget

Variation of Pay Yourself First

A super simple budgeting rule that divides your money into 2 parts:

- 20% Savings First → as soon as you get paid, set aside 20% for savings or debt repayment
- 80% Spending → use the rest for everything else (needs and wants)

Why people use it: easy to follow; makes saving a priority without needing lots of math; and is flexible and works well for students just starting out with money

60/40 Budget Strategy

Variation of Pay Yourself First

A budgeting method that divides your income into two main categories:

- 60% Needs & Fixed Expenses → everyday essentials (rent, groceries, utilities, transportation, insurance, debt payments)
- 40% Savings & Wants → split between:
  - savings/investments (emergency fund, retirement, future goals) and
  - wants/discretionary (fun, entertainment, shopping)

Why people use it: it's simple with 2 main buckets, ensures essentials are covered first, and builds in flexibility with the 40%

The "Gig Economy"

The gig economy is made up of short-term, flexible jobs (called "gigs") instead of traditional full-time work. People often work as independent contractors or freelancers.

Examples: Driving for Uber or Lyft, Delivering food for DoorDash, Freelance graphic design, tutoring, or writing, and selling goods/services online through sites like Etsy

These jobs provide flexibility, no guaranteed paycheck, usually no benefits, and workers are responsible for managing their own taxes.

Because of this, it requires more responsibility in the area of financial planning.

Managing Money with Gig Work Poll!

What percentage of U.S. adults rely on gig work as their primary source of income?

A) 11%
B) 22%
C) 37%
D) 62%

Answer:

As of 2024, 37% of U.S. adults reported gig work as a primary source of income according to the TransUnion Fall 2024 US Gig Economy Report.

Answer Explanation:

More than half of U.S. adults (62%) now earn money working for one or more gig platforms.

Across generations, over one-third (37%) reported gig work as a primary source of income. Millennials lead this group with more than half (55%) leveraging gig work as their primary employment and income source.

How to Budget as a Gig Worker

Many jobs in the gig economy do not have a consistent and predictable income and this creates a unique set of budgeting challenges.

What are some gig/side hustle jobs you know in your community?

The following slide has 7 tips to consider.

7 Tips for Gig Budgeting

1. Figure out your average expenses and income
2. Pay yourself a monthly salary
3. Put money aside for taxes
4. Avoid relying on debt.

5. Save for the lack of benefits and vacation days

6. Don’t splurge on the good months

7. Plan for hidden costs like shipping

Thinking Prompt

Diego drives for DoorDash on weekends. Over the past four months, his income has been $1,200, $2,050, $1,600, and $2,300. As he plans his monthly budget, what income amount should he base it on?

Thinking Prompt

It’s the last day of the month! Jordan usually earns an average monthly income of $3,200, but this month he brought in $4,800. What would be a smart way for Jordan to use the extra $1,600 he earned?

Another month passes, and Jordan calls you to say his income was only $2,900, which is $300 less than his usual average. What steps could Jordan take to handle this shortfall?

Popular Budgeting Apps

(as listed in the NerdWallet article)

Click on the logo to learn more!

PocketGuard: a simplified budgeting snapshot	Empowered: Tracking wealth & spending	YNAB: Zero-based budgeting (free for college students
Monarch Money: Customized budgeting	Honeydue: Budgeting with your partner	EveryDollar: Zero-based budgeting

This resource is inspired from NGPF's On Demand Popular Budgeting Methods & Strategies Training

Budget Explore Option #1

The Economic Policy Institute Family Budget Calculator measures the income a family needs in order to attain a modest, yet adequate standard of living. The budget estimates community-specific costs for 10 family types (one or two adults with zero to four children) in all counties and metro areas in the United States. Compared with the federal poverty line and the Supplemental Poverty Measure, EPI’s family budgets provide a more accurate and complete measure of economic security in America. Use this site to explore with your students.

Budget Explore Option #2

Families and individuals working in low-wage jobs make insufficient income to meet minimum standards given the local cost of living. The MIT Living Wage Calculator estimates the cost of living in communities and regions based on typical expenses. The tool helps to determine a local wage rate that allows residents to meet minimum standards of living. View the Living Wage Calculator here.

Activity Option

NGPF CASE STUDY: How Do I Budget?

Now that you've been exposed to several different budgeting strategies, let's help a friend create a budget! Follow the directions on the worksheet linked to complete this activity.

This activity is NGPF's CASE STUDY: How Do I Budget?

END OF MODULE 3