FREEDOM FINANCIAL EDUCATION SERIES

SESSION 2

Take Control of Your Cash Flow

Building a Spending Plan That Creates Margin

STUDENT WORKBOOK — VERSION 1.0
Guided Notes • Cash-Flow Snapshot • Budget Leak Audit
First Spending Plan • Emergency Fund • Homework

Participant name (optional): ______________________________________

Session date: __________________ Instructor: __________________

This Workbook Belongs to You

Money is personal. You may use exact figures, estimates, ranges, or blanks during class. You are never required to disclose income, debt, balances, or your cash-flow result to the group. Keep this workbook for your own planning and reflection.

Remember: Your numbers describe a current plan—not your worth, character, or future.

How to Use the Workbook

- Write directly in the guided-note spaces during instruction.
- Use estimates during class when exact figures are not available.
- Mark uncertain figures VERIFY AT HOME.
- Complete the Seven-Day Cash-Flow Reality Check after class using actual records.
- Revise the first plan. A useful draft is meant to improve.

Session Promise

☐ Know your estimated cash-flow result.

☐ Find at least two possible budget leaks.

☐ Draft your first spending plan.

☐ Choose one emergency-fund step and one dated action.

What would make this session valuable to me?

____

____

Session Overview

Session 1 helped us understand how money works. Session 2 moves from understanding to action by answering one practical question:

Central question: What is my money doing each month?

Learning Outcomes

By the end of Session 2, I should be able to:

☐ Explain the main cash-flow categories.

☐ Calculate net income minus planned outflow.

☐ Identify at least two recurring costs or patterns worth reviewing.

☐ Explain the difference between tracking and planning.

☐ Build a first-pass spending plan.

☐ Explain the purpose of an emergency fund and identify my first milestone.

☐ Choose one specific action to complete before Session 3.

My First Guess

Before completing the Cash-Flow Snapshot, I believe my current monthly result is:

☐ MARGIN	☐ BREAK-EVEN	☐ SHORTFALL
Income exceeds planned outflow	Income approximately equals outflow	Planned outflow exceeds income

Why did I choose that answer?

____

____

Key Vocabulary

Term	FFES working definition
Net income	Money actually available after taxes and payroll deductions.
Fixed expense	A recurring obligation generally predictable in amount and timing.
Variable expense	A necessary or customary cost that changes month to month.
Periodic expense	An irregular or nonmonthly cost that should become a monthly set-aside.
Discretionary spending	Spending with meaningful choice in timing, amount, or necessity.
Goal-directed spending	Money intentionally assigned to savings or planned progress.
Budget leak	Money leaving without enough value or while working against a chosen priority.

Spending plan	A forward-looking decision about where income will go.
Tracking	A backward-looking record of where money actually went.
Margin	Income remaining after planned outflow.
Shortfall	The amount by which planned outflow exceeds income.
Emergency fund	Accessible money reserved for a genuine, unplanned, necessary expense.

Guided Notes — See the Flow

The Monthly Money-Flow Picture

1. Money In	2. Money Directed	3. Result
Take-home (net) income	Fixed • Variable • Periodic • Discretionary • Goal-directed	Margin • Break-even • Shortfall

My own description of cash flow:

____

____

Five Places Money Goes

Category	What it means	My example
Fixed	Predictable recurring obligation	
Variable	Changes month to month	
Periodic	Known, but not due every month	
Discretionary	Meaningful choice	
Goal-directed	Savings or planned progress	

Category reminder: The label organizes the plan; it does not assign moral value. The same cost may be categorized differently by different households.

Make Periodic Expenses Monthly

Annual or periodic cost ÷ months until due = monthly set-aside

Example cost	Months	Monthly set-aside
$600	12	$50
My example: $________	________	$________

A periodic cost I sometimes forget:

____

The Cash-Flow Equation

Equation: NET INCOME − PLANNED OUTFLOW = MARGIN, BREAK-EVEN, OR SHORTFALL

What does the result tell me?

____

____

Exercise 1 — Cash-Flow Snapshot

Purpose: estimate what is happening now. Use monthly amounts. Estimates are acceptable during class; mark uncertain figures VERIFY.

A. Monthly Take-Home Income

Income source	Frequency	Amount received	Monthly amount
Primary income		$	$
Second income		$	$
Benefits / pension / annuity		$	$
Other reliable income		$	$
TOTAL MONTHLY TAKE-HOME			$

Conversion help: Weekly × 52 ÷ 12 • Every two weeks × 26 ÷ 12 • Twice monthly × 2 • Annual ÷ 12

B. Fixed Expenses

Fixed expense	Estimated monthly amount	VERIFY?
Housing payment / rent	$	☐
Utilities with fixed billing	$	☐
Vehicle payment	$	☐
Minimum debt obligations	$	☐
Insurance premiums	$	☐
Childcare / support	$	☐
Membership or contract	$	☐
Other fixed expense	$	☐
TOTAL FIXED	$	☐

Cash-Flow Snapshot — Continued

C. Variable Expenses

Variable expense	Estimated monthly amount	VERIFY?
Groceries	$	☐
Utilities that vary	$	☐
Fuel / transportation	$	☐
Medical / prescriptions	$	☐
Household / personal care	$	☐
Dining / convenience	$	☐
Clothing	$	☐
Other variable expense	$	☐
TOTAL VARIABLE	$	☐

D. Periodic Expenses

Periodic expense	Cost	Months until due	Monthly set-aside
Property or vehicle tax	$		$
Registration / inspection	$		$
Home or auto maintenance	$		$
Gifts / holidays	$		$
School / activity cost	$		$
Medical or insurance deductible	$		$
Annual membership	$		$
Other periodic cost	$		$
TOTAL PERIODIC			$

Cash-Flow Snapshot — Complete the Result

E. Discretionary and Goal-Directed Outflow

Item	Category	Monthly amount	VERIFY?
Entertainment / recreation	Discretionary	$	☐
Subscriptions	Discretionary	$	☐
Dining / convenience	Discretionary	$	☐
Hobbies / personal choices	Discretionary	$	☐
Emergency savings	Goal-directed	$	☐
Other savings / future goal	Goal-directed	$	☐
Other	Choose	$	☐
TOTAL	—	$	

F. Calculate the Snapshot

Calculation	Amount
Total monthly take-home income	$
− Total fixed expenses	$
− Total variable expenses	$
− Total periodic set-asides	$
− Total discretionary and goal-directed outflow	$
= ESTIMATED RESULT	$

My result: ☐ MARGIN ☐ BREAK-EVEN ☐ SHORTFALL

At least one number I will verify at home:

____

What surprised me?

____

____

No judgment: This result describes the current estimate—not you. Actual records may change it.

Guided Notes — Find the Leaks Without Blame

Budget leak: Money leaving without delivering enough value—or while working against a chosen priority.

Not every optional expense is a leak. Before changing anything, ask:

Question 1	Question 2	Question 3
Do I use it?	Do I value it?	Is there a better way to get it?

Possible actions: ☐ KEEP ☐ CANCEL ☐ RENEGOTIATE ☐ SUBSTITUTE ☐ REDUCE

The Cost of Recurring Spending

Monthly cost	× 12	Annual cost	Worth it to me?
$25	× 12	$300	☐ Yes ☐ No ☐ Research
$_______	× 12	$_______	☐ Yes ☐ No ☐ Research

A recurring cost I want to annualize:

____

Budget Leak Audit

Item / category	Monthly cost	Annual cost	Value received	Action to consider	Verify
Telecom	$	$			☐
Insurance premium / service	$	$			☐
Subscription	$	$			☐
Bank fee	$	$			☐
Interest leakage	$	$			☐
Convenience spending	$	$			☐
Unused service	$	$			☐
Membership	$	$			☐
Other	$	$			☐
Other	$	$			☐

Two candidates I will investigate first:

____

____

Safety reminder: Review before acting. Do not cancel insurance, close an account, or change a contract without understanding the consequences and obtaining appropriate guidance.

Guided Notes — Build the First Spending Plan

Tracking Looks Back	Planning Looks Forward
Where did the money go?	Where will the money go?

Planning cycle: DRAFT → TEST → COMPARE → ADJUST

The FFES First-Plan Sequence

Step	Category	Planning reminder
1	Income	Use money actually available.
2	Essential needs	Food, housing, utilities, transportation, essential health needs.
3	Minimum obligations	Required minimum payments and obligations.
4	Protection and required commitments	Necessary coverage and legally/contractually required commitments.
5	Goals	Emergency savings and other planned progress.
6	Discretionary choices	Intentional choices within available resources.
7	Remaining margin	Assign it a purpose; do not let it disappear.

If the Numbers Do Not Balance

☐ Stabilize essential needs.

☐ Stop new leakage where possible.

☐ Reduce, renegotiate, or delay safely.

☐ Explore appropriate help and income options.

Important: A shortfall is a problem to solve—not a character judgment. Some shortfalls are structural, temporary, medical, caregiving-related, or income-related.

Exercise 2 — My First Spending Plan

Build a complete-enough plan for the next month. Use estimates where needed and mark items to verify.

A. Income and Essential Needs

Category	Current estimate	Next-month plan	Actual later	Difference / notes
Take-home income	$	$	$	
Housing	$	$	$	
Food / groceries	$	$	$	
Utilities	$	$	$	
Transportation	$	$	$	
Essential medical / prescriptions	$	$	$	
Other essential need	$	$	$	

B. Minimum Obligations and Required Commitments

Category	Current estimate	Next-month plan	Actual later	Difference / notes
Minimum debt obligations	$	$	$	
Insurance / protection	$	$	$	
Childcare / support	$	$	$	
Required membership / contract	$	$	$	
Other required commitment	$	$	$	

My First Spending Plan — Continued

C. Goals, Periodic Set-Asides, and Choices

Category	Current estimate	Next-month plan	Actual later	Difference / notes
Starter emergency fund	$	$	$	
Other savings goal	$	$	$	
Periodic-expense set-asides	$	$	$	
Dining / convenience	$	$	$	
Entertainment / recreation	$	$	$	
Subscriptions	$	$	$	
Personal / hobbies	$	$	$	
Other discretionary choice	$	$	$	

D. Planned Result

Calculation	Current estimate	Next-month plan
Total take-home income	$	$
Total planned outflow	$	$
RESULT	$	$

My next-month plan produces: ☐ MARGIN ☐ BREAK-EVEN ☐ SHORTFALL

Recovered dollars will be directed toward:

____

The section I most need to verify or improve:

____

____

A first plan is a draft: Complete enough to test is better than perfect and unfinished.

Emergency-Fund Planning

Purpose: An emergency fund is accessible money reserved for a genuine, unplanned, necessary expense. It helps prevent an emergency from becoming new debt.

Emergency or Periodic Expense?

Situation	Emergency?	Why?
Unexpected necessary car repair	☐ Yes ☐ No	
Annual vehicle registration	☐ Yes ☐ No	
Optional device upgrade	☐ Yes ☐ No	
My example: ________________	☐ Yes ☐ No	

My Current Emergency-Fund Stage

☐ BEGIN — I am starting from zero.

☐ REBUILD — I used some or all of my fund and need to restore it.

☐ CONTINUE — I have a starter fund and am building the fuller buffer.

First milestone: If you are starting from zero, make $500 the first milestone. It is a beginning—not the complete emergency-fund goal.

My First $500 Plan

Milestone item	My plan
Current amount	$
Amount still needed to reach $500	$
First contribution	$
Contribution date	
Possible recovered budget-leak dollars	$
Where I will track progress	

Factors for My Fuller Buffer

☐ Essential monthly expenses

☐ Income stability

☐ Household responsibilities

☐ Insurance deductibles

☐ Health, home, vehicle, or other risk exposure

The two factors most important in my household:

____

____

A question I may need qualified guidance to answer:

____

____

Exercise 3 — One Change / One Goal

Choose an action—not only an aspiration. Keep dollar amounts private unless you choose to share them.

ONE CHANGE — I will review, cancel, renegotiate, substitute, reduce, or consciously keep:

____

____

____

ONE GOAL — My next emergency-fund step is:

____

____

____

ONE DATE — I will complete this action by:

____

____

ACCOUNTABILITY — The person, reminder, calendar entry, or system I will use:

____

____

Commitment sentence: I will ____________________________________ by ____________________.

What Could Get in the Way?

Likely obstacle:

____

____

My response if that happens:

____

____

The smallest step I can take within 24 hours:

____

____

Homework — Seven-Day Cash-Flow Reality Check

Homework is complete when you use actual records, track seven consecutive days, review at least two possible leaks, take one concrete action, revise your spending plan, and schedule an emergency-fund contribution. Perfection and a balanced budget are not required.

Step 1 — Gather Actual Records

☐ Recent checking-account statement or transaction list
☐ Recent credit-card statement or transaction list
☐ Pay information or reliable income record
☐ Recurring-bill and subscription list
☐ Annual/periodic bills and renewal dates
☐ Minimum-obligation list
☐ Current savings information

Step 2 — Replace Estimates

☐ Update monthly take-home income.
☐ Update every major outflow category.
☐ Convert periodic costs into monthly set-asides.
☐ Recalculate margin, break-even, or shortfall.
☐ Mark any remaining uncertainty.

My revised cash-flow result:

____

Seven-Day Spending Log — Days 1–3

Record every purchase without judgment. The goal is accurate observation.

DAY 1 | Date: ____________________

Purchase / payment	Amount	Category	Planned?	Note / pattern
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
DAY TOTAL	$			

DAY 2 | Date: ____________________

Purchase / payment	Amount	Category	Planned?	Note / pattern
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
DAY TOTAL	$			

DAY 3 | Date: ____________________

Purchase / payment	Amount	Category	Planned?	Note / pattern
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
DAY TOTAL	$			

Seven-Day Spending Log — Days 4–5

DAY 4 | Date: ____________________

Purchase / payment	Amount	Category	Planned?	Note / pattern
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
DAY TOTAL	$			

DAY 5 | Date: ____________________

Purchase / payment	Amount	Category	Planned?	Note / pattern
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
DAY TOTAL	$			

Seven-Day Spending Log — Days 6–7

DAY 6 | Date: ____________________

Purchase / payment	Amount	Category	Planned?	Note / pattern
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
DAY TOTAL	$			

DAY 7 | Date: ____________________

Purchase / payment	Amount	Category	Planned?	Note / pattern
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
	$		☐ Yes ☐ No	
DAY TOTAL	$			

Homework — Review, Act, and Revise

Step 3 — Review at Least Two Possible Leaks

Item	Actual cost	Use it?	Value it?	Better way?	Decision / next step
	$	☐	☐	☐	
	$	☐	☐	☐	
Optional third item	$	☐	☐	☐	

Step 4 — Take One Concrete Action

☐ Keep it consciously
☐ Cancel it
☐ Renegotiate it
☐ Substitute it
☐ Reduce it

Action taken and result:

____

____

Monthly dollars recovered or intentionally confirmed:

____

Where those dollars will go:

____

Step 5 — Revise and Schedule

☐ Revise the next-month spending plan using actual records.
☐ Schedule the first or next emergency-fund contribution.
☐ Place the review date on my calendar.
☐ Bring one question and one discovery to Session 3.

Reflection and Progress Check

The biggest difference between my estimate and the actual records was:

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____

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A spending pattern I noticed during seven days was:

____

____

____

One expense I consciously chose to keep—and why:

____

____

____

One change that created or protected margin:

____

____

____

What I learned about periodic expenses:

____

____

What I learned about my emergency-fund needs:

____

____

One question I want to place in the Parking Lot:

____

____

My Progress

☐ I know my revised cash-flow result.

☐ I reviewed at least two possible leaks.

☐ I took one concrete action.

☐ I revised my spending plan.

☐ I scheduled an emergency-fund contribution.

☐ I am ready to bring my question and discovery to Session 3.

Preparing for Session 3

The approved title and scope of Session 3 will be provided by your instructor. To be ready, bring the completed items below. You will not be required to share exact financial figures.

☐ This workbook

☐ Revised Cash-Flow Snapshot

☐ Completed Budget Leak Audit

☐ Revised First Spending Plan

☐ Seven-Day Spending Log

☐ One question

☐ One discovery or win

☐ Your One Change / One Goal commitment

My one-sentence discovery or win:

____

____

My priority question for Session 3:

____

____

Carry this forward: A spending plan is not finished once. Draft it, test it, compare it with reality, and adjust it.

Personal Notes

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Workbook Completion Checklist

☐ Guided notes completed

☐ Cash-Flow Snapshot completed

☐ Two or more leak candidates identified

☐ First Spending Plan drafted

☐ Emergency-fund stage and next step selected

☐ One Change / One Goal commitment written

☐ Seven-day tracking completed

☐ Actual figures reviewed and plan revised

☐ One question and one discovery prepared

Privacy reminder: Keep this workbook in a secure place. It may contain sensitive personal financial information.