



My Financial Independence

Many people don't create a budget until they are in a difficult financial position. Controlling your finances and sticking to a budget before things get tough will empower you at every stage of your life, from graduating high school to retiring! As you set out on your own, make a financial plan and learn how to invest. Get your start by earning this badge.

Steps

1. Plan for where you'll live
2. Plan for expense spending
3. Explore how to build wealth
4. Find out about investment protection
5. Plan for sharing with others

Purpose

When I've earned this badge, I'll have the skills and strategies to prepare a financial plan for being on my own.



Words to Know

Bond: Loans to corporations or to the government for a certain period, called a term. At the end of the term, the bond matures and can be repaid by the company.

Compound interest: When you deposit money into a savings account, your money earns its own money, called interest. Compound interest is what you get when you earn interest on your interest.

Diversification: When an investor spreads the risk of loss over a variety of savings and investment options.

Dividends: Money paid regularly by a company to its shareholders out of its profits or reserves.

FDIC (Federal Deposit Insurance Corporation): Part of the federal government, the FDIC's biggest job is to protect the savings of Americans in FDIC-insured banks. This means that if an FDIC-insured bank doesn't have enough money to pay back the people it owes, the FDIC will make sure all depositors get their money. The FDIC also makes rules and regulations that help prevent bank failures.

501(c)(3): A nonprofit organization that is exempt from income tax.

Fraud: Misleading, cheating, or tricking.

Insider trading: Fraudulent trading of stocks or securities based on private information.

Interest: Additional money that can be earned in a savings account, or additional money that has to be paid on a credit card.

Investment: Putting money in things like stocks, bonds, and real estate—anything that can help money grow.

IRA: Individual Retirement Arrangements. These are contributions that may be tax deductible, based on the amount of your contribution and your income.

Regulator: A person or organization that makes sure that banks and financial businesses act in a responsible way and do not break the law.

Renters insurance: Covers a renter's personal property in case of damage by fire, theft, flooding, and more. It can also cover the renter if someone is injured in their residence and sues for negligence.

Savings: Money that is not spent and has been set aside to use later.

Securities: Financial assets that have value and can be bought, sold, or traded, including stocks, bonds, options, and mutual fund shares. Securities are under tight government regulation by the SEC (Securities and Exchange Commission).

U.S. savings bond: A long-term investment option backed by the full faith and credit of the U.S. Government.

Stocks: A way to invest in a company by buying shares. If the company does well, the investor receives dividends.

Wealth: The value of everything a person owns (assets).

Step 1: Plan for where you'll live

In adulthood, your biggest expense may be paying for where you live. Pick one of these choices to help you prepare for moving.

Choices—do one:

Log expenses for moving into an apartment. Use the search words “first apartment expenses” (or similar) to find a secure website that offers a checklist and worksheets. Think about where you’d live. Will you be renting alone or with roommates or a partner? Find the average rental cost for the area. Factor in expenses like moving costs (will you hire a moving company or rely on friends to help you move?), a security deposit, and utilities. Consider costs for streaming services and internet access. Do you have access to a washer and dryer? Will they cost money to use? Does the apartment

come with a refrigerator and stove? What about furniture? Fill out the expense worksheet to get an idea of your future costs.

Talk to a new renter or homeowner. Find out all the steps they took to move in. Were there any financial surprises? What were the costs associated with moving, such as moving truck rental, utility hookups, or the internet? What would they have done differently? Find out if they have renters or homeowners insurance, which is a way to protect personal property in case of damage from fire, theft, flooding, and other events.

Investigate the best place to live. Make a list of everything you want in a place to live, like weather, affordability, distance from family, and access to public transportation. Do you want to be able to walk to restaurants and stores? Is it important for you to have a library, theater, or museum nearby? Then go online to find a match for an area with what you’re looking for and figure out the cost of living.





Step 2: Plan for expense spending

When you no longer live with a parent or guardian, you're responsible for your expenses, from groceries to utility bills. There are other expenses you might need to consider, such as health insurance or renter's insurance. Practice tracking spending to find out about expenses.

Choices—do one:

Look at your current spending habits. Keep track of everything you spend on or use in one month, from food, toiletries, and clothes to a cell phone bill, transportation, and entertainment. Add in everything that's associated with your cost of living, even if you're not paying the bills. Total it up to get an idea of what your monthly expenses might be like when you're responsible for them.

Create a future budget. Look online for a budget calculator, program, or app. Or print out a budget worksheet for living on your own. Imagine your first year out of high school. Anticipate what you'll be doing, whether you're living at home or a dorm, or moving to a place where you'll need to pay rent. Will you be working? Going to school? Enter all the expenses you might have your first year. If possible, talk to a recent high school graduate to find out what their expenses are like.

Explore your troop's spending for a month. Work with your group and volunteer to track your troop spending. Here are some possible expenses to consider:

- Meeting and craft supplies (paper, pens, scissors, and more)
- Snacks and other food
- Events (service unit activities, field trips, overnights, camping)
- Special events (service projects, ceremonies)
- Postage
- Awards, pins, patches

Keep a list with amounts. At the end of the month, go over what you spent. Were there items you could have saved on? For example, by using coupons for food supplies or getting group discounts for field trips?





Step 3: Explore how to build wealth

Your life is built around your relationships, passions, curiosity about the world, and how you care for others. While money can't buy these things, it can help create stability and a path toward your goals. Find out more about investing and wealth building.

Choices—do one:

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Create an investment model. One way to build wealth is to begin investing at an early age. If you were to start now, where would you be in five years? Ten? Go online to find an investment tracker for beginners and see how your portfolio might look. Check out and practice “Rule of 72” (see the box on the next page) to help understand the value of compound interest, which is interest you earn on both principal (your original investment) and interest.
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Find out about diversification. One way to help with investment risk is to diversify, which means buying a mix of different stocks or bonds in case one goes down in value. If you had just one investment and it went down in value, you'd lose money. But if you had ten different investments and one went down in value, you could still come out ahead. Play an online game that simulates stock market diversification, look for diversification videos online, or take a free beginner's finance class online or at your community center. Then share what you learned about diversification with a family member or friend.
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Explore two wealth stories. Get inspired by two different stories: one “rags to riches,” one “riches to rags.” Look for a story about a person who built their wealth and has financial stability. Then find a story about someone who built their wealth but lost it all. What is their cautionary tale? What did both people do right and how can it go wrong? Do you think there are personal or societal factors that contributed to these people's stories? Search for the stories in documentaries, books, or online. Then make a list of dos and don'ts for your own wealth plan using examples from their stories.

Rule of 72

This is a simplified formula to help estimate when your investment will double in value, based on its rate of return.

Here's how it works:

Let's say you invest \$100 in an account, and you expect a rate of return of 6%. Divide the number 72 by your investment's expected rate of return:

$$72 \div 6 = 12$$

This means it will take 12 years to double your money. So, without making any contribution to your original \$100, your investment would double to \$200 in 12 years, \$400 in 24 years, \$800 in 36 years, and so on.



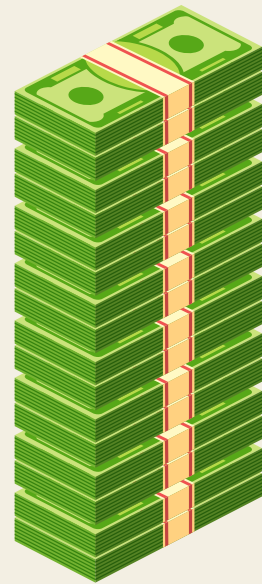
Year 1



Year 12



Year 24



Year 36



Check Up

Before sharing your finances with any financial professional, find out:

- ☐ The agency that provides their oversight, which means making sure professionals follow rules that protect consumers. These agencies might be FINRA (Financial Industry Regulatory Authority), the SEC (Security and Exchange Commission), or a related state-level authority. Then search for the person on the agency's website to find out more about them.
- ☐ Any license they hold.
- ☐ What qualification and credentials they have, for example a person might be an accredited financial analyst.
- ☐ What complaints they have on file (if any).

Step 4: Find out about investment protection

Investing is a way to use money to create more money. While it can be a long-term strategy for building wealth, there is also a risk factor. Start by looking at how the U.S. stock market and economy have performed over the past three decades to get an idea of the ups and downs. Explore things investors can do to make informed investment decisions and even get some protection.

Choices—do one:

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Find out how the government protects investors. Stocks and bonds are a form of securities—find out what the most common securities violations are and what insider trading means. Go to the U.S. Securities and Exchange Commission (SEC) website to find out how they protect investors. Then check out the FDIC (Federal Deposit Insurance Corporation) website to see what they do to protect money in insured banks and other financial institutions. Find out what the FDIC doesn't protect, such as money invested in stocks, bonds, mutual funds, and life insurance policies. What happens to your money if an FDIC-insured bank fails?
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Identify the warning signs of investment fraud. There are red flags you can spot with investment fraud. Talk to a financial investigator or search online for “red flags of investment fraud.” List the warning signs and ways to avoid fraud, such as conducting background checks on investment professionals. Take what you learn and share it with your family and friends in a presentation.
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Check up on a local investment advisor. When financial planning, you may decide to get advice from a professional, such as an investment advisor or money manager. Trusting this person with your financial information is a big deal, so it's important to verify their credentials. Do this by going online to trusted government and industry sources to do a background check on a person who sells investments or provides financial advice. Search for at least two local investment advisors and use the “Check Up” box to guide your search.





Step 5: Plan for sharing with others

The Girl Scout Promise and Law remind us to help people, be considerate and caring, and make the world a better place. Whether for a friend's birthday gift or charitable donation, you might need to make room in your budget. But giving doesn't always mean money; it can also be your time and talent, too. Find innovative ways you can share with others and deepen your impact on the world.

Choices—do one:

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Plan for charity. Look around your community to find projects or charities you want to support. Make sure to research the charities or organizations to evaluate how efficiently they operate. Even if you don't have money to donate at this time, come up with a goal for future giving, such as aiming to set aside 5% of what you earn for charity. Find out about tax-exempt donations—charitable gifts you can claim as a tax write-off. Donations can include anything from giving used clothes to making cash contributions. See the “Charity Can Be Tax Deductible” box to find out how this works.

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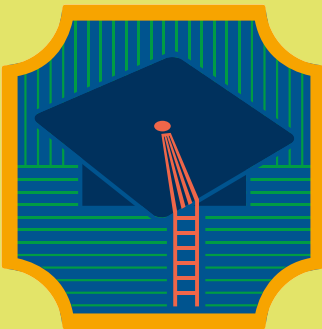
Plan for presents. Gifts are a way to celebrate someone or let them know you appreciate them. Think about gifts you've bought for friends and family in a year. If you made DIY gifts, consider what you paid for supplies. Then add up the cost and divide it by 12. That is your monthly gift cost. Also, investigate options for gifts. For example, can you donate to a charity in someone's name as your gift? Plant a tree in their name? How about buying a T-shirt or stickers from a nonprofit to give as gifts, so you are giving in two ways at once?

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Look into a career that gives back. If charity and giving back are things you want to pursue in a job, go to a career site to explore the types of work you can get. What type of training will you need? Make a list of possible career paths you can take in nonprofit and charitable organizations.

College bound?

Learn more about the financial ins and outs by earning the College Knowledge badge.



Charity Can Be Tax Deductible

Did you know that you can claim a charitable gift as a tax write-off? You can claim donations that include giving used clothes or contributing money to a nonprofit organization that has a 501(c)(3) designation. Just follow a few simple rules.

When donating money or property, be sure to:

- Itemize (make a list) of your deductions. Check the IRS (Internal Revenue Service) website for the correct form to fill out and include in your tax returns.
- Get help from a tax advisor or search online. If you're unsure about your charitable deductions, get advice from a professional or search for tips from a trusted website.
- Verify the organization's status. Check the IRS website to verify if the organization you intend to donate to is tax-exempt.
- Itemize deductions for volunteering. While you can't deduct for your time or service, you can deduct for related expenses, such as travel costs to drop off donations or to attend volunteer opportunities. Just make sure to save the receipts.
- Request a receipt: Any time you donate something worth \$250 or more to a single charity, make sure to get a receipt that shows the amount of cash or a description of the property.





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Volunteer's Guide to the My Financial Independence Badge*

Find tips and ideas to help guide your troop through this badge.

Step 1: Plan for where you'll live

- 30–40 minutes

Ask: Can you guess what your living expenses might be once you leave your home?

Share: When you are no longer living with a parent or guardian, your biggest expense may be paying for where you live. Find out more about how and where you live can impact your expenses.

Choices—do one:

- **Log expenses for moving into an apartment.** Go online and search “first apartment expenses” (or similar) to find a secure website with a checklist and worksheets to print out for Ambassadors. Have them work on their worksheets alone or in pairs and then ask them to share with the group. Were there any expenses they hadn't considered? Tell them that one popular rule says not to spend more than 30% of earnings on rent. How does their list stack up?

Materials: *computers, smartphones, or tablets; paper; pens; first apartment expense worksheets (one apiece)*

- **Talk to a new renter or homeowner.** Use your network to connect Ambassadors with a young renter or homeowner, either in person or virtually. Suggest that Ambassadors come up with questions using the prompts in the activity description and add their own. Encourage them to ask what influenced their decisions to rent or buy.

Materials: *none*

- **Investigate the best place to live.** Have Ambassadors reflect on what they want in a place to live and prioritize their list before searching for a match. Have them compare what they want with what they found and then discuss whether they had to reevaluate their priorities based on what they think they might be able to afford.

Materials: *computers, smartphones, or tablets; paper; pens*

Step 2: Plan for expense spending

- 30–40 minutes

Ask: What needs and wants do you spend money on each day?

Share: When you move out of your current home, you will likely be responsible for your expenses, from buying groceries to paying utility bills. Plus, there are other expenses you might need to consider, such as health insurance. Find out what expenses might look like.

Choices—do one:

- **Look at your current spending habits.** Ambassadors can work alone or in pairs to look online for a spending report or expense tracker to track their expenses. Remind them these are costs associated to them, whether they're paying the bills or not. After one month, suggest they share it with an adult to find out what will change when they move out, and what to adjust in their budget.

Materials: *computers, smartphones, or tablets*

- **Create a future budget.** Have Ambassadors work alone or in pairs to create their future budgets on an online budget calculator, program, or app. Or print out budget worksheets (search “first time budget living alone”). Ask Ambassadors to anticipate what they'll do (work, school, or both?), where they'll live, and what expenses they'll have. Have the group talk about what will be different from what they spend on now. If available, invite a recent high school graduate who lives away from their family home to talk about their expenses.

Materials: *pens, papers, calculators; computers, smartphones, or tablets (optional); budget worksheet printouts (optional)*

- **Explore your troop's spending for a month.** Suggest that Ambassadors create a budget worksheet using the troop expense items in the booklet and add anything else they want. After a month, have the group go over their spending. Discuss ways they could cut back.

Materials: *pens, paper, calculator*

*Detailed choice activities, meeting tools, and additional resources and materials can be found within the Volunteer Toolkit on my.girlscouts.org.

Step 3: Explore how to build wealth

• 20–30 minutes

Ask: What do you think is the key to building wealth?

Share: Money is a tool that can help you accomplish your goals, but it can't buy everything. Your life is also built on your relationships, passions, curiosity about the world, and caring for others. Money can't buy all these things, but it can create stability and a path toward your goals. Find out more.

Choices—do one:

- **Create an investment model.** Share “Rule of 72” with Ambassadors and go over it together to make sure they understand it. Then have them use a calculator or find one online to play out different investment scenarios. Ambassadors can choose to work alone or in pairs.

Materials: computers, smartphones, or tablets; “Rule of 72”

- **Find out about diversification.** Share with Ambassadors an online list showing investment options and risk factors, such as for stocks, bonds, CDs, and money market accounts. Then have them find an online game simulating stock market diversification and play alone, in pairs, or teams. Encourage Ambassadors to source free finance videos or beginner's classes.

Materials: computers, smartphones, or tablets

- **Explore two wealth stories.** Ambassadors can choose to research alone or pairs, and then share their two stories with the group. Then have them discuss how their values fit into a wealth-building vision. Encourage them to write essays based on their personal goals.

Materials: computers, smartphones, or tablets; paper; pens

Step 4: Find out about investment protection • 20–30 minutes

Ask: How do you think investing can help build wealth?

Share: Investing is basically a way to use money to create more money. While it can be a long-term strategy for building wealth, there is also a risk factor. Start by looking at how the U.S. stock market and economy have performed over the past three decades. Then see how you can make informed investment decisions and maybe even get some protection.

Choices—do one:

- **Find out how the government protects investors.** Divide Ambassadors into two teams, one to research the SEC and the other, the FDIC. Direct them to the prompts in the activity description. Have them come together to present their findings and ask questions. Then have them

discuss why these protections are in place and whether it gives them confidence in our financial system.

Materials: computers, smartphones, or tablets; paper, pens

- **Identify the warning signs of investment fraud.**

Ambassadors can choose to work alone or in pairs to come up with red flags for investment fraud. As a group, have them compile their findings into a list of ways to avoid fraud. Suggest they prepare a presentation and then use their network to get feedback from an investment advisor.

Materials: computers, smartphones, or tablets; paper; pens

- **Check up on a local investment advisor.** Share “Check Up” with Ambassadors and direct them to the adviser information on the Securities and Exchange Commission's website to do their research.

Materials: computers, smartphones, or tablets; paper, pens, “Check Up”

Step 5: Plan for sharing with others • 20–30 minutes

Ask: How can you give to others without spending money?

Share: The Girl Scout Promise and Law remind us to help people, be considerate and caring, and make the world a better place. Whether for a friend's gift or a charitable donation, you might need to make room in your budget. But giving can also be your time and talent. Find new ways to share with others and deepen your impact.

Choices—do one:

- **Plan for charity.** Use your network to connect Ambassadors with a staff member for a 501(c)(3) organization. Invite the guest to talk about how their group created and follows its mission, and what steps they had to take for their 501(c)(3) status. Have the group discuss “Charity Can Be Tax Deductible.”

Materials: “Charity Can Be Tax Deductible”

- **Plan for presents.** Direct Ambassadors to the activity description and make a plan for a monthly gift cost. Have the group brainstorm free or charitable options for gifts.

Materials: paper, pens

- **Look into a career that gives back.** Use your network to connect Ambassadors with a recruiter or HR director for a nonprofit. Suggest that Ambassadors treat the talk as a job interview. What would they want to know from the guest and vice versa? If Ambassadors are interested in a career in nonprofit, encourage them to find a mentor to help them on that path.

Materials: none

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