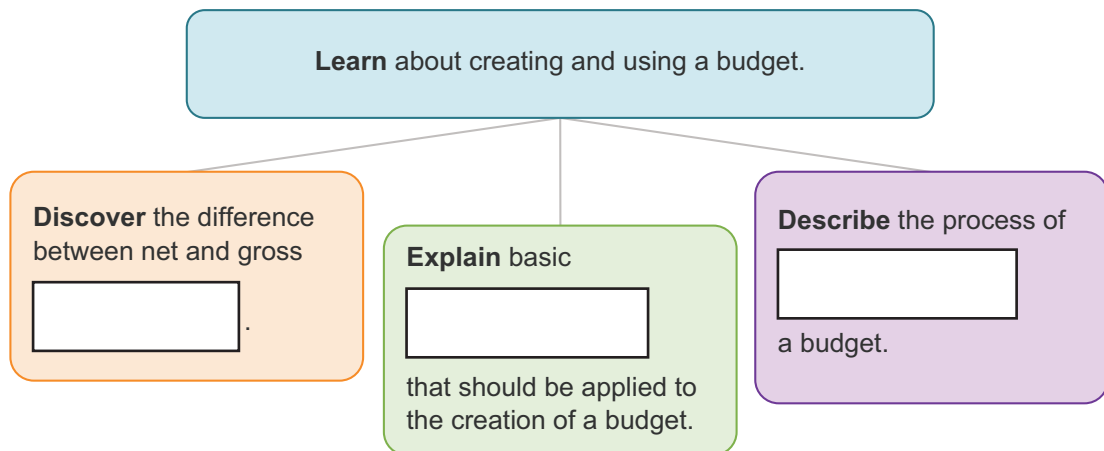


Warm-Up

Budgeting

Lesson
Question

Lesson Goals



Words to Know

Write the letter of the definition next to the matching word as you work through the lesson. You may use the glossary to help you.

- | | |
|-----------------------|--|
| _____ balanced budget | A. to spend money or time on an asset, with the hopes that it will increase in value over time |
| _____ withholdings | B. expenses that are optional |
| _____ invest | C. amounts removed from gross income to pay for taxes and other expenses |
| _____ discretionary | D. a budget in which the amount spent is less than or equal to the amount taken in |

Warm-Up

Budgeting

**Budgets**

A budget is a for distributing your income.

It can be a plan for:

- paying .
- spending.
- for future needs.

Reasons for a Budget

Creating a budget:

- makes accidental less likely.
- can make you more conscious of your money's value.
- can reduce your chances of falling into .

Instruction

Budgeting

Slide

2

Income: How Much, How Often?

An income:

- is money from a job or other steady source.
- is measured as an amount received during a specific period of .

Gross and Net Income

You have types of income.

- Gross income is the amount earned deductions.
- Net income is the amount received deductions.

Gross Income – = Net Income

Types of Withholdings

Your gross income can be because of many kinds of **withholdings**.

- tax withholdings
- Payroll tax withholdings
- and benefit expenses
- Savings deductions

Instruction

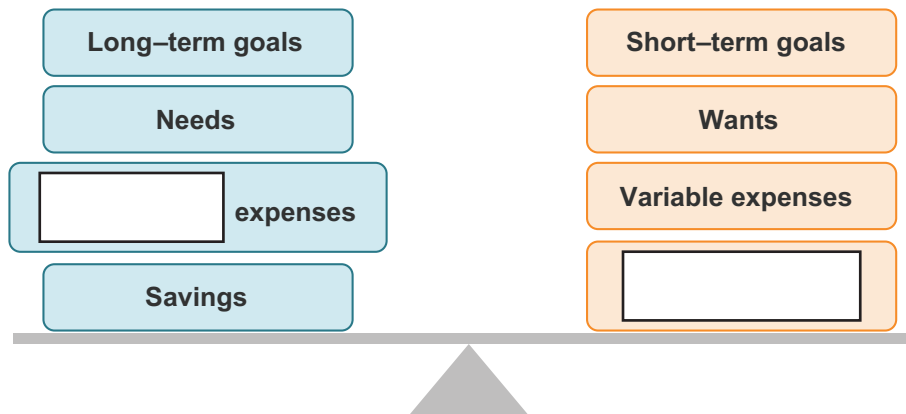
Budgeting

Slide

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Balancing Your Budget

You need to create a **balanced budget**.

**Short-term and Long-term Goals**

Achieving personal financial satisfaction starts with setting financial goals.

Short-term goals

- Goals that can be achieved in the future—in a few days or weeks
- Include smaller purchases

Long-term goals

- Goals that can be achieved over a period of time
- Include larger purchases

Instruction

Budgeting

Slide

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Needs and Wants

When budgeting, you need to identify your needs and wants.

Mandatory expenses

This spending is to fulfill your needs.

- Making rent or mortgage payments
- Paying for transportation

Discretionary expenses

This spending is and meets your wants.

- Going out to dinner
- Purchasing movies or music

Fixed and Variable Expenses**Fixed expenses:**

- are each month.
- should be planned for first.

Variable expenses:

- can each month.
- can be more difficult to plan for.
- includes spending.

Instruction

Budgeting

Slide

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Balancing Spending and Savings

Saving is an important to include in a budget.

- It can be a or expenditure.
- It is important to **invest** a portion of your income for the .
- You can also save for goals.

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Formatting a Budget

You should create your budget in an format.

- Track your budgeted expenses before each month.
- Track your expenses after each month.

Instruction

Budgeting

Slide

10

Income

Identify your net income at the of your budget.

- Your budget is based on this number.

Circle the line on the budget that represents the amount that the budget is based on.

	Budgeted
Net income	\$400.00
Total income	\$400.00
Rent	
Bus pass	
Total fixed	
Food	
Utilities	
Discretionary	
Total variable	
Savings	

Instruction

Budgeting

Slide

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Fixed Expenses

Log your fixed expenses after your .

- Deduct the total fixed from the net income to get leftover.

Circle the line where the total amount of fixed expenses is logged.

	Budgeted
Net income	\$400.00
Total income	\$400.00
Rent	-\$200.00
Bus pass	-\$20.00
Total fixed	-\$220.00
Food	
Utilities	
Discretionary	
Total variable	
Savings	

Instruction

Budgeting

Slide

12

Variable Expenses

Variable expenses should come fixed expenses.

- Variable expenses are the most . They can change from month to month.

Circle the two variable expenses on the budget.

	Budgeted
Net income	\$400.00
Total income	\$400.00
Rent	-\$200.00
Bus pass	-\$20.00
Total fixed	-\$220.00
Food	-\$75.00
Utilities	-\$65.00
Discretionary	
Total variable	
Savings	

Instruction

Budgeting

Slide

12

Discretionary Spending

Adjust your discretionary spending to match your

	Budgeted
Net income	\$400.00
Total income	\$400.00
Rent	-\$200.00
Bus pass	-\$20.00
Total fixed	-\$220.00
Food	-\$75.00
Utilities	-\$65.00
Discretionary	-\$30.00
Total variable	<input type="text"/>
Savings	<input type="text"/>

Summary

Budgeting

?

Lesson
Question

How can creating a budget help you achieve your financial goals?

✓

Answer

Slide

2

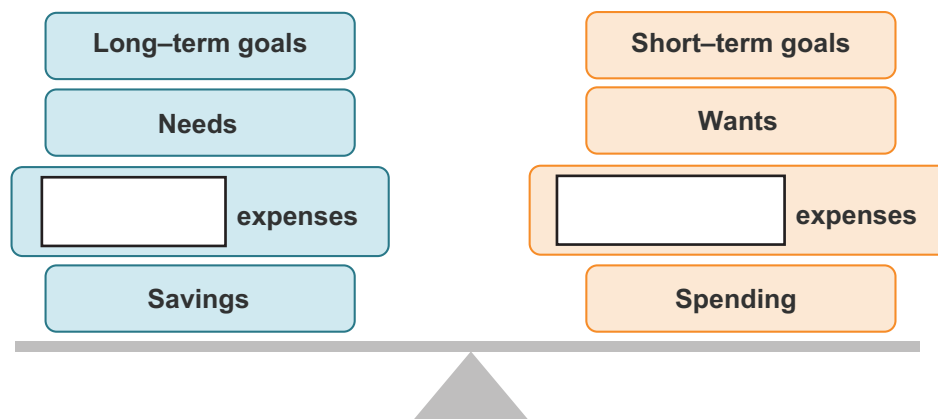
Review: Gross and Net Income

Your net income is the amount you make after .

- Gross income represents your initial earnings.
- Withholdings are from your gross income.

Review: Budgeting to Meet Financial Goals

You need to consider many factors when creating a balanced budget.



Summary | Budgeting

Slide

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Review: Creating a Budget

You should create a budget in an organized format.

- Track your fixed and variable .
- Record your and your actual expenses.

Use this space to write any questions or thoughts about this lesson.