

A photograph of a young man and woman smiling and driving in a convertible car. The background is a blurred road with several signs: a diamond-shaped sign that says "Income vs. Expenses", a rectangular sign with an arrow pointing left that says "P.Y.F.", and another rectangular sign with an arrow pointing left that says "GOALS".

Unit 2 - Budgeting: Making the Most of Your Money



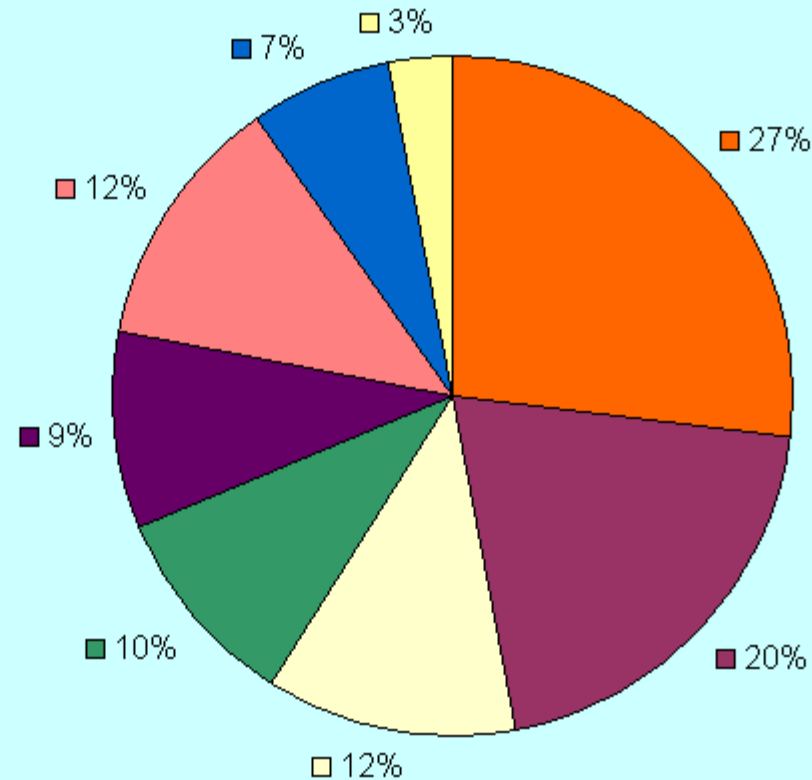
Did You Know?

Almost 60 percent of millionaires use a budget to manage their money.

— *The Millionaire Next Door: The Surprising Secrets of America's Wealthy.*

HOW DO YOU SPEND YOUR MONEY ?

\$100	Snacks	27%
\$75	Food	20%
\$45	Sports	12%
\$36	Car Insurance	10%
\$35	Clothes	9%
\$46	Music	12%
\$25	Savings	7%
\$11	Entertainment	3%
\$373		100%



Enter data in these fields

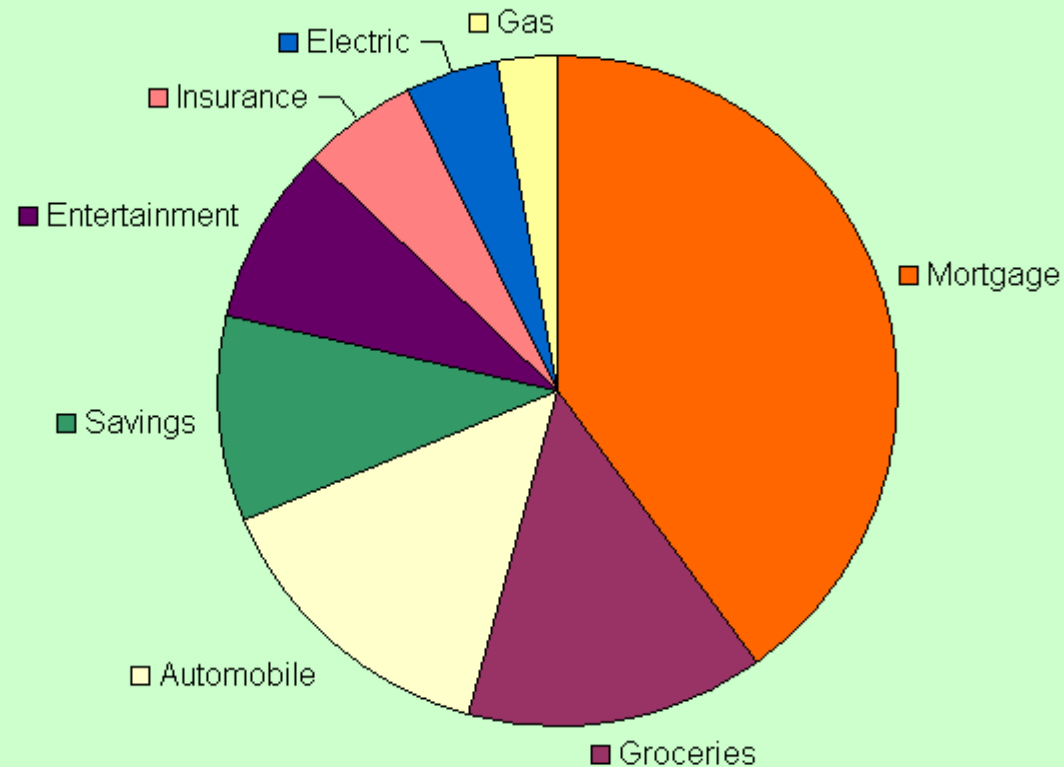


2-A-1

For an interactive version of this slide, open the Excel File for this unit and go to Excel Worksheet 2-A-1

SAMPLE HOUSEHOLD BUDGET

\$1,400	Mortgage	40%
\$500	Groceries	14%
\$500	Automobile	14%
\$350	Savings	10%
\$300	Entertainment	9%
\$200	Insurance	6%
\$150	Electric	4%
\$100	Gas	3%
\$3,500		100%



Mortgage	Groceries	Automobile	Savings
Entertainment	Insurance	Electric	Gas



2-A-2

For an interactive version of this slide,
open the Excel File for this unit and go
to Excel Worksheet 2-A-2

Reasons for a Spending Plan

- ...Helps you determine where you are spending your money currently.
- ...Helps you decide where to spend your money in the future.
- ...You have an organized way to save for things that cost more.
- ...Puts you in control of your financial future, beginning NOW.



Three Slides

2-B-1

People Without a Budget...

- ...Are less likely to know what they have.
- ...Have no plan, often coming up short before their next paycheck or allowance.
- ...Are almost certain to have no plan to save for more expensive spending goals.



Three Slides

2-B-2

Questions

- **Does it make sense to create and live within a budget when you don't have a lot of money?**
- **What if you find that you are consistently spending more in one area than you had planned to?**
- **What if you find that you can't live within your budget?**

Three Slides

2-B-3



FIXED, VARIABLE, OR PERIODIC?			
Expense	Fixed	Variable	Periodic
Loan Payment	X		
Electric Bill		X	
Twice-yearly Insurance Payment			X
???			
???			



2-C

For an interactive version of this slide, open the Excel File for this unit and go to the Excel Worksheet with this same number

PAY YOUR\$ELF FIRST!

Setting aside money for “big ticket items”

Avoids borrowing, which costs you a lot! It’s a

Very wise thing to do, because

Every time you pay yourself first, you are developing a **saving habit** that leaves you with more money to spend later on for things that are really important to you!



2-D-1. (2-D-2 and 2-D-3 on Excel file *Unit 2 Visuals.xls*)

Personal Plan for One Week

Income (after taxes)	
Part-Time Job	\$125.00
Allowance	15.00
Total Income	\$140.00

Savings and Spending	
Savings (PYF)	\$20.00
Food	11.00
Clothing	14.50
Entertainment	10.00
Gifts and Contributions	16.50
Transportation	33.00
Miscellaneous	15.00
Total Savings & Spending	\$120.00

Income	\$140.00
Savings and Spending	\$120.00
Balance	\$20.00

For an interactive version of this slide, open the Excel file for this unit and go the Excel worksheet #2-E



How to Build a Budget

1. Decide on a time frame for tracking expenses (week, two weeks, month).
2. List all money you have coming in (income).
3. Make categories for all expenses.
4. Subtract total expenses from income.
5. Study your budget and your financial plan to make sure it fits with your plans and goals.



Build a Budget

Answer Key

Jessica's Monthly Budget	
Estimated Income:	
Paycheck (after taxes)	\$560 *
Interest Earned	15 *
Total Estimated Income:	\$575
Fixed Expenses:	
Savings (P.Y.F.)	100
Car Payment	200 *
Insurance	50 *
Estimated Variable Expenses:	
Cell Phone	40
Gas	45
Clothing	50
Video Game/Music	20
Electronics	20
Food	25
Recreation	25
Total Estimated Expenses:	\$575

Jessica's Monthly Budget	
Estimated Income:	
Paycheck (after taxes)	\$560
Interest Earned	15
Total Estimated Income:	\$575
Fixed Expenses:	
Savings (P.Y.F.)	100
Car Payment	200
Insurance	50
Estimated Variable Expenses:	
Cell Phone	35
Gas	40
Clothing	40
Music/Electronics	40
Food	40
Recreation	30
Total Estimated Expenses:	\$575