

The background of the slide is a golden-yellow color with a dense, repeating pattern of various currency symbols (dollar, euro, pound, yen) in a 3D, embossed style. The symbols are arranged in a way that they appear to be floating or overlapping, creating a textured, metallic effect.

Making a Budget

And thus ... Living Within Your Means

A vertical decorative bar on the left side of the slide, featuring a golden-yellow background with various 3D-rendered financial symbols such as the dollar sign (\$), the yen sign (¥), and the pound sign (£).

What is a budget?

A budget is an outline of anticipated income and expenses that individuals and families can use to track actual cash flow and set spending goals

Why make a budget?

1. **To plan for expenses.**

Short-term expenses happen in the next month

Mid-term expenses occur in between one month and a year

Long-term expenses are longer than one year.



Why make a budget?

2. To cut spending.

A budget shows just how much money an individual spends on certain items.

People who see this might have an incentive to cut spending in certain areas.

Why make a budget?

3. To spend wisely.

If you are spending more than you earn, something has to change!

You will have to earn more, spend less, or both.

If you earn more than you spend it can help you figure out a plan for the surplus (e.g., spend, save, invest).

Why make a budget?

4. Save for future goals.

It will help you "find" the money to set aside for future expenses.

With a budget, you can identify areas of extra spending and reallocate that money towards a future goal.

Why make a budget?

5. Develop lifelong money management skills.

It is priceless to learn as a teenager how to save for a goal.

For most people, this is not as simple as setting aside a certain chunk of money each paycheck.

It usually involves making spending choices and prioritizing savings over wants.

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What can a budget help you do:

- Make long- and short-term projections about your financial situation
- Avert a financial crisis
- Get the most from your money
- Plan for major life changes
- Achieve peace of mind
- Live the life you want



Money-Tracking Systems

- Paper and pen
- Spreadsheets
- Apps
- Software



Budgeting General Tips

- Track Every Expense, Even The Small Ones
- Update Your Budget Daily
- Use Accurate Descriptions
- Budget By The Month, Not By The Paycheck
- Plan for Both Fixed And Variable Expenses

Tips continued:

- Plan for Occasional Expenses
- Separate Required Spending from Nice-to-Have Spending
- Choose Categories That Work for You
- Meeting Long-term Financial Goals

Track Every Expense, Even The Small Ones

How much did your lunch cost last Tuesday?

Save your receipts.

Put all your purchases on the same debit or credit card to make record-keeping easy.

Or ... use one of the programs mentioned above that automatically keeps track of your transactions.

Use cash for the small expenses, but only withdraw a certain amount each week or month and enter this in your budget as “miscellaneous.”

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Update Your Budget Daily

This way will take minimal time compared to doing it all at month-end.

Use Accurate Descriptions

“75 \$ bill from Walmart last week”

- Do not list the purchase under “Walmart”.
- List the individual items on the bill.



Budget By The Month, Not By The Paycheck

This can help you get away from living paycheck to paycheck.

A month is not so long-term that you are likely to get overwhelmed or derailed.

If you have a bad month, it is in the past after 30 days.

If you find that a weekly or biweekly budget works for you, do that.

Plan for Both Fixed And Variable Expenses

Fixed expenses are items like rent and health insurance.

Variable expenses are things like utilities and gas.

Some costs, like groceries, can fall into either category depending on how much self-control you have.

Soon you will know what range your variable expenses tend to fall into and how they vary seasonally e.g. electric bill summer/winter.

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Plan for Occasional Expenses

Do not forget to budget for expenses that only happen a few times a year, such as gifts, insurance and doctor visits.

Separate Required Spending from Nice-to-Have Spending

Required spending is the stuff you really need to live: housing, utilities, food, insurance, transportation to work.

Nice-to-have spending is stuff you could cut if your income dropped or if you were willing to sacrifice to meet other goals: travel, gifts, donations, entertainment, eating out, and cable television.

And clothes, beyond the bare minimum.

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Choose Categories That Work for You

Can entertainment be grouped under miscellaneous, or do you tend to spend so much on movies, restaurants and concerts that each item needs its category to help you understand exactly where your money is going?


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Meeting Long-term Financial Goals

Use your savings category (on the next slide's sample budget) to save up for your goals such as a trip to New York and Washington or going to university out of province.

Sample Monthly Budget

After-tax income		\$ 6,000.00		
				January
Essential fixed expenses		Budgeted amount	Amount left	Spent amount
	Mortgage/Rent	\$ 2,000.00	\$ 0.00	\$ 2,000.00
	Trash	\$ 25.00	\$ 0.00	\$ 25.00
	Cell phone	\$ 65.00	\$ 0.00	\$ 65.00
	Car loan	\$ 350.00	\$ 0.00	\$ 350.00
	Student loan	\$ 600.00	\$ 0.00	\$ 600.00
	Life insurance	\$ 30.00	\$ 0.00	\$ 30.00
	<i>Subtotal</i>	\$ 2,070.00		\$ 2,070.00
Essential variable expenses				
	Groceries	\$ 350.00	\$ 41.34	\$ 308.66
	Water, natural gas, electricity	\$ 250.00	\$ 122.68	\$ 127.32
	Pet food and care	\$ 200.00	\$ -69.74	\$ 269.74
	Car gas, washes, maintenance and registration	\$ 400.00	\$ 20.45	\$ 379.55
	Health and dental care	\$ 300.00	\$ -109.21	\$ 409.21
	Home maintenance (homeowners only)	\$ 200.00	\$ 13.00	\$ 187.00
	Homeowners insurance (homeowners only)	\$ 150.00	\$ 150.00	\$ 0.00
	Property tax (homeowners only)	\$ 350.00	\$ 350.00	\$ 0.00
	Household items and toiletries	\$ 100.00	\$ 10.19	\$ 89.81
	<i>Subtotal</i>	\$ 2,300.00	\$ 528.71	\$ 1,771.29
Nice-to-have expenses				
	Restaurants	\$ 120.00	\$ 4.46	\$ 115.54
	Concerts and sporting events	\$ 50.00	\$ 50.00	\$ 0.00
	Travel	\$ 200.00	\$ -147.96	\$ 347.96
	Television (cable, streaming)	\$ 80.00	\$ 0.00	\$ 80.00
	Clothes and shoes	\$ 325.00	\$ 238.73	\$ 86.27
	Movies	\$ 40.00	\$ 15.02	\$ 24.98
	Internet	\$ 50.00	\$ 0.00	\$ 50.00
	Donations and gifts	\$ 100.00	\$ 25.00	\$ 75.00
	<i>Subtotal</i>	\$ 965.00	\$ 185.25	\$ 779.75

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<https://www.investopedia.com/university/budgeting/budgeting-basics-simple-steps-using-your-budget.asp>