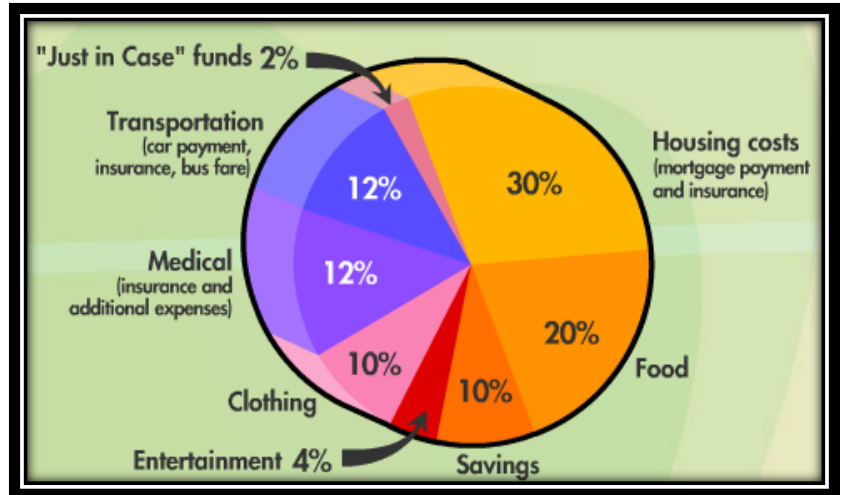


Budget your Money **KEY**

The chart below is a sample budget for a family. Your amounts and categories may be different based on your personal values, expenses, and saving / spending habits.

1. A **budget** is a spending plan for your money.
2. Keeping a budget is important because it helps you
 - a. prioritize your needs and wants
 - b. achieve your financial goals
 - c. stay out of financial debt



3. Before you create a budget - determine your:

- a. income - the amount of money you receive or earn regularly.
- b. expenses - the amounts you spend.
 - **Fixed expenses**- Don't change, the same each month (rent, car payment, etc.)
 - **Flexible expenses**- Can be different each month... you have some control (phone bill, electricity, food etc.)
 - **Discretionary expenses**- Money you choose to spend on "wants" (movies, games, etc.)

4. Qualities of a good budget:

- a. Expenses should be less than income! (Never spend more than you earn)
- b. Includes savings (Save for big purchases and your future)
- c. Plans for emergency expenses

Envelope Budgeting:

1. By placing your money into different categories, you are able to keep track of your spending.
2. *The goal is to only spend what you have budgeted for each category.*
3. To keep track of your budget use:
 - a. Real envelopes with cash
 - b. Software programs like Excel
 - c. Apps for your Smartphone that keep track of your envelopes while your money stays in the bank.

5. What is your income?

12 hours of work a week x \$7.25 /hour = \$87.00. Use this information to complete the rest of this packet.

6. What are your expenses?

Make a list of the expenses that you have now.

7. What budget categories would you create for yourself now?

Using the list of expenses you created above decide on 6 encompassing categories. One must be savings.

8. What percent would you assign to each of the envelopes?

Using the categories you created above decide on a percent for each of the categories. One must be Savings at 10%. Assign percentages to each category. The total of the percents must be 100%.

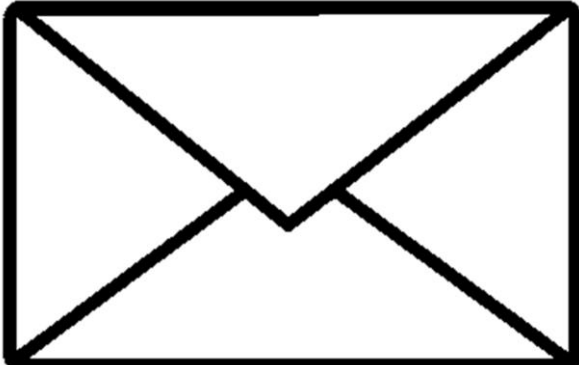
9. What dollar amount would you assign to each of the envelopes?

Using the categories and percents you created above calculate the dollar amount to go into each envelope. Use the income computed in #5 above. The sum of the envelopes must be within 2 cents of \$87.00.

What categories and expenses will you budget for?

DIRECTIONS: Use the envelope technique. Write the dollar amount and the percent to budget on each envelope. (Every time you take money out of the envelope, subtract that from the total written on the outside.)

Money in this envelope is used to pay for
Not to be spent!



Money in this envelope is used to pay for

