

budgeting

Objective: If you don't budget you'll overspend and end up not having money to save. Use this activity to understand what a budget may entail and how to rework it. This will help you to set your budget up for your 13th year plan activity.

How to get it done:

Examine the budget below very closely and answer the questions to the right.

Betty's budget

income	budget	actual	difference
job #1	\$800	\$800	\$0
job #2	\$600	\$600	\$0
other	\$	\$45 (overtime)	\$45
total monthly income	\$1400	\$1445	\$45

expenses	budget	actual	difference
fixed expenses			
rent	\$200 (shared)	\$225 (went up)	\$25
car insurance	\$220	\$295 (went up)	\$75
car payment	\$175	\$175	\$0
credit card	\$0	\$0	\$0
fixed expenses			
savings	\$100 (school)	\$0	\$-100
food	\$150	\$190	\$40
utilities	\$75	\$75	\$0
transportation			
bus fare	\$0	\$0	\$0
gas and oil	\$40	\$60	\$20
parking	\$0	\$34	\$34
repairs	\$0	\$220	\$220
other			
medical expenses	\$0	\$0	\$0
clothing	\$50	\$80 (running shoes)	\$30
entertainment	\$60	\$70	\$10
household items	\$0	\$20	\$20
personal items	\$30	\$60 \$230 (speeding tckt)	\$260
school expenses	\$0	\$30 (photography)	\$30
total monthly expenses	\$1,100	\$1574	\$564

What happened to Betty's budget?

1. What is the difference between Betty's planned expenses and her actual expenses?
2. In what areas did she overspend?
3. In what areas did she spend less than she planned?
4. How much did she spend for the use of her car this month?
5. How much did she have at the end of the month to put into savings?

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How to get it done:

Keeping in mind the budget from the previous page, rework Betty's budget so that it leaves her some savings at the end of each month.

Betty's budget

income	actual	budget	difference
job #1	\$800		
job #2	\$600		
other	\$45 (overtime)		
total monthly income	\$1445		

expenses	actual	budget	difference
fixed expenses			
rent	\$225 (went up)		
car insurance	\$295 (went up)		
car payment	\$175		
credit card	\$0		
fixed expenses			
savings	\$0		
food	\$190		
utilities	\$75		
transportation			
bus fare	\$0		
gas and oil	\$60		
parking	\$34		
repairs	\$220		
other			
medical expenses	\$0		
clothing	\$80 (running shoes)		
entertainment	\$70		
household items	\$20		
personal items	\$60 \$230 (speeding tckt)		
school expenses	\$30 (photography)		
total monthly expenses	\$1574		

If it were you're budget...

- Using Betty's income starting point, rework her budget.
- What did you change about her budget and why?
- How much would you save each month to put towards your own personal and financial goals and why?