

The background of the slide is a dense field of 3D-rendered numbers in various shades of blue and white. The numbers are scattered and appear to be floating or rising from a surface, creating a sense of depth and movement. The lighting is soft, highlighting the three-dimensional quality of the digits.

Budgeting

A FinLit Lesson

By KARA

What is a Budget?

Income

Money you receive regularly.

Expenses

Money you spend regularly.

Savings

The money you save.

Have You Ever Made a Budget?

What did you include?

Did you “stick” to your budget?

What challenges did you run into?



Tips to Remember!

- ❖ Budgeting isn't about depriving yourself; it's about taking control of your money.
- ❖ Making a budget shouldn't feel like a punishment.
- ❖ Remember, it's a plan for all of your money — that includes money for fun stuff, too.
- ❖ A budget doesn't have to be rigid. In fact, the idea is to make your budget as personalized as possible, leaving room to adapt. Surprises (and mistakes) will happen

Why is a budget important?

It helps ensure you don't spend money you don't have!

It helps you to know the difference between your wants and needs.

You can prepare for emergency expenses and plan for yearly or special expenses.

A budget can make sure you are paying your bills on time.



Let's Talk About Income

- ❖ What is your income? What is actually considered income? Your total net (that is take-home) pay, tips, and any other compensation.
- ❖ This can also include any allowance or money you receive from other sources.
- ❖ But it should be consistent income. Do not consider any extra money such as gifts or contest "winnings" as income.



Let's Talk About Fixed Expenses

- ❖ What are monthly fixed expenses? These are expenses that occur for about the same amount every month. This can include your cell phone plan, your car payment, your rent or mortgage payment, utilities (gas and electric), car insurance.
- ❖ What are (annual) fixed expenses. Most people have expenses that are paid once a year, this might include tabs for your car, memberships, etc. *Once you list all of your yearly expenditures, to account for them on a monthly basis divide the annual payment by 12, that is the monthly amount.*

Let's Talk About Varied Expenses

- ❖ It should include food, gas for your vehicle, necessary household goods (cleaning products, paper products, etc.), personal products (hygiene-soap, shampoo, etc.), pet food and supplies.
- ❖ Clothing can also go into this category, but make sure to consider clothing you need (not clothing you want).
- ❖ This category can be tricky! It's easy to confuse varied expenses with "wants". This is not a category for "wants".
- ❖ Tip: You may want to track what you spend for a month or two AND make sure not to confuse wants with needs in this area.





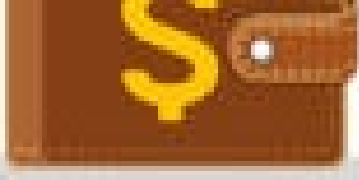
Let's Talk About "Wants"

- ❖ This category should include your entertainment: going out to eat and to the movies; entertainment accounts like Netflix, HBO Max and Prime accounts. This would also include purchased or monthly video game costs.
- ❖ Any specialty clothing items would also be here (maybe you don't really need new shoes BUT you want new shoes).
- ❖ It would also include household (luxury and unnecessary) items like throw pillows, kitchen gadgets, etc.
- ❖ And this is where you want to include that caramel macchiato!
- ❖ Tip: You may not realize how much money you are spending on "wants"; you may want to track these items for a month or two.

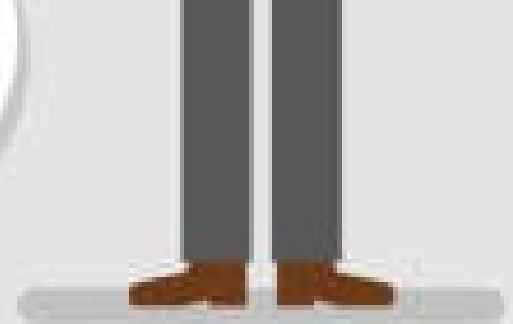


Let's Categorize Expenses!

Varied Fixed Want



- SALARY
- EXTRA INCOME



EXPENSES



ELECTRIC



AUTO
MAINTENANCE

OIL



PHONE



CREDIT CARD



INTERNET

Making Your Budget



Fixed Monthly Expenses					
Rent or Mortgage					
Home/Renters Insurance					
Utility-Gas					
Utility-Electric					
Utility-Water& Garbage					
Cell Phone Plan					
Insurance-Health					
Insurance-Car					
Vehicle Payment					
Transportation (Other)					
Subscriptions (1)					
Subscriptions (2)					
Memberships (1)					
Memberships (2)					
Other Payment 1					
Other Payment 2					
Annual Expense Payment					
Savings Acct Payment					
Sub-totals					
Total Fixed Expenses					
Variable Monthly Expenses					
Food (Groceries)					
Pet Supplies					
Gas (Car)					
Maintenance (Car)					
Personal Items					
Clothing					
Household Items					
Annual Expense Payment					

Fixed Expenses

Monthly Expenditures

- ❖ Spent Each Month
- ❖ Saved For Fixed Expenses

	Notes/Description	Saved Expenses	Monthly Expenses	Date Due	Date Paid
Fixed Monthly Expenses					
Rent or Mortgage	Check 3462		750.00	4/1/22	3/28/22
Home/Renters Insurance	Annual Expense (Save)	10.00		N/A	
Utility-Gas	Gas and Electric EFT		364.00	4/11/22	3/28/22
Utility-Electric					
Utility-Water& Garbage	3 Month Expense (Save)	30.00		N/A	
Cell Phone Plan	Auto EFT		70.00	3/17/22	3/15/22
Insurance-Health	Auto EFT		65.00	3/17/22	3/15/22
Insurance-Car	6 Month Expense (Save)	42.33		N/A	
Vehicle Payment	Auto EFT		347.00	3/19/22	3/15/22
Transportation (Other)					
Subscriptions (1)	Microsoft EFT		10.65	3/11/22	3/11/22
Subscriptions (2)	Adobe EFT		14.00	3/11/22	3/11/22
Memberships (1)	Costco Annual Expense (Save)	12.00		N/A	
Memberships (2)	Zoom Annual Expense (Save)	14.00		N/A	
Other Payment 1	Cat Medication		32.00	3/17/22	3/15/22
Other Payment 2					
Annual Expense Payment	Savings Acct for Needs		108.33		3/15/22
Savings Acct Payment	Savings Acct for Emergencies		200.00		3/28/22
Sub-totals		108.33	1960.98		
Total Fixed Expenses	\$1960.98				

Varied Expenses

Monthly Expenditures

- ❖ Spent Each Month
- ❖ Saved For Varied Expenses

Variable Monthly Expenses					
Food (Groceries)	(\$100.00 a week)		400.00		
Pet Supplies	(\$35.00 a week)		70.00		
Gas (Car)	(\$20.00 a week)		80.00		
Maintenance (Car)	Annual Expense (\$1000.00)	83.33			
Personal Items	(\$25.00 a week)		100.00		
Clothing	Annual Expense (\$1200.00)	100.00			
Household Items	(\$20.00 a week)		80.00		
Annual Expense Payment			183.33		
Sub-totals		183.33	913.33		
Total Varied Expenses	\$913.33				

Month	January		Febuary		March		April		May		
	Paid In	Spent	Paid In	Spent	Paid In	Spent	Paid In	Spent	Paid In	Spent	Available Funds
Funding Category											
Renters Insurance	\$10.00	\$0.00	\$10.00	\$0.00							\$20.00
Water/Trash	\$30.00	\$0.00	\$30.00	\$0.00							\$60.00
Insurance (Car)	\$42.33	\$0.00	\$42.33	\$0.00							\$84.66
Costco	\$12.00	\$0.00	\$12.00	\$0.00							\$24.00
Zoom	\$14.00	\$0.00	\$14.00	\$0.00							\$28.00
Maintenance (Car)	\$83.33	\$0.00	\$83.33	\$0.00							\$166.66
Clothing	\$100.00	\$0.00	\$100.00	\$0.00							\$200.00

Monthly Expenses Accrued

Month	January		Febuary		March		April		May		
	Paid In	Spent	Paid In	Spent	Paid In	Spent	Paid In	Spent	Paid In	Spent	Available Funds
Funding Category											
Renters Insurance	\$10.00	\$0.00	\$10.00	\$0.00	\$10.00	\$0.00					\$30.00
Water/Trash	\$30.00	\$0.00	\$30.00	\$0.00	\$30.00	-\$90.00					\$0.00
Insurance (Car)	\$42.33	\$0.00	\$42.33	\$0.00	\$42.33	\$0.00					\$126.99
Costco	\$12.00	\$0.00	\$12.00	\$0.00	\$12.00	\$0.00					\$36.00
Zoom	\$14.00	\$0.00	\$14.00	\$0.00	\$14.00	\$0.00					\$42.00
Maintenance (Car)	\$83.33	\$0.00	\$83.33	\$0.00	\$83.33	\$0.00					\$249.99
Clothing	\$100.00	\$0.00	\$100.00	\$0.00	\$100.00	-\$240.00					\$60.00

Monthly Expenses Accrued

	Notes/Description	Save Expenses	Monthly Expenses	Date Due	Date Paid
Fixed Monthly Expenses					
Rent or Mortgage	Check 3462		750.00	4/1/22	3/28/22
Home/Renters Insurance	Annual Expense (Save)	10.00		N/A	
Utility-Gas	Gas and Electric EFT		364.00	4/11/22	3/28/22
Utility-Electric					
Utility-Water& Garbage	3 Month Expense (Save)	30.00		N/A	
Cell Phone Plan	Auto EFT		70.00	3/17/22	3/15/22
Insurance-Health	Auto EFT		65.00	3/17/22	3/15/22
Insurance-Car	6 Month Expense (Save)	42.33		N/A	
Vehicle Payment	Auto EFT		347.00	3/19/22	3/15/22
Transportation (Other)					
Subscriptions (1)	Microsoft EFT		10.65	3/11/22	3/11/22
Subscriptions (2)	Adobe EFT		14.00	3/11/22	3/11/22
Memberships (1)	Costco Annual Expense (Save)	12.00		N/A	
Memberships (2)	Zoom Annual Expense (Save)	14.00		N/A	
Other Payment 1	Cat Medication		32.00	3/17/22	3/15/22
Other Payment 2					
Annual Expense Payment	Savings Acct for Needs		108.33		3/15/22
Savings Acct Payment	Savings Acct for Emergencies		200.00		3/28/22
Sub-totals		108.33	1960.98		

Notes/Description	Saved Expenses	Monthly Expenses	Date Due	Date Paid
Check 3462		\$750.00	4/1/2022	3/28/2022
Annual Expense (Save)	\$10.00		N/A	
Gas and Electric EFT		\$364.00	4/11/2022	3/28/2022
3 Month Expense (Save)	\$30.00		N/A	
Auto EFT		\$70.00	3/17/2022	3/15/2022
Auto EFT		\$65.00	3/17/2022	3/15/2022
6 Month Expense (Save)	\$42.33		N/A	
Auto EFT		\$347.00	3/19/2022	3/15/2022
Microsoft EFT		\$10.65	3/11/2022	3/11/2022
Adobe EFT		\$14.00	3/11/2022	3/11/2022
Costco Annual Expense (Save)	\$12.00		N/A	
Zoom Annual Expense (Save)	\$14.00		N/A	
Cat Medication		\$32.00	3/17/2022	3/15/2022
Savings Acct for Needs		\$108.33		3/15/2022
Savings Acct for Emergencies		\$200.00		3/28/2022
	\$108.33	\$1,960.98		
\$1,960.98				

What is an EFT?

An electronic funds transfer (EFT) is the electronic transfer of money over an online network. An EFT can be initiated by a person or by an institution like a business and often doesn't require much more than a bank account in good standing.

Every time a banking customer uses her credit or debit card, whether at a physical point-of-sale or online, she's engaging in an electronic funds transfer. Any preauthorized charges, such as direct deposits or utility bills, also utilize an EFT.



	Notes/Description	Save Expenses	Monthly Expenses	Date Due	Date Paid
Fixed Monthly Expenses					
Rent or Mortgage	Check 3462		750.00	4/1/22	3/28/22
Home/Renters Insurance	Annual Expense (Save)	10.00		N/A	
Utility-Gas	Gas and Electric EFT		364.00	4/11/22	3/28/22
Utility-Electric					
Utility-Water& Garbage	3 Month Expense (Save)	30.00		N/A	
Cell Phone Plan	Auto EFT		70.00	3/17/22	3/15/22
Insurance-Health	Auto EFT		65.00	3/17/22	3/15/22
Insurance-Car	6 Month Expense (Save)	42.33		N/A	
Vehicle Payment	Auto EFT		347.00	3/19/22	3/15/22
Transportation (Other)					
Subscriptions (1)	Microsoft EFT		10.65	3/11/22	3/11/22
Subscriptions (2)	Adobe EFT		14.00	3/11/22	3/11/22
Memberships (1)	Costco Annual Expense (Save)	12.00		N/A	
Memberships (2)	Zoom Annual Expense (Save)	14.00		N/A	
Other Payment 1	Cat Medication		32.00	3/17/22	3/15/22
Other Payment 2					
Annual Expense Payment	Savings Acct for Needs		108.33		3/15/22
Savings Acct Payment	Savings Acct for Emergencies		200.00		3/28/22
Sub-totals		108.33	1960.98		

Reoccurring Automatic Payments

Pros



Increased convenience



Reduces late payments



Saves time



Stabilizes cash flow

Cons



Mistakes can be hard to fix



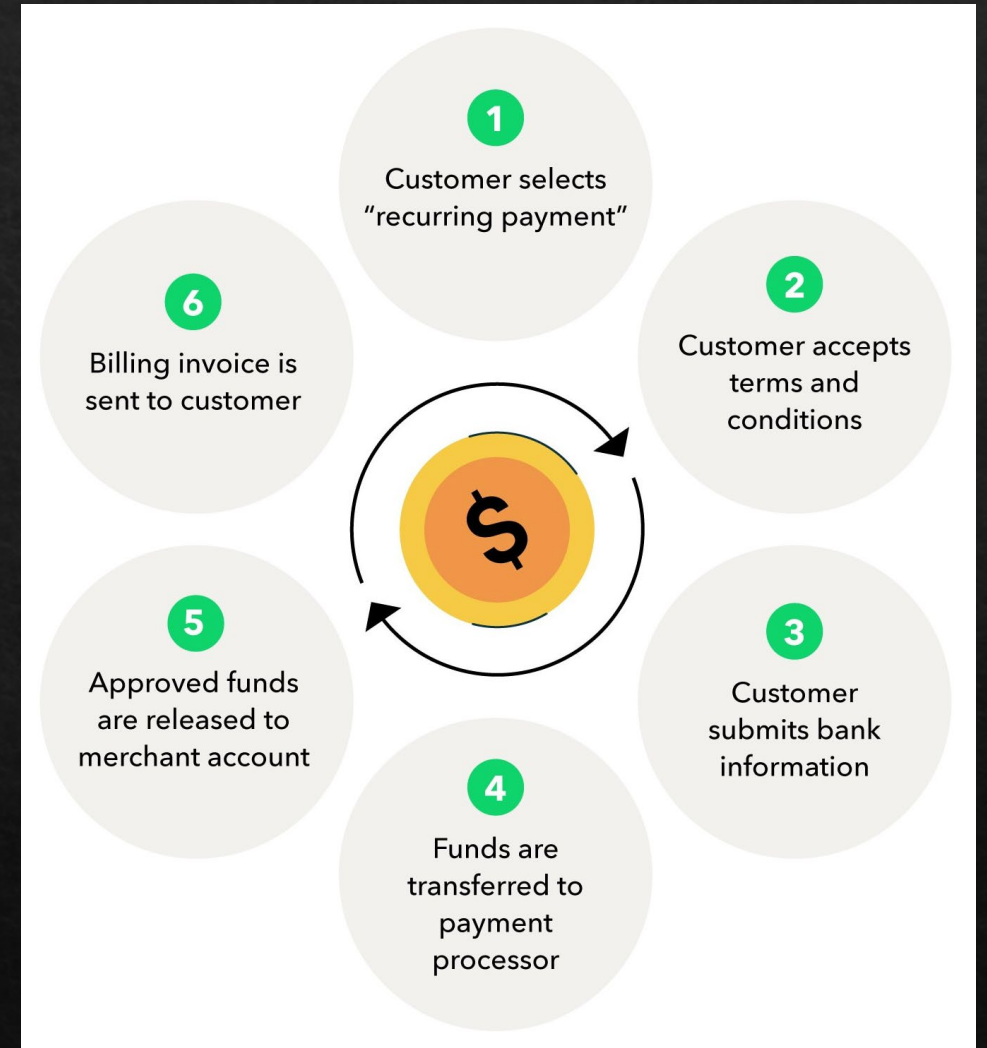
Overlooked charges



Services can be halted



Undetected errors





WANTS

Monthly "Wants"					
Subscriptions (1)					
Subscriptions (2)					
Memberships (1)					
Memberships (2)					
Dining Out					
Entertainment					
Home Items					
Personal Items					
Misc. Items					
Travel					
Other					

Wants

Monthly "Wants"					
Subscriptions (1)	Hulu EFT		13.95	3/7/22	3/7/22
Subscriptions (2)	Netflix EFT		15.02	3/26/22	3/26/22
Memberships (1)	Experience Fitness EFT		21.41	3/7/22	3/7/22
Memberships (2)	PETA EFT		25.00	3/8/22	3/8/22
Dining Out	(\$25.00 a week)	100.00		N/A	
Entertainment	(\$25.00 a week)	100.00		N/A	
Home Items	Annual Expense (\$1200.00)	100.00		N/A	
Personal Items	Annual Expense (\$600.00)	50.00		N/A	
Misc. Items	(\$25.00 a week)	100.00		N/A	
Travel					
Annual Expenses			450.00		
Sub-totals		450.00	525.38		
Total "Wants" Expenses	525.38				

Wants

Week 1



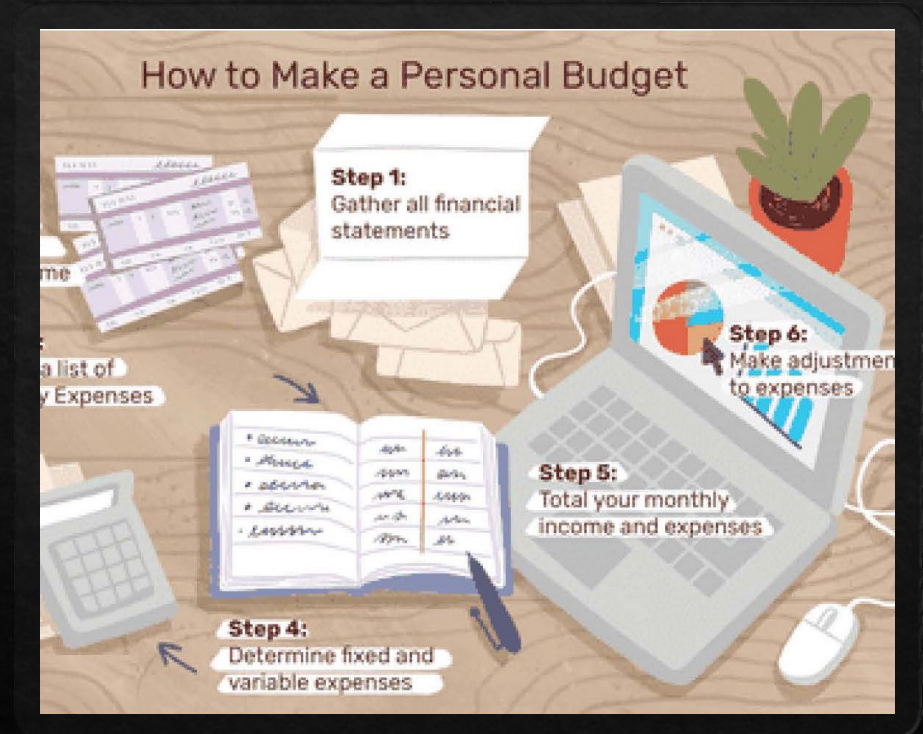
Tracking Variable Expenses and "Wants" Week 1

Item Purchased	Notes/Description	Dollar Amount	Date Purchased
Starbucks Macchiato	Starbucks Wants Expense	5.35	3/6
Gas	Holiday Varied Expense	22.45	3/6
Groceries	Target Varied Expense	45.15	3/6
Personal Items	Target Varied Expense	10.22	3/6
Household Items	Target Varied Expense	5.89	3/6
Chipotle	Chipotle Wants Expense	8.52	3/9
Movie and Dinner	Alamo Theater Wants Expense	74.50	3/10
Starbucks Macchiato	Starbucks Wants Expense	5.35	3/11
Cat Food & Treats	Pet Smart Varied Expense	28.50	3/11
Candy and Ice Cream	Target Wants Expense	7.56	3/11
Easter Throw Pillow	Target Wants Expense	19.49	3/11
Starbucks Macchiato	Starbucks Wants Expense	5.35	3/12
Total Spent for the Week	Varied and Wants	238.33	
	Varied Expenses	112.21	
	Wants Expenses	126.12	



Let's Review

- ❖ What is a budget AND why do we need it?
- ❖ What are the different kinds of expenses we can expect?
- ❖ What are automatic payments and why should we set them up?



Let's Review

- ❖ Why is it important to reconcile (compare) our budget with our bank account?
- ❖ Why do we need to know what expenses have been paid for the month?
- ❖ Why is it important to save money (monthly) for expenses we may only pay every 6 months or once a year?



Let's Review

- ❖ Why is it important to see where we are spending our money?
- ❖ Why should track our Varied Expenses?
- ❖ Why should we track our Wants?





Questions?

Budget Lesson

KARA FinLit 2022