

MONEY MANAGEMENT WORKSHOPS: BUDGETS

Presented by



Budgeting

Please complete the accompanying worksheet (labeled Budgeting PM) as you go through the slideshow. The headers in this slideshow correspond to the sections in the worksheet.



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What is a Budget?

Budget is a plan or process to control your Money

- Setting goals gives your life direction and motivates you to create and stick to a budget. You should set both short term and long term goals.



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My Relationship with Money

- How we think about money impacts how we feel about money, which causes us to do certain things with our money. Then, our actions lead to other events, which influence how we think and feel about money.
- Activity: Can you think of a positive Think-Feel-Do statement? Please complete the questions as outlined on page 1 and 2.



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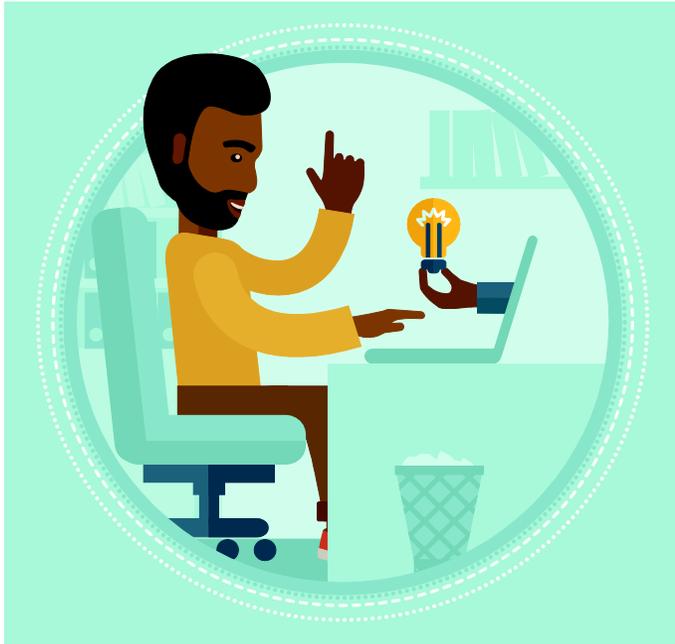
Needs and Wants

- **Needs** are the essentials require for everyday living.
- **Wants** are the things that will be nice to have but not necessary for every day living.
- With the thousands of advertisements we are exposed to each day, it is extremely difficult to separate needs and wants. Telling the difference between needs and wants is not easy and you need to be honest with yourself: Would I be able to survive if I didn't have this item? If the answer is o the item is like a need. If the answer is yes then that item is a want. Everybody have different wants and needs even for your own family.
- Going back to the activity on page 2, how many of those items were needs vs. wants? Can you think of cheaper substitutes?



Spending Habits

Pages 4-6



- Our needs, wants and lifestyles lead us to develop certain spending habits. Some spending habits may be difficult to control money.
- Activity: On page 5, there is a list of questions to help you understand your spending habits.
- **Impulse buying:** Seeing something and wanting it so much you decide to buy it right then and there, even though you had no plan to buy it. It is making a purchase without thinking about it.



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Budgeting

- **With your knowledge about needs and wants and spending habits, you are ready to build your own budget which is made of 2 main parts: income and expenses.**
- **Impulse buying:** Seeing something and wanting it so much you decide to buy it right then and there, even though you had no plan to buy it. It is making a purchase without thinking about it.
- **Budget:** An overall picture of where your money is coming from (income) and where it is going (expense).
- **Income:** The money you receive regularly from all sources.



Types of Expenses

- **Monthly expenses** involves a contract or agreement such as rent or a loan payments. Usually there are serious consequences for non-payments such as: loss of shelter and poor credit report, and etc.
- **Fixed** expenses are the bills that stay the same each month, such as rent/mortgage, loan or car payment, day-care, insurance and perhaps savings.
- **Variable** expenses vary from one month to another, examples included: utilities, groceries, entertainment and long distance calls. You have the greatest control over these types of expenses.
- **Irregular expenses** occur occasionally but not necessarily every month. However, you are aware of these expenses. These expenses include items such as: clothing, emergencies, car, household maintenance, licenses, gifts, taxes, school and vacation.



Tracking Expenses

Pages 8-10

- By **tracking** expenses your expenses you can find out exactly what you are spending your money on.
- Here are some tips:
 - Save your receipts from all your purchases and monthly bills.
 - If the purchase is too small for a receipt, keep a list of what you spend or write what you spend each day in a transaction register, calendar, journal or a notebook.
 - Use your bank account and credit card statement to track your large expenses.
 - Use a calendar or sticky note to keep track of when bills are due to avoid late payment charges and a bad credit record.
 - Buy yourself a gift card from the groceries store in the amount of your monthly groceries budget this way you will always know how much you have left for groceries that month. This way you purchase items you need not items you want.



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Monthly Budget

1. Add up your income
2. List your monthly expenses
3. List your irregular expenses
4. Add up all your expenses and subtract them from your income
5. Review your budget
6. Finalize your budget
7. Keep tracking
8. Review your budget regularly



Activity: Try using the planner on page 11 to see what types of expenses you have over a month. If your **income is minus you Expenses** equals a **positive** amount, that money could be put toward additional savings or power payment on your debt. If your money **income minus your Expenses** equals a **negative** amount, you need to review your budget to find ways to increase your income or reduce your expenses. In a balance budget Income minus Expenses equal zero.



Setting Goals

- Setting goals gives your life direction and motivates you to create and stick to a budget. You should set both short term and long term goals.

SMART goals are:

- **Specific:** Define what you are going to do and how you are going to do it.
- **Measurable:** Use numbers and dates.
- **Attainable:** Make a goal achievable, but not too easy.
- **Relevant:** Make the goal fit your needs.
- **Timely:** Set a deadline for a goal.

Activity: Use the SMART goal acronym to find some short/long term goals to help spend less money each month.



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