



Lesson One

The Art of Budgeting



the budgeting process

phase 1: Assess your personal and financial situation (needs, values, life situation).

phase 2: Set personal and financial goals.

phase 3: Create a budget for fixed and variable expenses based on projected income.

phase 4: Monitor current spending (saving, investing) patterns.

phase 5: Compare your budget to what you have actually spent.

phase 6: Review financial progress and revise budgeted amounts.



goal-setting guidelines

well-written personal and financial goals SHOULD:

- **be realistic**

A student working part-time is not likely to be able to afford a new car every couple of years.

- **be specific**

“I want to save \$5,000 for a down payment to buy a house.”

- **have a timeframe**

“I want to pay off my credit card within the next 18 months.”

- **state the action to be taken**

“I want to start an automatic deposit savings account with monthly withdrawals from my checking account.”



setting up and maintaining a budget

income	budget	actual	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
total monthly income	\$	\$	\$

expenses	budget	actual	difference
fixed regular expenses			
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
Credit card	\$	\$	\$
fixed irregular expenses			
Savings	\$	\$	\$
Food	\$	\$	\$
Utilities	\$	\$	\$
transportation			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
other			
Medical expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
total monthly expenses	\$	\$	\$