Section 01  Decisions & Goals
Unit 03  The Art of Budgeting

“Budget: a mathematical confirmation of your suspicions.”

A.A. Latimer

Overview
The lessons in this unit will help students to monitor and plan their spending habits so they will achieve long-term financial security and have the money available to “have fun”.
A budget is a plan for wise spending and saving based on income and expenses. You are setting goals and deciding in advance how much of your income you want committed to necessities, savings and “mad money” (spend on whatever you want). Budgeting does not mean you are a “penny pincher” and have no fun. By tracking your expenses you might be surprised to discover you are spending ten dollars a day on lunch and coffee, which equates to $3650.00 a year. By budgeting you may decide to “brown bag it” and save that money for a vacation. In fact budgeting may be just what you need to find the money for the fun things you want to do.

Goal
Assist in identifying and prioritizing personal and financial goals, create a plan to achieve those goals, and provide practice setting up and maintaining a personal budget.

Time Frame
Three 76-minute periods
Lesson 01.03.01
Personal and financial goals
Lesson 01.03.02
The importance of a budget
Lesson 01.03.03
Setting up a budget
End-of-unit quiz and answer key
Each lesson includes black-line print masters for overheads and activities
Overview

“The month’s too long for our budget. If the month was only 20 days long, we’d have enough money to last.” This is a common dilemma faced by individuals and households when it comes to budgeting and money management.

Effective money management starts with goal setting. “If you don’t know where you are going, you may end up somewhere else and not even know it.”

Financial goals should be realistic, be specific, have a time frame, and imply an action to be taken. Encourage students to take some time and effort to develop financial goals.

This lesson will provide students with an overview of the budgeting process. As well, it will provide students with an opportunity to identify and prioritize some of their personal and financial goals.
Goals
To understand the budgeting process
To identify and prioritize personal and financial goals
To create a plan to achieve personal and financial goals

Objectives
Examine the budgeting process
Assist students in identifying and prioritizing personal and financial goals.
Identify the steps you can take and the resources you will need to achieve your goals.

Timeline
Discussion 15 minutes
Note taking 10 minutes
Student activities A and B 50 minutes

Instructions
Discussion
Divide students into small groups. Ask students what some of their goals are. List them on the board, separating them into short, intermediate, and long-term goals.
Pick one goal from each group. Have the class brainstorm what steps they could take and what resources they would need to achieve these goals.

Note taking
Introduce Overhead A by asking students why we set goals.
Well-written personal and financial goals will help you achieve success.
Introduce Overhead B by telling students that setting goals is part of the budgeting process.

Student activity
Provide students with:
- a copy of activities A and B
- time to complete the activities
- an opportunity to seek clarification

Teacher notes
Preparation of required materials, prior to lesson

Required Materials
Overhead A, Goal-setting guidelines
Overhead B, The budgeting process
Activity A, What are your goals? (two pages)
Activity B, Working with your goals (four pages)

Assessment and Evaluation
Notebook check for completion of notes for overheads A and B
Notebook check for completion of activities A and B

Additional Web resources
Canadian Business Magazine Online
www.canadianbusiness.com
iMoney
www.imoney.com
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 stated in specific, ("I plan/want to. . .") measurable terms
". . . save $5,000 for a down payment to buy a house."

Have a time frame
"To pay off my credit card within the next 18 months."

State the action to be taken
"To start an automatic deposit savings account with monthly withdrawals from my chequing account."
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.
List some of your educational, social, financial, family, health/physical, and recreational goals. In some categories you may have more than six goals; in others you may have fewer.

1) My educational goals include:
   1. 
   2. 
   3. 
   4. 
   5. 
   6. 

2) My social goals include:
   1. 
   2. 
   3. 
   4. 
   5. 
   6. 

3) My financial goals include:
   1. 
   2. 
   3. 
   4. 
   5. 
   6.
4) My family goals include:
1. 
2. 
3. 
4. 
5. 
6. 

5) My health/physical goals include:
1. 
2. 
3. 
4. 
5. 
6. 

6) My recreational goals include:
1. 
2. 
3. 
4. 
5. 
6.
What goals are the most important to you?

Choose the two goals from each category that are the most important to you. Identify each goal as short-term (1–4 weeks), medium-term (2–12 months), or long-term (1 year or longer).

1. __________________________________________
2. __________________________________________
3. __________________________________________
4. __________________________________________
5. __________________________________________
6. __________________________________________
7. __________________________________________
8. __________________________________________
9. __________________________________________
10. __________________________________________
11. __________________________________________
12. __________________________________________

Prioritize your goals

List and prioritize six of your most important goals. After each goal, identify what you could be doing now to work toward the goals, and what resources (if any) you need to achieve each goal.
Activity B
Working with your goals (continued)

name: ___________________________ date: ___________________________

Goal #1

________________________________________________________________________

What I can be doing now to work toward this goal?

________________________________________________________________________

________________________________________________________________________

The resources I need to achieve this goal are
Personal (e.g., abilities, skills, time, education, etc.)
External (e.g., money, car, tools, etc.)

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Goal #2

________________________________________________________________________

What I can be doing now to work toward this goal?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

The resources I need to achieve this goal are
Personal? External?
Activity B
Working with your goals (continued)

name: ____________________________________________ date: __________________________

Goal #3

__________________________________________________________________________________

What I can be doing now to work toward this goal?

__________________________________________________________________________________

__________________________________________________________________________________

__________________________________________________________________________________

The resources I need to achieve this goal are

Personal? External?

__________________________________________________________________________________

__________________________________________________________________________________

__________________________________________________________________________________

Goal #4

__________________________________________________________________________________

What I can be doing now to work toward this goal?

__________________________________________________________________________________

__________________________________________________________________________________

__________________________________________________________________________________

The resources I need to achieve this goal are

Personal? External?

__________________________________________________________________________________

__________________________________________________________________________________

__________________________________________________________________________________
Activity B
Working with your goals (continued)

name: ________________________________ date: ________________________________

Goal #5

What I can be doing now to work toward this goal?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

The resources I need to achieve this goal are
   Personal? External?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

Goal #6

What I can be doing now to work toward this goal

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

The resources I need to achieve this goal are
   Personal? External?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Overview

Most people could not tell you how their money is spent. All they know is that the money is gone all too soon.

In this lesson students monitor their spending habits (in writing) and thus will be better able to determine the most value for their available dollars. This lesson also demonstrates that if carefully considering needs and wants, an individual or family will spend appropriate amounts for current living expenses while saving and investing for long-term financial security.
**Goals**
To identify sources of income
To identify sources of spending
To understand personal budgeting

**Objectives**
Identify and examine current spending behaviours and patterns
Understand what it means to budget, and identify the reasons to maintain a budget

**Timeline**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Activity A</td>
<td>15 min</td>
</tr>
<tr>
<td>Discussion</td>
<td>20 min</td>
</tr>
<tr>
<td>Student Activity B</td>
<td>15 min</td>
</tr>
<tr>
<td>Discussion</td>
<td>15 min</td>
</tr>
<tr>
<td>Note taking</td>
<td>10 min</td>
</tr>
</tbody>
</table>

**Instructions**

**Student activity**
Provide students with:
- A copy of activities A and B
- Time to complete the activities

**Discussion**
Ask students for answers to all questions on activities A and B
Answers for questions in both activities will vary

**Activity A**
Sources of income may include: job(s), parents, babysitting, alimony/child support, investments, etc.
Feelings about being financially dependent versus financially independent may need explanation (e.g., if you borrow money to pay your rent each month, you are not financially independent).

**Activity B**
Tracking spending habits may lead to a discussion of needs versus wants, categorizing spending patterns, future spending, a review of the concepts and skills in decision making, and how a habitual spender might become a saver.

**Student activity**
Students
Fold a piece of notepaper in half, lengthwise. In the center, and at the top, write the word BUDGET.
On the left side, at the top, write the word WHAT.
On the right side, at the top, write the word WHY.
Working in pairs or groups of three, discuss and write their ideas about what a budget is and why it is important for people to budget.

**Teacher**
Circulates the room listening and offering input

**Discussion**
Direct students to share answers, from student activity above, with the class
Ask all students to write responses provided by other students
Ensure that students understand the concept that

“YOU” control the budget; the budget does not control you and that we budget for all of the following reasons:
- To determine how much money you have to spend
- To decide how you want to spend your money
- To determine how to spend money in the future
- To learn to live on less than available income
- To stay out of financial trouble

**Note taking**
Teacher summarizes student activity #3 and discussion #4, above by having students take notes from Overhead A

**Teacher notes**
Preparation of required materials, prior to lesson
Familiarize yourself with the Web resources provided to facilitate the Supplemental Activities

**Required Materials**
- Activity A, Where does your money come from?
- Activity B, Where does your money go?
- Overhead C, The budgeting process

**Assessment and Evaluation**
Notebook check for completion of activities A and B
Notebook check for completion of activity and discussion on BUDGET activity
Supplemental activities provide additional opportunity for assessment and evaluation.

**Supplemental Activities**

**Report**
Students write a short report “Me and Money” based on input from activities A and B

**Interview**
Students will:
- Discuss, with a parent or other adult, some of the questions from activities A and B and report back to the class their findings

**On-line research**
Provide students with:
- Access to computers
Have students work in pairs to:
- Create a list of their “top five” budgeting mistakes that people make and the consequences of these mistakes
- Present their findings to the class

**Additional Web resources**
Canadian Bankers Association: [www.cba.ca](http://www.cba.ca)
CanLearn Interactive: [www.canlearn.ca](http://www.canlearn.ca)
Activity A
Where does your money come from?

01.03.02

name: __________________________ date: __________________________

Answer these questions. Be prepared to discuss your answers in class.

1. List your current source(s) of income.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

2. What do you expect your source(s) of income to be in the near future?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

3. What are your feelings about being financially dependent versus financially independent?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

choices & decisions  decisions & goals  the art of budgeting  Importance of a budget  01.03.02
Activity B
Where does your money go?

Keep a record of everything you spend during a specific period. Then, answer the questions below.

1. What patterns can you see in your spending habits?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

2. How do you decide what to purchase?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

3. What factors do you think influence your purchasing decisions?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
1. What it is
   a. A plan for spending and saving

2. What it takes
   a. Choosing a budgeting period
   b. Estimating expenses and income
   c. Balancing expenses and income

3. What a budget does for you
   a. Puts you in control
   b. Helps you create a visual spending picture
   c. Helps you prevent impulse spending
   d. Helps you decide what you can and cannot afford
   e. Enables you to keep track of how you spend your money
   f. Helps you create a savings plan
   g. Helps you decide how you can protect yourself against the financial consequences of unforeseen events
Overview

Learning how to manage money effectively begins with effective goal setting. Another important aspect of money management is the ability to set up and maintain a personal budget.

Creating and following a budget for a specified period of time will allow you to see where your money is going.

A budget serves as a foundation for long-term financial security because it supports your personal and financial goals.

In this lesson students will develop a personal budget and follow it for a specified amount of time. Students will also be provided with a scenario and asked to develop a budget, analyze it, and rework it.
Goals
To track income spending over a period of time
To provide practice setting up a personal budget
To provide practice reworking a budget

Objectives
Create and maintain a personal budget that supports personal and financial goals.
Create and analyze a budget.
Analyze and rework a budget.

Timeline
- Overhead A: 10 minutes
- Student Activity A: 20 minutes
- Student Activity B: 45 minutes

Instructions
Overhead
Students take notes from Overhead A

Student activity
Provide students with:
- A copy of Activity A
- Time to complete the activity sheet, using notes from Overhead A

Teacher
- Circulates the room to provide assistance
- Facilitates a classroom discussion of student comments from Activity A

Student activity
Provide students with:
- A copy of Activity B
- An opportunity to work in pairs
- Time to complete Activity B

Teacher
- Circulates the room to provide assistance
- Facilitates the taking up of Activity B
- Use the activity answer key provided

Student activity
Provide students with:
- Access to the Choices & Decisions CD resource
- An opportunity to play the Money Management Intelligence game
- An opportunity to compare the results with other students

Teacher Notes
Preparation of required materials, prior to lesson
Familiarize yourself with the Choices & Decisions CD resource.
Familiarize yourself with the Web resources available

Required Materials
Overhead A, Setting up and maintaining a budget
Activity A, Budget template
Activity B, Rework a budget (three pages)

Assessment and Evaluation
Notebook check for completion of Overhead A and activities A and B
Supplemental activities provide additional opportunity for assessment and evaluation

Supplemental Activities
Guest speaker
Invite a financial adviser or money management counselor to class to discuss financial goal setting
Have students summarize and write a short report on what they learned from the guest speaker

Interview
Students will:
- Prepare a family budget using Activity A
- Submit the family budget for assessment or evaluation

On-line Activity
Teacher
- Login to practicalmoneyskills.com
- Download Module 4 of Financial Football, the Standard Edition
- Provide partial notes to students

Students
- Complete the partial notes by going on-line and reviewing the information provided in Module 4 of Financial Football, the Standard Edition

On-line Activity
Students
- Login to practicalmoneyskills.com
- Locate Jean Chatzky's, Practical Money Series
- Read and summarize one or more of the articles in the series
- Be prepared to discuss with the class

Additional Web resources
About.com
www.financialplan.about.com

Practical Money Skills
www.practicalmoneyskills.com
Setting up and maintaining a budget

1. Estimate your income

2. Estimate your expenses to include:
   a. Fixed regular monthly expenses
   b. Fixed irregular monthly expenses
   c. Flexible monthly expenses
   d. “Mad money”/Personal expenses

3. Estimate your future expenses
   a. Begin by keeping a record of everything you spend.
   b. What are your financial goals and your plans for obtaining those goals?

4. Cope with change
   a. Plan for new situations.
   b. Plan for changing conditions that increase or decrease your expenses.

5. Keep your personal and financial goals in mind
   a. Set money aside to help meet financial goals.

6. Balance your budget
   a. Each month, compare your income to your expenses. Continue reworking your budget until your income is greater than your expenses.
   b. Discuss different budget options available.

7. Practice setting up a personal budget
Activity A
Budget template

01.03.03

name: ___________________________ date: ___________________________

<table>
<thead>
<tr>
<th>Income</th>
<th>Budget</th>
<th>Actual</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job#1</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Job#2</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Job#3</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total monthly income</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Budget</th>
<th>Actual</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Rent</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Car insurance</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Car payment</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Flexible expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food/Eating out</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Utilities</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus fare</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Gas and oil</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Parking and tolls</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repairs</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other [e.g., tickets]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Entertainment</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Personal items</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Medical [e.g., Rx]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household items</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Tuition</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>School expenses</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total monthly expenses</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>
Use one of the attached budget sheets to set up and maintain Gabrielle’s budget. Then, use the other sheet to rework Gabrielle’s budget into one that fits your personal lifestyle.

Her planned income and expenses

Gabrielle works part-time at a greeting card company and part-time at a record store. The net monthly income from her first job is $600. The net monthly income from her second job is $800.

Her planned fixed monthly expenses include:
• $200 for rent (she shares an apartment with two friends)
• $175 for car payment
• $220 for car insurance

Her planned flexible expenses include:
• $100 (to save for post-secondary education)
• $150 for food
• $40 for gas and oil
• $50 for clothes
• $60 for entertainment
• $30 for personal and household items

How her month actually went

1. What she made
   • Gabrielle made $45 in overtime pay this month

2. What her fixed expenses actually were
   • Rent went up to $225, starting this month
   • Her monthly car payment was $175
   • Her monthly car insurance premium, as of this month, went up to $295

3. What her flexible expenses actually were
   • $190 for food (she had a dinner party for which she hadn’t budgeted)
   • $60 for gas and oil (her car needed an oil change)
   • $34 for parking and bridge tolls
   • $220 for car repairs
   • $80 for a new pair of running shoes
   • $70 for entertainment
   • $60 for personal items
   • $36 for a birthday present for her mother

4. Unforeseen events
   • Gabrielle got two speeding tickets in one week.
   The total cost of both tickets is $230.
Activity B
Rework a budget (continued)

How does her budget look now?

1. What is the difference between Gabrielle’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 money did she have at the end of the month to put into savings?

If it were your budget...

1. Using the attached budget sheet, set up a budget for yourself. Use Gabrielle’s income as a starting point. Keep in mind your personal financial goals.

2. What did you change about the budget?

3. How much would you save each month to put toward your personal and financial goals?
**Activity B**

**Rework a budget (continued)**

<table>
<thead>
<tr>
<th>Name:</th>
<th>Date:</th>
</tr>
</thead>
</table>

### Gabrielle’s budget

<table>
<thead>
<tr>
<th>Income</th>
<th>Budget</th>
<th>Actual</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job#1</td>
<td>$600</td>
<td>$600</td>
<td>$0</td>
</tr>
<tr>
<td>Job#2</td>
<td>$800</td>
<td>$800</td>
<td>$0</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$45</td>
<td>$+45</td>
</tr>
<tr>
<td>Total monthly income</td>
<td>$1,400</td>
<td>$1,445</td>
<td>$+45</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Budget</th>
<th>Actual</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td>$100</td>
<td>$0</td>
<td>$-100</td>
</tr>
<tr>
<td>Rent</td>
<td>$200</td>
<td>$225</td>
<td>$+25</td>
</tr>
<tr>
<td>Car insurance</td>
<td>$220</td>
<td>$295</td>
<td>$+75</td>
</tr>
<tr>
<td>Car payment</td>
<td>$175</td>
<td>$175</td>
<td>$0</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Flexible expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food/Eating out</td>
<td>$150</td>
<td>$190</td>
<td>$+40</td>
</tr>
<tr>
<td>Utilities</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus fare</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Gas and oil</td>
<td>$40</td>
<td>$60</td>
<td>$+20</td>
</tr>
<tr>
<td>Parking and tolls</td>
<td>$0</td>
<td>$34</td>
<td>$+34</td>
</tr>
<tr>
<td>Repairs</td>
<td>$0</td>
<td>$220</td>
<td>$+220</td>
</tr>
<tr>
<td>Other (ticket)</td>
<td>$0</td>
<td>$230</td>
<td>$+230</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td>$50</td>
<td>$80</td>
<td>$+30</td>
</tr>
<tr>
<td>Entertainment</td>
<td>$60</td>
<td>$70</td>
<td>$+10</td>
</tr>
<tr>
<td>Personal items</td>
<td>$15</td>
<td>$60</td>
<td>$+45</td>
</tr>
<tr>
<td>Medical (e.g., Rx)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Household items</td>
<td>$15</td>
<td>$0</td>
<td>$-15</td>
</tr>
<tr>
<td>Tuition/School expenses</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other (birthday gift)</td>
<td>$0</td>
<td>$36</td>
<td>$+36</td>
</tr>
<tr>
<td>Total monthly expenses</td>
<td>$1,025</td>
<td>$1,675</td>
<td>$+650</td>
</tr>
</tbody>
</table>
## Activity B
### Rework a budget (continued)

**name:**

**date:**

### If it were your budget . . .

<table>
<thead>
<tr>
<th>Income</th>
<th>Budget</th>
<th>Actual</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job#1</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Job#2</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total monthly income</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Budget</th>
<th>Actual</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Rent</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Car insurance</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Car payment</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Flexible expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food/Eating out</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Utilities</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus fare</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Gas and oil</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Parking and tolls</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Repairs</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Entertainment</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Personal items</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Medical [e.g., Rx]</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Household items</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Tuition/School expenses</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total monthly expenses</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>
True/False (5 marks)

1. _____ The budgeting process starts with monitoring current spending.
2. _____ Most short-term goals are based on activities over the next two or three years.
3. _____ Saving for their child’s post-secondary education is a common long-term budgeting goal for parents of a newborn.
4. _____ Rent is considered a fixed expense.
5. _____ Flexible expenses stay about the same each month.

Multiple Choice (5 marks)

6. In the final phase of the budgeting process, you
   A. Set personal and financial goals
   B. Compare your budget to what you have actually spent
   C. Review financial progress
   D. Monitor current spending

8. A clearly written financial goal would be
   A. “To save money for college for the next five years”
   B. “To pay off credit card bills by 2008”
   C. “To invest in an international mutual fund for retirement”
   D. “To establish an emergency fund of $4,000 in 18 months”

7. An example of a long-term goal would be
   A. An annual vacation
   B. Saving for retirement
   C. Buying a used car
   D. Completing college within the next six months

9. An example of a fixed expense is
   A. Clothing
   B. Car insurance
   C. An electric bill
   D. Educational expenses

10. ____________ is a commonly considered a flexible expense.
    A. Rent
    B. A mortgage payment
    C. Home insurance
    D. Entertainment

Case Application (5 marks)

Each month Niko and Albert Cheung have lengthy discussions about their household spending. They do not understand why they are continually short of money even though they both have good salaries. What actions might be taken to avoid personal and financial difficulties?
True/False (5 marks)

1. F  The budgeting process starts with monitoring current spending.

2. F  Most short-term goals are based on activities over the next two or three years.

3. T  A common long-term goal may involve saving for college for parents of a new-born child

4. T  Rent is considered a fixed expense

5. F  Flexible expenses stay about the same each month.

Multiple Choice (5 marks)

6. In the final phase of the budgeting process, you
   C. Review financial progress

7. An example of a long-term goal would be
   B. Saving for retirement

8. A clearly written financial goal would be
   D. "To establish an emergency fund of $4,000 in 18 months"

9. An example of a fixed expense is
   B. Car insurance

10. __________ is a commonly considered a flexible expense.
    D. Entertainment

Case Application (5 marks)

Each month Niko and Albert Cheung have lengthy discussions about their household spending. They do not understand why they are continually short of money even though they both have good salaries. What actions might be taken to avoid personal and financial difficulties?

The Cheungs should create a specific spending plan based on their income, needs, and wants. They should decide on various financial goals for their current and future needs. Current and future needs. They should regularly revise their budget based on changing situations in their lives.