



**Lesson One**

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The Art of Budgeting



# the budgeting process

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**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

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## 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

<b>income</b>	<b>budget</b>	<b>actual</b>	<b>difference</b>
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
<b>total monthly income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

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