



# Handbook: Making a Budget

Learn what **you** need to know **quickly**.

*Founding Sponsor*





## Money Matters Handbook: Making a Budget

Sometimes, there just isn't enough money left over from our paychecks for the things we need or want.

Other times we manage to stretch out our money, but there's nothing left for an unexpected emergency, or to put aside for the future.

*Money Matters* is here to help.

### **Is this *Money Matters* Handbook for me?**

If one or more of these statements describe you, then yes!

- I wish I could save more.
- There are things I'd like to get, but I can't afford them right now.
- I usually run out of money before my next paycheck.



### **Your Turn**

- Would you say you are good with money?

### **A Place for Your Notes**

---

---

---



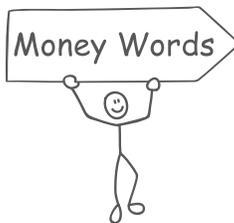
### **Pete's Story**

Pete gets paid every two weeks from his job stocking shelves. His rent comes due at the start of each month.

After Pete gives his landlord the rent, there isn't always money left to get through to the end of the month. He pays his bills, but sometimes the checks bounce.

Other times, he's left without enough for his day-to-day spending. He comes up short, especially the last week of the month.

Pete needs a plan.



A **budget** is a plan for taking charge of your money. It's a plan for what you will do with your money: how you will spend it, and how you will save it. A budget is also called a **spending plan**.



### **Your Turn**

- Do you have a plan for how to spend **your** money?
- Do you have a plan for how to save **your** money?

What's Your Story?

---

---

---



## It's Your Money, Your Plan

We each have our own money needs.

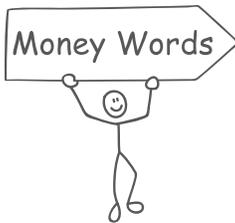
Some of us have kids. Some of us have aging parents. Some of us have mortgages, and car loans.

Some of us are on limited incomes. Some of us are on fixed incomes.

Some of us work part-time. Some of us hold two or more jobs. Some of us work for ourselves and run small businesses.

Making a plan for **your money** will help you make sure your money is spent in the way that best suits your life and your needs.

A budget will help **you** get the most out of the money **you** have.



**Income** is the money you make or get.

Income is the money that comes "in" to you.



"Managing money without a **budget** is like pouring water on a beach. No matter how many buckets you pour, the water just ends up disappearing."

*Gail Vax-Oxlade, author of Easy Money*



## Your Turn

- What are your money needs?

What's Your Story?

---

---



## How To Make Your Budget

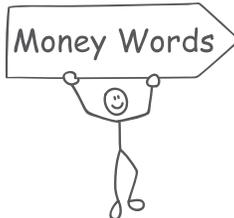
There are different ways to make a budget.

The right way is the one that works best for you. It's the way that best helps you set aside money to take care of your needs.

## Getting Started

To make your budget, you'll need to figure out:

- Your **income**
- Your **expenses**

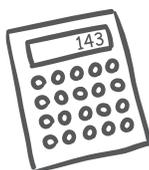


**Expenses** are what you spend your money on. It's the money that you pay "out," such as for rent or groceries.

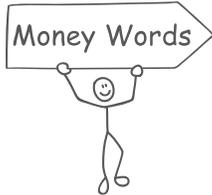
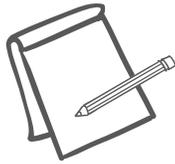
## Your Income

- Add together the money you receive in a month.
- Include all sources, such as your pay, family allowance, or extra money you make.
- The total is your monthly **income**.

Income	\$ Amount
1.	
2.	
3.	



**My Monthly Income is** \_\_\_\_\_



## How To Make Your Budget

Next figure out what you spend each month.

**Needs** are basic expenses, things you cannot do without.

Examples are shelter and food.

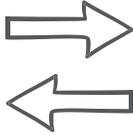
## Your Expenses

- Make a list of your **basic needs** – those things you cannot do without.
- Write down how much you spend on each basic need in a month.
- Add up the amounts to find out your **monthly basic expenses**.

Basic Needs	\$ Amount (Expense)
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	



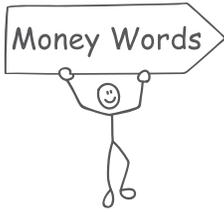
**My Monthly Basic Expenses:** \_\_\_\_\_



### The “Ins” and “Outs”

With a balanced budget, you have more money coming “in” than money going “out”.

When making your budget, work towards balancing it – keeping your income greater than your expenses.



A **balanced budget** is one where your income is greater than your expenses.



### Do the Money Math

My monthly income	\$	_____
- My monthly basic expenses	\$	_____
		_____
		\$ _____



To help balance your budget, pay your basic needs **first** each month.



### Your Turn

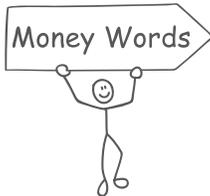
- Is your income greater than your basic monthly expenses?
- How much money do you have left over when your basic expenses are paid?



### Rainy Days

What would you do if an unexpected emergency struck?  
Would you be able to handle it financially?

Do you have a “rainy day” savings plan?



A **rainy day fund** is savings set aside to help you handle an emergency.



### Do the Money Math

Try to set aside 10% of your income for savings as part of your basic expenses. Make saving a **need!**

**Tip:** Divide your monthly income by 10 to find out how much money 10% of your income is.

My monthly income \$ \_\_\_\_\_

÷ 10

10% of my monthly income \$ \_\_\_\_\_



Do you have trouble saving money? Try this: **Treat your savings as a basic expense.** Include it in your budget.

Put aside the savings each month before you spend money on other things. This is called “**paying yourself first.**”

### Pay Yourself First!

Is 10% of your income an amount you can save each month? If not, what amount can you save?

The amount I can save each month: \$ \_\_\_\_\_

Put this amount in your budget as a basic expense under Savings.

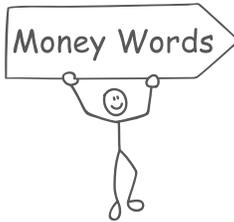


### Keeping Your Balance!

Many of us can cover the costs of our basic expenses – it’s “everything else” that tips our budgets off balance.

We spend money on things we want, rather than need. Sometimes we buy these things on impulse, rather than plan our spending.

Often, we buy the “extras” first. Then we find ourselves without the money to cover our basic expenses.



**Wants** are **extra expenses**. We can do without them, although they are nice to have!



Put your “**Wants**” in your budget. Pay for your basic needs first, and then look at the money you have left over. What can you afford from your “want” list?



### Your Turn

- After your basic expenses, what are the “Top Three” things you spend money on?
- Do you need these things or want them?

**My Top Three**

**Need or Want?**

1. _____	_____
2. _____	_____
3. _____	_____



### Keep Your Spending in Check

You might be surprised how much the “little things” **add up big** over time!

That take-out coffee or fast food lunch you buy once a day for a few dollars can cost you hundreds in a year!



#### Keep a **Money Journal**.

Write down everything you spend money on. Leave nothing out, no matter how small the purchase.

How much are you spending in a day, week, month?

Is there something you can cut back or cut out to save money?



### Do the Money Math

Let's say you buy a coffee and snack each day. The total cost is about \$3. How much are you spending a week? A year?

$$\mathbf{\$3 \times 7 \text{ days in a week} = \$21 \text{ each week}}$$

$$\mathbf{\$3 \times 365 \text{ days in a year} = \$1,095 \text{ each year}}$$



### Your Turn

- What's something you buy on a daily basis?
- How much are you spending in a day, week, year?

I regularly buy \_\_\_\_\_

What it's costing me per day: \$ \_\_\_\_\_

What I spend per week

Cost per day \$ \_\_\_\_\_ X 7 days = \$ \_\_\_\_\_ per week

What I spend per year

Cost per day \$ \_\_\_\_\_ X 365 days = \$ \_\_\_\_\_ per year



## Cash Economy

Using cash is one way to stick to your plan for spending. When you use cash to pay for things, that's called a cash economy.

By paying cash, you know exactly what you've spent and when. You know exactly how much you have left to spend.

For big expenses such as rent, you may need to use a cheque. But when it makes sense, pay with cash. It's an easy way to keep track of your spending.



In a **cash economy**, you make your payments mainly with **cash**.



**Pay cash** to avoid interest on credit cards, administration fees, debit and NSF charges, and overspending.

## Try this!

Here's one budget idea when using cash. Collect jars, and label each jar with a monthly expense.

**Examples: Food, Telephone, Utilities, Clothes, Bus, Rainy Day fund, Entertainment & Gifts**

Put in a jar the amount of money that you have set aside in your budget for an expense. When the money is gone, it's gone!

Work to stay within your overall cash budget.

Adjust the amount you put in a jar each month. Does one expense require more money? Another less?



"When you make a **budget**, you nail down where your money goes."

Gail Vax-Oxlade, author of Easy Money



### My Budget Worksheet

Put your money “needs and wants” into a plan for spending and saving. Fill out the worksheet to help you. Add extra lines if you need them. Try the plan for a month. Adjust the \$ amounts at the end of the month to match your spending and saving, and to better balance your budget.

**My Total Monthly Income: \$ \_\_\_\_\_**

My Basic Monthly Expenses	Is this expense a basic need, or is it really a “want?” Why?	Amount I need to spend \$
1.		
2.		
3.		
4.		
5.		
6.		

My Monthly Savings	What do I need to save for? (rainy day, RESP, car, retirement)	Amount I plan to save \$
1.		
2.		
3.		

My Monthly Extra Expenses	Can I save by cutting back on this expense? How?	Amount I plan to spend \$
1.		
2.		
3.		

**My Total Monthly Expenses: \$ \_\_\_\_\_**

Is your budget balanced? \_\_\_\_\_

Can you cut back on your expenses? Where?



### Take the Money Challenge

Look at your spending and your saving. What changes can you make to get the most out of your money?

It's often the simple changes that add up to the biggest savings.

Choose one thing that you will pledge to do to make better use of your money. Then try it for a day, a week, a month, a year!



"When you make a budget, you nail down where your money goes."

*Gail Vax-Oxlade, author of Easy Money*



### Here are some ideas

- I will make a budget
- I will buy only what I can pay cash for
- I will keep a money journal to track my spending
- I will pack lunch instead of buying it each day
- I will buy used instead of new items
- I will cut back on cigarettes, coffee or \_\_\_\_\_ and use the money for \_\_\_\_\_
- I will start a "Rainy Day" savings fund.

### What's Your Pledge?

I will...

## Learning More

Visit **ABC Life Literacy Canada** to learn more about financial literacy week, and financial literacy and math skills through access to tools, resources and community events and celebrations.

Read the book *Easy Money*, by Gail Vaz-Oxlade, and published by Grass Roots Press, for practical advice on budgeting, saving, and getting your debt paid off.

Visit **TD Canada Trust** to try the Personal Cash Flow Calculator to track where you money goes, and for other great tools and tips for making your budget work for you.

Visit the **Financial Consumer Agency of Canada (FCAC)** online to learn more about making a budget and other money information. Try the FCAC's **Budget Calculator** to see where your money goes, and how you can put more of your money towards reaching your money goals.

## A Place for Your Notes

---

---

---

---

---

---

---

---