

Casa Youth Shelter

Life Skills

Budgeting





Budgeting

Standard

- Demonstrate general understanding of budgeting and expenses.

Objectives

- Demonstrate understanding of budgeting terminology.
- Understand the responsibilities of fixed and variable expenses.
- Understand how to create a budget





Terminology

- **Budget:** an opportunity to take control of your money by saving and managing your finances.
- **Gross income:** income before taxes and deductions.
- **Net income:** income after taxes and deductions.
- **Saving:** income not spent, by putting money aside.





Expenses

There are two main types of expenses...

- **Fixed expenses:** expenses that are the same each month.
- **Variable expenses:** expenses that change in price and frequency.

These types of expenses are categorized by needs and wants.

Needs: essentials for living and surviving

- Housing, shelter, utilities
- Food
- Clothes

Wants: items not essential to our living

- Designer clothing
- Luxury car





Why Budget?

1. Makes it easier to save

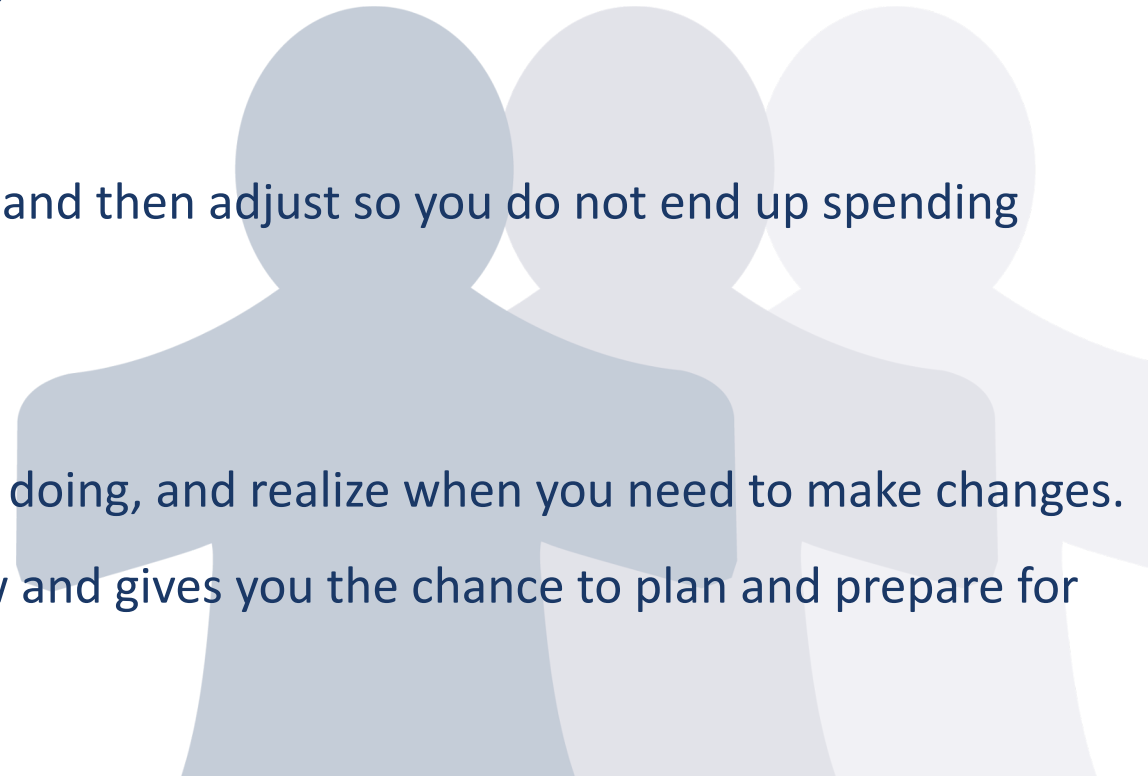
- People who do not have a budget tend to save less money than those who do.
- In case of an emergency: car breaks down, unexpected illness, laid off from work.
- Savings: be able to meet your financial goals, like buying a car.

2. Keeps you from overspending

- Allows you to recognize issues with your spending habits and then adjust so you do not end up spending more than your means.

3. Put you in control

- Allows you to prioritize your spending, track how you are doing, and realize when you need to make changes.
- A budget puts a solid plan into place that is easy to follow and gives you the chance to plan and prepare for the future.





How to Budget

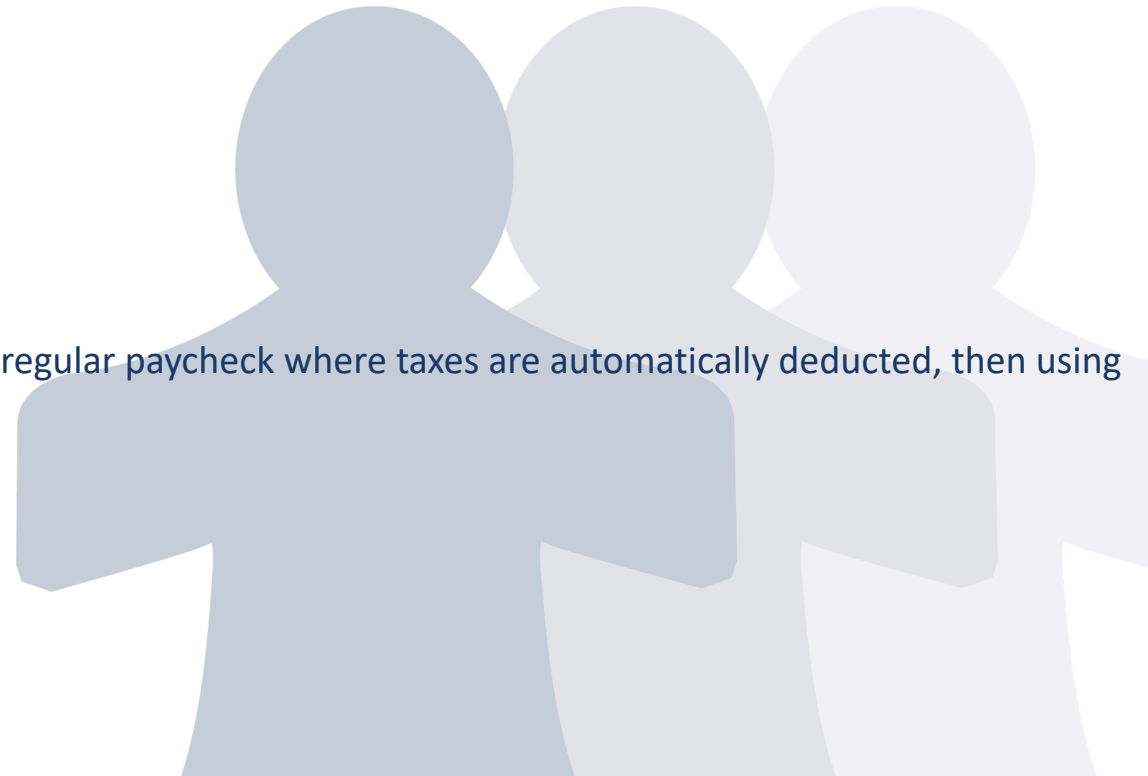
1. Gather your finances

You want to have access to any information about your income and expenses. One of the keys to the budget-making process is to create a monthly average.

- Bank statements
- Pay stubs
- Credit card bills
- Auto loan, rent or housing statements

2. Calculate your income

How much income can you expect each month? If your income is in the form of a regular paycheck where taxes are automatically deducted, then using the net income (or take-home pay) amount is fine.





How to Budget

3. Create a list of monthly expenses

write down a list of all the expenses you expect to have during a month.

This list could include:

- Mortgage payments or rent
- Car payments
- Insurance
- Groceries
- Utilities
- Entertainment
- Personal care: hair, nails
- Eating out
- Child care
- Transportation costs
- Travel
- Student loans
- Savings





How to Budget

4. Determine fixed and variable expenses

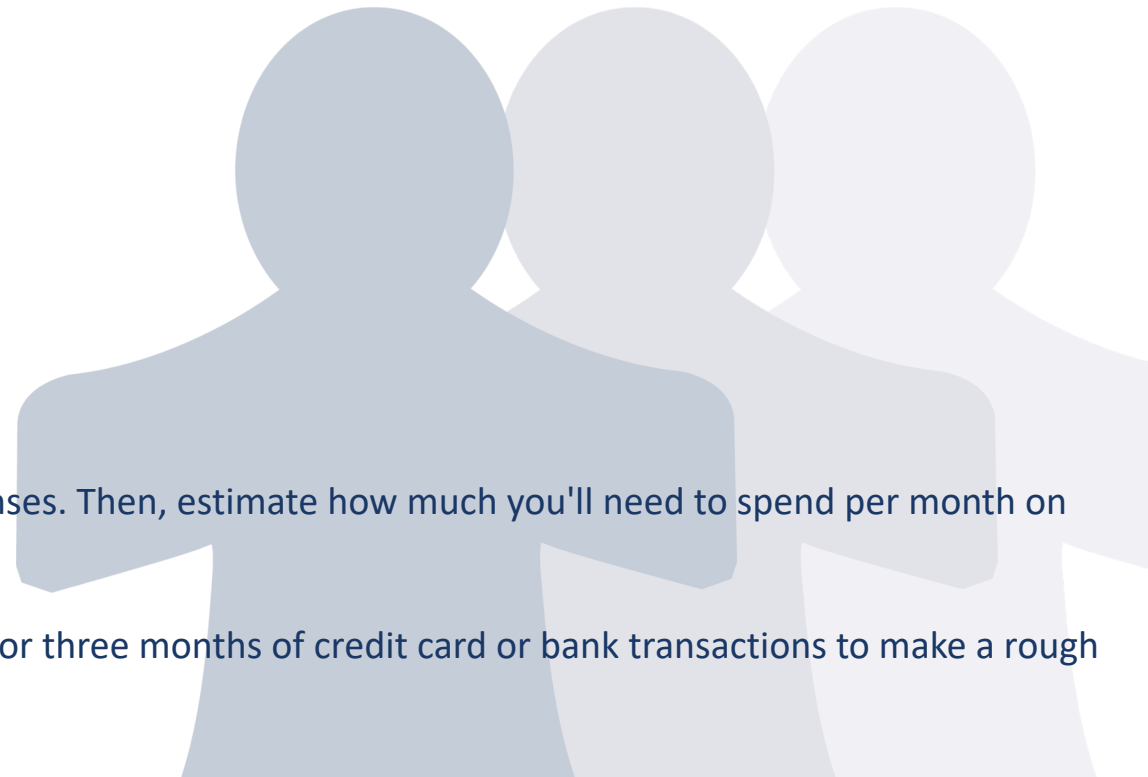
Fixed expenses are those mandatory expenses that you pay the same amount for each time. Include items like mortgage or rent payments, car payments, set-fee internet service. If you pay a standard credit card payment, include that amount and any other essential spending that tends to stay the same from month to month.

Variable expenses are the type that will change from month to month, such as:

- Groceries
- Gasoline
- Entertainment
- Eating out
- Gifts

Start assigning a spending value to each category, beginning with your fixed expenses. Then, estimate how much you'll need to spend per month on variable expenses.

- If you're not sure how much you spend in each category, review your last two or three months of credit card or bank transactions to make a rough estimate.





How to Budget

5. Total your monthly income and expenses

- If your income is higher than your expenses, you are off to a good start. This extra money means you can put funds towards areas of your budget, such as retirement savings or paying off debt.
- If your expenses are more than your income, that means you are overspending and need to make some changes.

6. Make adjustments to expenses

- If you're in a situation where expenses are higher than income, find areas in your variable expenses you can cut.
- Look for places you can reduce your spending—like eating out less—or eliminate a category—like canceling your gym membership.

How to use your budget

After you have set up your budget, monitor and continue to track your expenses in each category. Recording what you spend throughout the month will keep you from overspending and help you identify unnecessary expenses or problematic spending patterns. Once you have reached your spending limit in a category, you will either need to stop that type of spending for the month or move money from another category to cover additional expenses.

Your goal in using your budget should be to keep your expenses equal to or lower than your income for the month.





Budgeting Basics





Helpful Websites and Apps

intuit. mint

OVERVIEW

August Budgets

	100%	BUDGET	OVER?
Total	<div style="width: 100%;"></div>	\$1,000	\$445 LEFT
Auto & Transport	<div style="width: 80%;"></div>	\$200	\$50 LEFT
Coffee Shops	<div style="width: 60%;"></div>	\$50	\$25 LEFT
Groceries	<div style="width: 40%;"></div>	\$450	\$250 LEFT
Restaurants	<div style="width: 100%; background-color: orange;"></div>	\$150	\$20 LEFT
Shopping	<div style="width: 20%;"></div>	\$150	\$100 LEFT

Create budgets that make sense today and set you up for success tomorrow.

EveryDollar
Budgeting That Doesn't Suck

9:41

March

Planned Spent Remaining

\$4,300
monthly income

It's an EveryDollar budget

INCOME PLANNED

- Elizabeth's Paycheck 1 \$2,150.00
- Elizabeth's Paycheck 2 \$2,150.00

Add Item

GIVING PLANNED

- Church \$430.00

Add Item

UTILITIES PLANNED

Budget Transactions Insights Accounts Profile

Free apps designed to help you build your budget, customize categories, spend tracking, set up savings and set goals.



Casa Youth Shelter

casayouthshelter.org