

# BUDGETING

*A budget is a tool to help you plan how you want to spend your money.*



## QUICK STATISTICS:

- Just 46 percent of Americans have a rainy day fund (ie. savings for unexpected events.)
- Regardless of income, 70% of US citizens are living "paycheck to paycheck"
- 40% of Americans are counting on the lottery, sweepstakes, getting married, or an inheritance to fund their retirement.

## How do I make a budget?

You can create a budget for the week, month, quarter, or year. Whatever you think will work for you!

### FIXED COSTS:

These are the expenses that will stay the same every month. Always put them first in your budget.

### VARIABLE COSTS:

These are the expenses that will change or vary every month. Do your best to estimate what you will spend each month.

### ENDING BALANCE:

This is the amount you will have left at the end of each month if you stick to your budget! You can decide to add it to one of your priority goals or carry it over to the next month so you have a bit more flexibility.

Personal 3 Month Budget			
MONTH	JAN	FEB	MAR
<b>Income</b>			
Net Salary (After Taxes)	\$2,400.00	\$2,400.00	\$2,400.00
Other Income (Youtube ads and Ebay sales)	\$100.00	\$75.00	\$200.00
Gifts			\$150.00
<b>TOTAL Income</b>	<b>\$2,500.00</b>	<b>\$2,475.00</b>	<b>\$2,750.00</b>
<b>Expenses</b>			
<b>Fixed Costs</b>			
Rent/Mortgage	\$700.00	\$700.00	\$700.00
Health Insurance	\$175.00	\$175.00	\$175.00
Cellphone	\$80.00	\$80.00	\$80.00
Utilities	\$60.00	\$60.00	\$60.00
Subscriptions (Netflix and Spotify)	\$19.99	\$19.99	\$19.99
Gym Membership	\$75.00	\$75.00	\$75.00
Transportation (Monthly Bus Pass)	\$75.00	\$75.00	\$75.00
<b>Subtotal Fixed Costs</b>	<b>\$1,109.99</b>	<b>\$1,109.99</b>	<b>\$1,109.99</b>
<b>Variable Costs</b>			
Groceries	\$200.00	\$100.00	\$150.00
Restaurants/Bars	\$150.00	\$150.00	\$200.00
Clothing Shopping	\$120.00		\$60.00
Entertainment	\$80.00	\$120.00	\$80.00
Taxi / Uber	\$30.00	\$15.00	\$30.00
Travel	\$0.00	\$200.00	\$50.00
Hair Cuts	\$125.00		
Toiletries	\$25.00	\$10.00	\$25.00
Gifts	\$50.00		
Donations			\$50.00
<b>Subtotal Flexible Spending</b>	<b>\$780.00</b>	<b>\$595.00</b>	<b>\$645.00</b>
<b>Priority Goals</b>			
Savings Goal	\$100.00	\$100.00	\$100.00
Loan Payments	\$300.00	\$300.00	\$300.00
IRA Contribution	\$200.00	\$200.00	\$200.00
Investment Account			\$300.00
<b>Subtotal Priority Goals</b>	<b>\$600.00</b>	<b>\$600.00</b>	<b>\$900.00</b>
<b>TOTAL CASH OUTFLOWS</b>	<b>\$2,489.99</b>	<b>\$2,304.99</b>	<b>\$2,654.99</b>
<b>BALANCES</b>			
<b>TOTAL MONTHLY INCOME</b>	<b>\$2,500.00</b>	<b>\$2,475.00</b>	<b>\$2,750.00</b>
<b>TOTAL MONTHLY EXPENSES</b>	<b>\$2,489.99</b>	<b>\$2,304.99</b>	<b>\$2,654.99</b>
<b>Ending Balance (Income-Expenses)</b>	<b>\$10.01</b>	<b>\$170.01</b>	<b>\$95.01</b>

### INCOME:

This first section is for all of the money coming IN. Remember that everyone's categories may be different!

### EXPENSES:

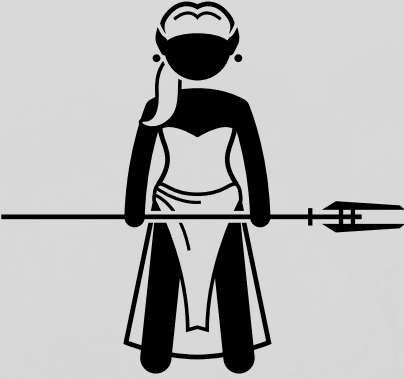
This section is for all of the money going OUT. Remember that everyone's categories may be different!

### PRIORITY GOALS:

These are the goals that are most important to you. Consider contributing to savings, prioritize paying off debt (loans in this example) and contributing to a retirement account and an investment account.

Don't stress yourself out if your actual spending doesn't match up perfectly. None of us are perfect and budgeting is a tool to help us keep on track, be aware of our finances, and practice until we become masters of our own money.

# ARYA



## About

A recent graduate, beginning her career in Chicago but travels at least two days a week for work.

Age: 21  
Recent graduate of West Point  
Status: Single  
Location: Chicago, Illinois  
Career: Photo Journalist  
Salary: \$45,000

## Short & Long Term Goals

Needs a new MacBook Pro in the next 6 months

Wants to enjoy going out to breweries in Chicago.

Would like to save up to move "West" in the next 2 years.

## Values & Hobbies

-Independent  
-Resourceful  
-Adventurous

-Fencing  
-Brewing Beer  
-Axe-throwing

# SANSA



## About

Sansa works in politics and is recently engaged to an unemployed electrician, Gendry. She is currently supporting him as he looks for work.

Age: 24  
Status: Engaged  
Location: Columbus, Ohio  
Career: Lobbyist  
Salary: \$60,000

## Short & Long Term Goals

Honeymoon in Iceland this November for 10 days

Save money each month to put towards buying a home in the next 5 years

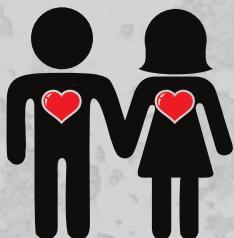
Try at least one nice restaurant per month

## Values & Hobbies

-Driven  
-Family oriented  
-Dedicated to her hometown

-Shopping  
-Theater  
-Wine tasting

# JON & DANY



## About

Dany and Jon met while traveling and have been married for 2 years. They plan to buy a home this month with \$80,000 they have saved together as a down payment.

Age: Both 27  
Status: Married with one child, named Drogon  
Location: San Diego  
Career: Dany is the executive director of a non-profit working with refugees. Jon is a stay at home dad and does part time consulting work  
Joint Salary: \$100,000

## Short & Long Term Goals

Buy a home with at least 3 bedrooms and one fireplace (Dany loves fireplaces)

Hire a nanny in the next 6 months so Jon can focus on building his consulting practice

Lease a Volvo to drive since it has a high safety rating. They have up to \$3,000 to put as a down payment

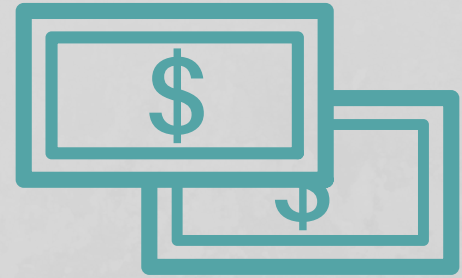
## Values & Hobbies

Jon:	Dany:
-Peacekeeper	-Ambitious
-Family man	-Entrepreneurial
-Loyal	-Independent
-Giving	-Giving

Jon:	Dany:
-Triathlons	-Flying airplanes
-Painting	-Fostering animals
-Local volunteering	-Volunteering abroad



# BUDGETING



## THE GOAL

1. To practice creating a year-long budget
2. Compare typical needs at different stages of life
3. Prioritize needs and wants and empathize with others

## THE LOGISTICS

This session is best done in small groups of 2-3 people but can be done alone. Time frames listed will vary based on the full amount of time you have available.

- If working with more than 2 - 3 people, randomly assign teams by counting off or another creative method (drawing number from a hat, assigning based on birthdays etc.)
- If applicable, assign each group a space where they may work and ask them to split into their teams.
- Give each participant or group one of the 3 Game of Budgets profiles (several teams may have the same profile).
- Give the participant(s) 20-40 mins to complete the budget template. Note: the budget must be balanced or positive, meaning that they can not spend more than they make.
- Provide time-check warnings when there are 10 and 5 minutes remaining.
- Each participant or group will have 4-5 minutes to explain their budgets.
- If applicable, allow 2-3 minutes of questions from the audience.

## THE ITEMS

One copy per person of the Launch Hack, one Game of Budgets profile per group, a printed or digital copy of the budget spreadsheet, paper, pens.

## THE WRAP UP

Ask each participant or group to share what surprised them most about this session and what they learned. Ask questions such as, "What costs surprised you the most as you were doing the research? Do you think more income is needed to live the life your character hopes for? Dany and Jon's housing costs were much higher than Arya's – why does a young family need so much more? How much has been allocated for savings, and is this enough given their long-term goals? What are the risks of having so many fixed costs?" Note: if you have time constraints, the presentations and wrap up portion can be done at a later time.