Budgeting Basics

Federal Reserve Bank of San Francisco

What is a Budget?

A plan that you write down to decide how you will spend and save your money each month.

Why Create a Budget?

Creating a budget helps you…

- understand how you are spending your money.
- find uses for your money that will increase your wealth.
- plan for unexpected events or emergencies.
- ensure that you always have money for the things you need.

WHAT IS INCOME?

1.) Money spent

2.) Money earned

3.) Both

4.) None of the above

WHAT IS AN EXPENSE?

1.) Allowance

2.) Food

3.) Entertainment

4.) Wages

WHAT WAS THE LAST THING YOU PAID FOR?

1.) Food

2.) Gas

3.) Clothes

4.) Movie

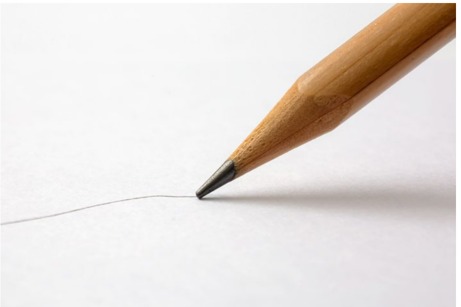
5.) Cell phone

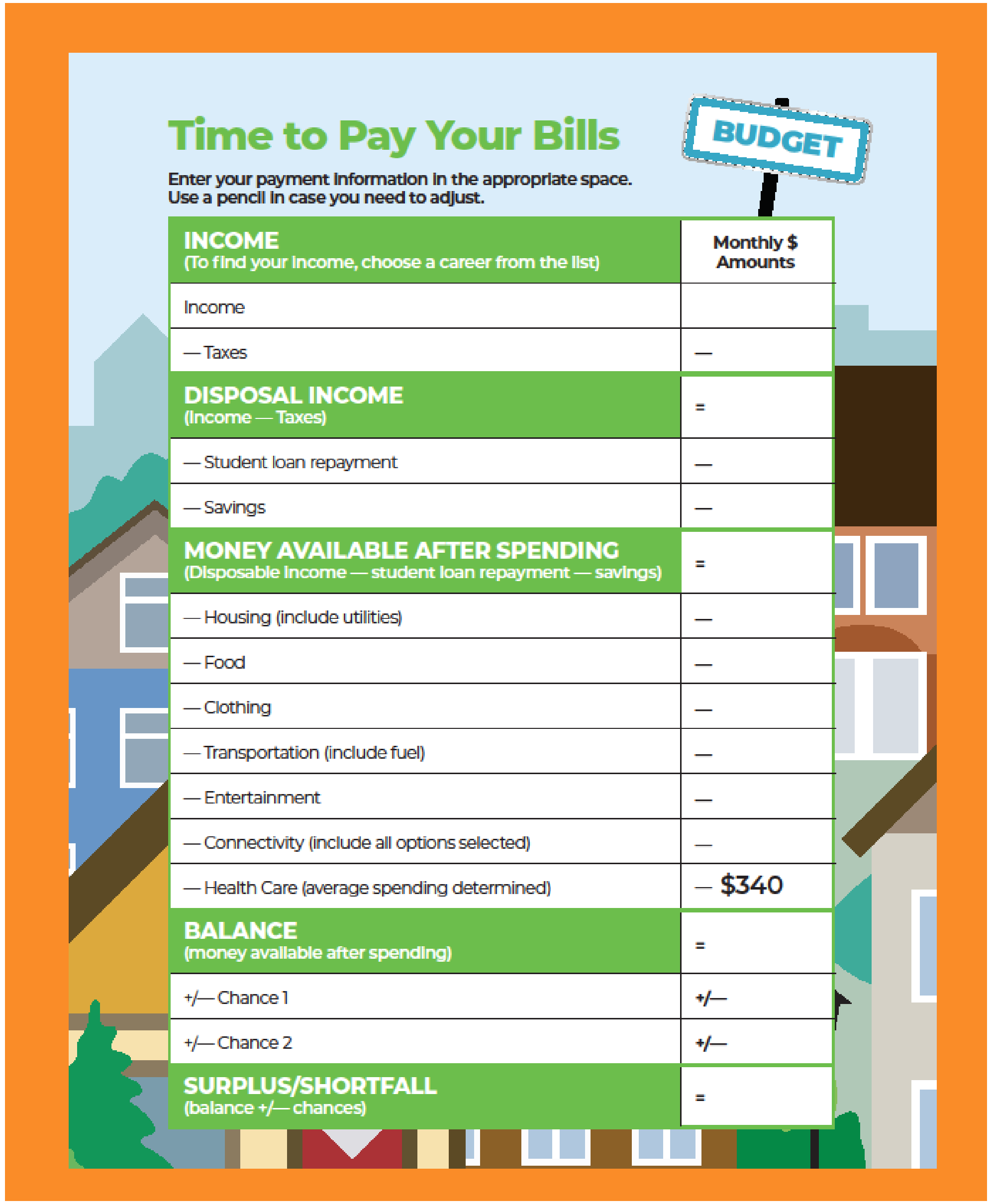
6.) Games

7.) Other

WHAT YOU'LL NEED:

- + Budget worksheet
- + Pencil
- + Coin (just one!)





Time to Pay Your Bills

BUDGET

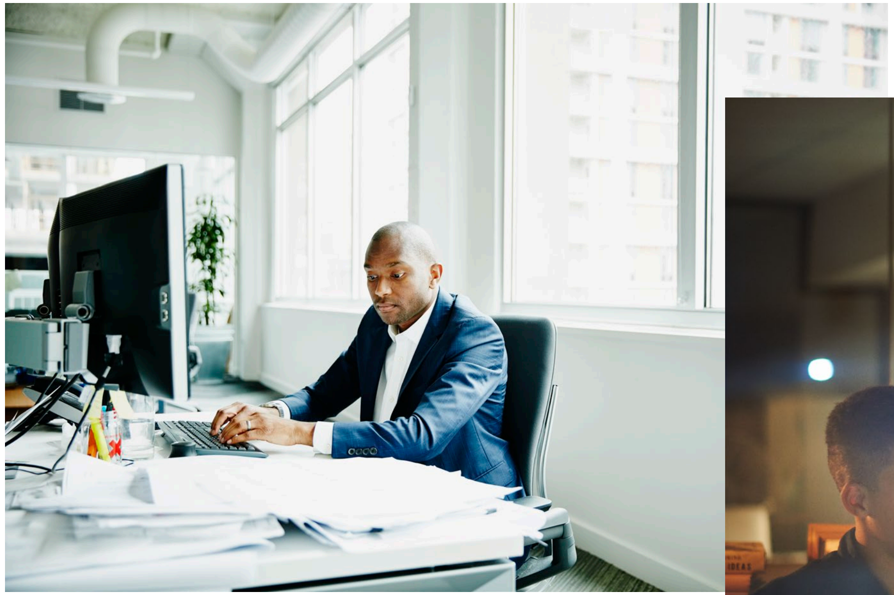
Enter your payment information in the appropriate space.
Use a pencil in case you need to adjust.

INCOME (To find your income, choose a career from the list)	Monthly $ Amounts
Income	
— Taxes	—
DISPOSAL INCOME (Income — Taxes)	=
— Student loan repayment	—
— Savings	—
MONEY AVAILABLE AFTER SPENDING (Disposable Income — student loan repayment — savings)	=
— Housing (include utilities)	—
— Food	—
— Clothing	—
— Transportation (include fuel)	—
— Entertainment	—
— Connectivity (include all options selected)	—
— Health Care (average spending determined)	— $340
BALANCE (money available after spending)	=
+/— Chance 1	+/—
+/— Chance 2	+/—
SURPLUS/SHORTFALL (balance +/— chances)	=

The following budget exercise was adapted from ***Dollars & Sense***, a budgeting game from the Federal Reserve Bank of Richmond.

CHOOSE A CAREER

Select a career that interests you – then enter the monthly income, taxes and any student loan repayments on your budget worksheet.



High School Diploma		
Commercial Truck Driver	**Photographer**	**Plumber**
Income: $48,000/yr $3,333/mth **Taxes:** $480/mth	**Income:** $49,000/yr $2,830/mth **Taxes:** $490/mth	**Income:** $50,000/yr $4,166/mth **Taxes:** $500/mth

Bachelor's Degree		
Graphic Designer	**Writer**	**Computer Engineer**
Income: $65,000/yr $5,416/mth **Taxes:** $812/mth **Student Loan Repayment:** $310/month	**Income:** $75,000/yr $6,250/mth **Taxes:** $937/mth **Student Loan Repayment:** $310/month	**Income:** $80,000/yr $6,666/mth **Taxes:** $1,000/mth **Student Loan Repayment:** $310/month

Associate's Degree		
Real Estate Agent	**Web Developer**	**Dental Hygienist**
Income: $59,000/yr $4,916/mth **Taxes:** $590/mth **Student Loan Repayment:** $180/month	**Income:** $66,000/yr $5,500/mth **Taxes:** $660/mth **Student Loan Repayment:** $180/month	**Income:** $79,000/yr $6,583/mth **Taxes:** $790/mth **Student Loan Repayment:** $180/month

Master's Degree		
Librarian	**Principal**	**Occupational Therapist**
Income: $80,000/yr $6,666/mth **Taxes:** $1,000/mth **Student Loan Repayment:** $440/month	**Income:** $93,000/yr $7,750/mth **Taxes:** $1,162mth **Student Loan Repayment:** $440/month	**Income:** $101,000/yr $7,833/mth **Taxes:** $1,175/mth **Student Loan Repayment:** $440/month

DON'T FORGET TO PAY YOURSELF!

Simple Saver

Saving Rate = 5%/month

Calculation = Divide monthly income by 20

Savvy Saver

Saving Rate = 10%/month

Calculation = Divide monthly income by 10

Super Saver

Saving Rate = 20%/month

Calculations = Divide monthly income by 5

CHOOSE YOUR HOME

Home with the Folks

Monthly Payment = $0.00!

Utilities = $350

Close Quarters

Monthly Payment = $1,900

Utilities = $390

Upscale High Life

Monthly Payment = $3,200

Utilities = $530

Suburban Oasis

Monthly Payment = $4,300

Utilities = $600

TAKE A CHANCE

Life brings unexpected events; some bring money, others add expense.

FLIP A COIN

to reveal your fate.

HEADS

Your laptop is stolen, and you must spend $1,320 to replace it. You can pay in monthly (12) installments.

TAILS

To help build your savings, a relative deposits $25 each month into your savings account.

CHOOSE YOUR RIDE

Stop & Go

Monthly Payment = $200

Fuel = $0/month

Putt-Putt

Monthly Payment = $300

Fuel Expense = $150/month

Safe & Steady

Monthly Payment = $450

Fuel Expense = $250

Zoom-Zoom

Monthly Payment = $800

Fuel Expense = $400

HOW CONNECTED ARE YOU?

(You can select as many options as you want)

Streaming

Expense = $50/month

High Speed Internet

Expense = $70/month

Phone

Expense = $80/month

Cable

Expense = $130/month

WHAT'S ON THE MENU?

Basic Basket

Expense = $400/month

Description = Just the necessities, all store brands

Common Basket

Expense = $600/month

Description = Mixture of basic goods, name brand & restaurant meals

Royal Feast

Expense = $700/month

Description = Mixture of organic, gourmet, name brand, and restaurant meals

TAKE A CHANCE

Life brings unexpected events;
some bring money, others add expense.

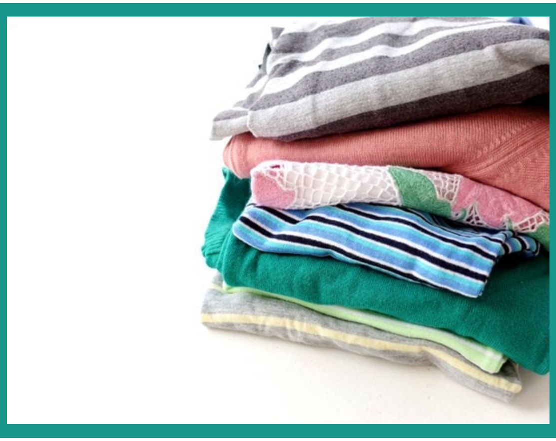
FLIP A COIN

to reveal your fate.

HEADS
You win $600 from a radio contest paid in monthly installments for one year.

TAILS
Last year you made a mistake on your taxes. You now must repay the $1,200 you owe over the course of a year.

WHAT TO WEAR, WHAT TO WEAR?



The Lounger

Expense = $60/month

The Trendsetter

Expense = $120/month

The Sophisticate

Expense = $250/month

The Glamour Guru

Expense = $500/month

WHAT WILL YOU DO FOR FUN?

Stay at Home

Expense = $100/month

Description = Watching/streaming movies, have friends over, relax

The Weekender

Expense = $250/month

Description = Bowling, going to a movie, shopping

The Big Spender

Expense = $400/month

Description = Going to live shows, fancy dinner, sports games

Time to Pay Your Bills

Enter your payment information in the appropriate space.
Use a pencil in case you need to adjust.

INCOME (To find your income, choose a career from the list)	Monthly $ Amounts
Income	$6,250
— Taxes	— $937
DISPOSAL INCOME (Income — Taxes)	= $5,313
— Student loan repayment	— $310
— Savings	— $625
MONEY AVAILABLE AFTER SPENDING (Disposable Income — student loan repayment — savings)	= $4,378
— Housing (include utilities)	— $2,290
— Food	— $400
— Clothing	— $120
— Transportation (include fuel)	— $450
— Entertainment	— $250
— Connectivity (include all options selected)	— $130
— Health Care (average spending determined)	— **$340**
BALANCE (money available after spending)	= $398
+/— Chance 1	+/— -$110
+/— Chance 2	+/— -$100
SURPLUS/SHORTFALL (balance +/— chances)	= $188

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