

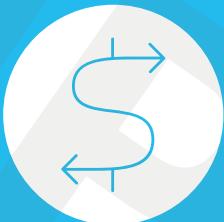
# LEARNER'S WORKBOOK

2

## BUDGETING

BUILDING THE STRATEGY

TRACK AND ADJUST YOUR BUDGET



BUDGET TRACKING

BUDGET OPTIMIZING

MANAGING THE UNEXPECTED

FOUNDATIONS



Empowering youth and adults to take control of their financial futures.

#### **Financial Education Since 2005**

Financial Beginnings is a national nonprofit that provides accessible and unbiased financial education programming to youth and adults in schools and community-based organizations across the country. Programs incorporate all aspects of personal finance, providing the foundation individuals need to make informed financial decisions and play an active role in their financial well-being.

#### **Best-in-Class Curricula**

Financial Beginnings updates its curricula annually to ensure programming remains relevant to learners' needs and grounded in instructional design best practices, state education standards, and the latest financial education research. With a focus on accessibility and learner success, Financial Beginnings ensures all materials are designed to engage individuals from a wide range of backgrounds and income levels.

Special thanks to Farmers® Insurance for supporting our efforts to broaden access to high-quality financial education and strengthen our programs through approaches that are learner-centered, research-informed, and responsive to diverse learning experiences.

#### **Trained Volunteer Presenters**

Industry professionals are trained to present engaging lessons and activities and follow a strict code-of-conduct. Learners receive resource guides with valuable financial lessons for use during program sessions and to take home.

#### **Simple Registration**

Financial Beginnings offers a simple and full-service programming approach. Schools and community groups schedule programming online to fit their needs. Financial Beginnings takes care of the rest!

**More information:** [financialbeginnings.org](http://financialbeginnings.org)

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#### **Program Sponsor**

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The team at **Farmers Insurance**® believes that a brighter future starts in the classroom today. As one of the nation's leading insurer groups of automobiles, homes, small business, and more, **Farmers**® is committed to helping customers understand their coverage options and make informed decisions when selecting insurance for themselves and their families. To help empower the next generation of insurance consumers, **Farmers**® is proud to sponsor the Financial Foundations program at Financial Beginnings and support the organization in its mission to strengthen communities through accessible and learner-centered education. To learn more about **Farmers**®, visit [www.farmers.com](http://www.farmers.com).

**OVERVIEW**

## Budgeting 2

### TRACK AND ADJUST YOUR BUDGET

### USING THIS WORKBOOK

Developing and following a budget is an important component to healthy money management. In this module, you will learn how to develop a budget tracking system that is right for you and your financial situation. Strategies to help you maximize savings and plan for the unexpected are also covered.

Three key concepts are presented in each Financial Foundations module. Concepts are marked by individual icons with color-coded sections. Various activities are also labeled with tabs for easy reference. Module-relevant resources and terms are included at the end of the workbook.

**KEY CONCEPTS**

### Building the Strategy



#### BUDGET TRACKING

Learn how to develop a budget tracking system that's right for you.



#### BUDGET OPTIMIZING

Learn strategies to decrease expenses and increase income.



#### MANAGING THE UNEXPECTED

Understand how to manage unexpected windfalls and expenses.

**REVIEW**

### Laying the Foundation



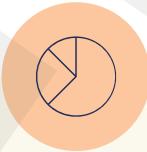
#### WEALTH

Budgeting should be undertaken with the goal of building personal wealth based on needs versus wants rather than "getting rich."



#### MONEY MANAGEMENT

An effective savings plan relies on setting realistic goals and thoughtful prioritization of money coming in and expenses going out.



#### NET WORTH

Net worth is a snapshot of your overall financial situation, whereas your cash flow shows activity for a fixed period.

**CONTINUE THE LEARNING**

### Additional Resources

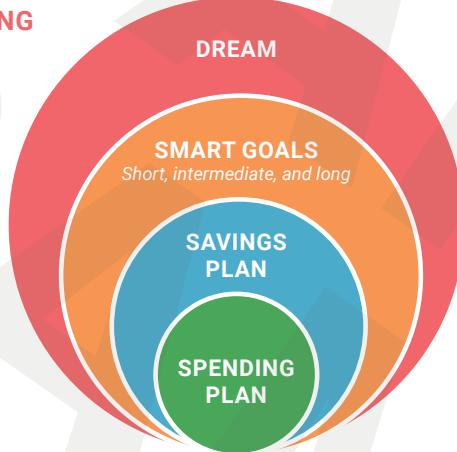
- ↗ [FINANCIALBEGINNINGS.ORG](https://financialbeginnings.org)
- ↗ [FINANCIALBEGINNINGSLMS.ORG](https://financialbeginningslms.org)

Ask your instructor or Foundations presenter how you can learn more about other program units, including: Credit, Investing, Protection, and Spending. Meanwhile, check out our websites and social media for additional information, personal finance resources, and interactive online lessons.



## LAYING THE FOUNDATION

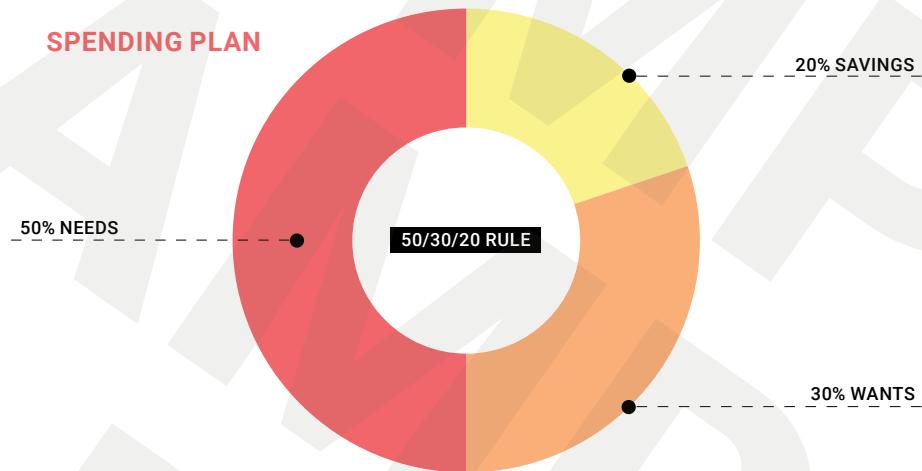
## • DREAM SETTING



"Dreaming, after all, is a form of planning."  
-GLORIA STEINEM



## • SPENDING PLAN



**Net Worth** is a snapshot of your overall financial picture

ASSETS — LIABILITY = NET WORTH

EXAMPLE

CAR

—

CAR LOAN

=

NET WORTH

EQUITY



FIN FACT

According to a 2013 Gallup poll, **68%** of Americans do not prepare monthly detailed household budgets that track their income and expenses.





# Budget Tracking

Learn how to develop a budget tracking system that's right for you

## BUDGETING TIPS TO ENSURE SUCCESS

1

### Identify what's important

Consider what is most important to you when making spending decisions.

2

### Be goal oriented

Create defined goals.

3

### Include savings

Include savings as a line item on your budget.

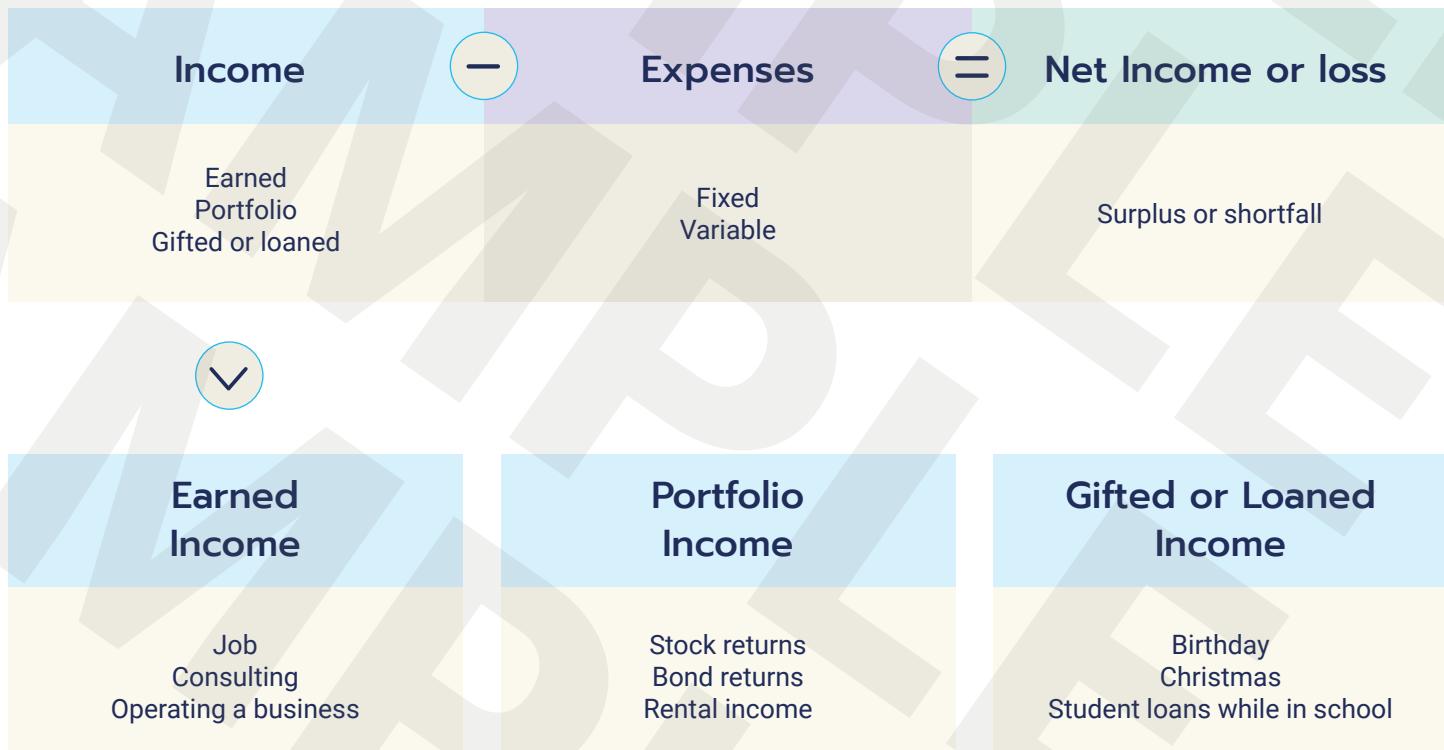
4

### Live your wealthy life you have defined

Build your wealth instead of spending your money unnecessarily.

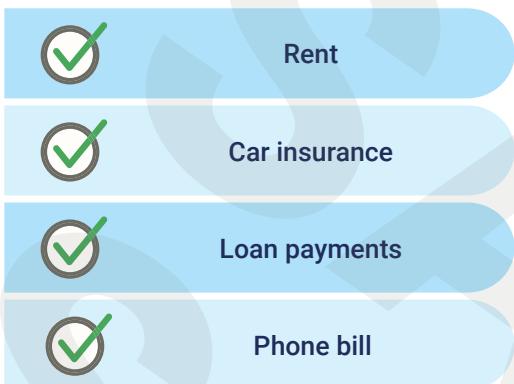
## BUDGET COMPONENTS

Remember to plan for and prioritize savings before your spending. Establish an emergency fund. Pay your future self by investing and working toward financial independence. Save according to short, intermediate, and long-term goals.



- **FIXED EXPENSES VS. VARIABLE EXPENSES**

### Fixed Expenses



### Variable Expenses



- **HOW TO START A BUDGET**

Be sure to account for your savings plan!

- 1 Choose a budgeting tool
- 2 Choose a time period
- 3 Project your income and expenses
- 4 Calculate income minus expenses
- 5 Income needs to exceed expenses

- **NONMONETARY CONTRIBUTION**

It may be hard to imagine having extra money to contribute right now, but there are several different ways you can contribute to your community.



#### MONETARY

You may build in a line item in your budget for charitable contributions or you may use your efforts to raise funds that can be contributed to a worthy cause.

#### SERVICES

Are there services or talents you can contribute to your community? Ideas could include giving blood or coaching the local recreation soccer team.

#### ITEMS

Do you have items you no longer use that could be better served by someone else? One person's trash can be another person's treasure.

#### TIME

Your time is valuable and can be used to help your community. There are several ways to get connected to volunteer opportunities that can be one time or an ongoing commitment.

 **WORKBOOK ACTIVITY**
● **BUDGET CATEGORIZATION**

② **#1.** When considering your budget categories, do you prefer to be more general or specific? Explain.

② **#2.** What expense categories do you want to track in your budget?  
(You should list a minimum of 10, but don't feel limited.)

1  
2  
3  
4  
5

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6  
7  
8  
9  
10

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11  
12  
13  
14  
15

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② **#3.** Now categorize the expenses below using the numbers for each category above. If you find you do not have a category for an expense, add the category above and note in the next question.

Netflix  
 Starbucks  
 Target (a bit of everything)  
 McDonald's  
 Car repair

Gas station  
 Car insurance  
 Internet  
 Cell phone  
 Groceries

Train ticket home  
 Rent  
 Medical bill  
 Movie ticket  
 School bookstore

② **#4.** Were you able to easily categorize? How many additional categories did you need to add?

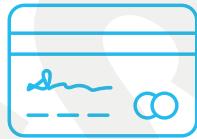
② **#5.** Now connect with a partner and compare your categories and categorization to theirs. What similarities or differences did you notice?


**FIN FACT**

During the 2020 pandemic, teens reported spending

**\$2,150** for the year, down from 9% the year prior. Regardless of the year, food and clothing are consistently the highest expenses for teens.

Source: Piper Sandler 2020



## CREDIT

Create Your Credit Persona  
Leverage Loans To Finance Goals



## INVESTING

Get Inspired By The Time Value Of Money  
Understand Retirement Vehicles



## PROTECTION

Manage Risk With Insurance  
Prevent Or Recover From Fraud



## SPENDING

Tools And Services To Manage And Build Wealth  
Take Control Of Large Purchase Planning

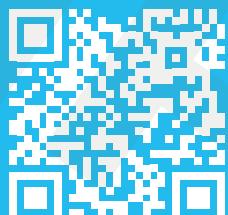


## BUDGETING

Budget To Build Wealth

Track And Adjust Your Budget

Scan to submit  
valuable feedback.



## BUDGETING 2 TAKEAWAYS



Your priorities should be considered when developing an effective budget tracking system.



Adopt beneficial spending habits and be open to creative job opportunities to help optimize your budget.



Create a budgeting plan that can weather unexpected expenses and income.