Lesson Three
Budgeting Your Money
choose the correct answer.

1. _____ Which of these is not a source of income?
   a. Allowance
   b. Salary
   c. Interest
   d. Savings

2. _____ Which of these are not expenses?
   a. Wages
   b. Gifts
   c. Things we need
   d. Things we want

3. _____ What can help you buy your future wants and needs?
   a. Impulse buying
   b. Expenses
   c. Overspending
   d. Savings

4. _____ A budget helps you to
   a. buy everything you want.
   b. balance your income with your expenses.
   c. overspend.
   d. earn more money.

5. _____ Which of these is not a reason to budget?
   a. To put you in control of your money
   b. To determine how much money you have to spend
   c. To increase your income
   d. To decrease your impulse spending
## Expense Categories

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Automobile</td>
<td>Clothing</td>
<td>Computer</td>
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<td><img src="image" alt="Clothing" /></td>
<td><img src="image" alt="Computer" /></td>
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<tr>
<td>Donations/Gifts</td>
<td>Entertainment</td>
<td>Food</td>
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<tr>
<td><img src="image" alt="Gifts" /></td>
<td><img src="image" alt="Movie Ticket" /></td>
<td><img src="image" alt="Food" /></td>
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<tr>
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<td>Personal Care</td>
<td>Recreation</td>
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<td><img src="image" alt="House" /></td>
<td><img src="image" alt="Comb" /></td>
<td><img src="image" alt="Tennis" /></td>
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<tr>
<td>Savings</td>
<td>School</td>
<td>Transportation</td>
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<tr>
<td><img src="image" alt="Savings" /></td>
<td><img src="image" alt="School" /></td>
<td><img src="image" alt="Bus" /></td>
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</tbody>
</table>
income budgeting game

directions
Your teacher will tell you how much “money” you have to spend. You must buy something in each category. The number of squares shows you how much each choice costs. Place one cube in each square next to your choice. Do you have enough money?

Video Games
- play with games you already have
- buy used video games
- play video games at an arcade
- buy new video games

School Lunches
- take packed lunch from home
- buy lunch at school
- buy lunch at a fast-food restaurant
income budgeting game

**Sports Equipment**

- use equipment that you already have
  - [ ]

- buy used sports equipment
  - [ ]
  - [ ]

- buy new sports equipment
  - [ ]
  - [ ]
  - [ ]

- buy brand-name sports equipment
  - [ ]
  - [ ]
  - [ ]
  - [ ]

**Movies**

- borrow from public library
  - [ ]

- rent a video
  - [ ]
  - [ ]

- go to half-price matinee
  - [ ]
  - [ ]
  - [ ]

- go to see full-price movie
  - [ ]
  - [ ]
  - [ ]
  - [ ]
income budgeting game

Donations to Church or Charity

less than five percent

five percent

10 percent

Clothes

wear what you already have

buy at a thrift store

buy at a discount store

buy at a department store
lesson 3 quiz: spending categories

Put a check mark beside the five spending categories in this list.

_____ Salary

_____ Movie tickets

_____ Transportation

_____ Entertainment

_____ Candy bars

_____ Clothing

_____ Wages

_____ Automobile

_____ Soda

_____ Expenses

_____ Allowance

_____ Personal Care

_____ Pencils

_____ Jeans
How do you spend your money? Each time you make a purchase, write down:

- the date
- what you buy
- how much it costs

You may be surprised to see where your money goes!

<table>
<thead>
<tr>
<th>date</th>
<th>item</th>
<th>amount spent</th>
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</thead>
<tbody>
<tr>
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</tbody>
</table>
### Expense Categories

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Automobile</strong></td>
<td><strong>Clothing</strong></td>
<td><strong>Computer</strong></td>
</tr>
<tr>
<td><img src="image1" alt="Car" /></td>
<td><img src="image2" alt="Clothes" /></td>
<td><img src="image3" alt="Computer" /></td>
</tr>
<tr>
<td><strong>Donations/Gifts</strong></td>
<td><strong>Entertainment</strong></td>
<td><strong>Food</strong></td>
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<tr>
<td><img src="image4" alt="Gifts" /></td>
<td><img src="image5" alt="Movie Ticket" /></td>
<td><img src="image6" alt="Food" /></td>
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<td><strong>Household/Rent</strong></td>
<td><strong>Personal Care</strong></td>
<td><strong>Recreation</strong></td>
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<td><img src="image9" alt="Tennis" /></td>
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<tr>
<td><strong>Savings</strong></td>
<td><strong>School</strong></td>
<td><strong>Transportation</strong></td>
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<td><img src="image10" alt="Savings" /></td>
<td><img src="image11" alt="School" /></td>
<td><img src="image12" alt="Bus" /></td>
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</table>
How much money did you spend in each category? Use this chart to find out.

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Amount Spent</th>
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<tbody>
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<td>Clothing</td>
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<tr>
<td>Donations/Gifts</td>
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<td>Entertainment</td>
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<td>Food</td>
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<tr>
<td>Household/Rent</td>
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<td>Personal Care</td>
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<td>Recreation</td>
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<td>Savings</td>
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<td>School</td>
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<tr>
<td>Transportation</td>
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</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

Where did you spend the most money?
setting up a budget

directions
Use a budget sheet to set up a monthly budget for Kelly. Write her expected income and expenses in the “budget” column of the form.

Case Application
Kelly’s Planned Monthly Income

Kelly works part-time at a greeting card company. She also works part-time at a record store. Her monthly take-home pay from her first job is $600. Her monthly take-home pay from her second job is $800.

Kelly’s Planned Monthly Expenses

1. Fixed Expenses:
   - $200 for rent (she shares an apartment with two friends)
   - $175 for car payment
   - $220 for car insurance

2. Flexible Expenses:
   - $100 (to save for going to trade school)
   - $150 for food
   - $40 for gas and oil (transportation)
   - $50 for clothes
   - $60 for entertainment
   - $30 for personal items
# Kelly's Budget

**Name:** ____________________________  **Date:** ____________________________

**Income** | **Budget** | **Actual** | **Difference**
---|---|---|---
Job #1 | $ | $ | $
Job #2 | $ | $ | $
Other | $ | $ | $
**Total Monthly Income** | $ | $ | $

**Expenses** | **Budget** | **Actual** | **Difference**
---|---|---|---
**Fixed Expenses**
Rent | $ | $ | $
Car insurance | $ | $ | $
Car payment | $ | $ | $
**Flexible Expenses**
Savings | $ | $ | $
Food | $ | $ | $
Utilities | $ | $ | $
**Transportation**
Bus fare | $ | $ | $
Gas and oil | $ | $ | $
Parking and tolls | $ | $ | $
Repairs | $ | $ | $
**Other**
Medical expenses | $ | $ | $
Clothing | $ | $ | $
Entertainment | $ | $ | $
Household items | $ | $ | $
Personal items | $ | $ | $
Tuition | $ | $ | $
School expenses | $ | $ | $
**Total Monthly Income** | $ | $ | $

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**reworking a budget**

**directions**
Kelly had some surprises this month! Write her actual income and expenses in the "actual" column of her budget form. Compare her planned income and expenses to her actual income and expenses. Then answer the questions below.

**Kelly's Actual Monthly Income:**
Kelly made $45 in overtime pay this month from the record store.

**Kelly's Actual Monthly Expenses:**

**Fixed Expenses:**
- Rent went up to $225, starting this month
- Her monthly car payment was $175
- Her monthly car insurance payment went up to $295

**Flexible Expenses:**
- $190 for food (she had a pizza party)
- $60 for gas and oil (her car needed an oil change)
- $34 for parking and bridge tolls
- $220 for car repairs
- $80 for a new pair of running shoes
- $70 for entertainment
- $60 for personal items
- $36 for a birthday present for her mother

**Unexpected events:**
Kelly got two speeding tickets in one week. The total cost of both tickets is $230.

**Questions:**
1. What is the difference between Kelly's planned expenses and her actual expenses?

2. In what categories did she overspend?

3. In what categories did she spend less than she planned?

4. How much did she spend for the use of her car this month?

5. How much money did she have at the end of the month to put into savings?
**directions**
Use this form to set up your own personal budget. Try to follow your budget for one month. Track your income and expenses. Write down how much you actually earn and spend. Is there a difference between what you planned and what actually happened?

<table>
<thead>
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<th>Budget</th>
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<th>Difference</th>
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<td>Job #2</td>
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<td>Other</td>
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<tr>
<td>Total Monthly Income</td>
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<table>
<thead>
<tr>
<th>Expenses</th>
<th>Budget</th>
<th>Actual</th>
<th>Difference</th>
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</thead>
<tbody>
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<td>Fixed Expenses</td>
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<tr>
<td>Rent</td>
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<td>Car insurance</td>
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<td>Car payment</td>
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<td>Flexible Expenses</td>
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<td>Gas and oil</td>
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<td>Parking and tolls</td>
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<td>Repairs</td>
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<td>School expenses</td>
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<tr>
<td>Total Monthly Income</td>
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<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>
choose the correct answer.

1. A budget can be made by:
   a. keeping a diary of your expenses.
   b. copying your friend’s budget.
   c. deciding what to buy when you go to the store.
   d. checking how much money is in your pocket.

2. Which one of these is a responsible spending practice?
   a. Spending more money than I have planned.
   b. Buying an item that I like, even if I do not need it.
   c. Buying an item that is included in my budget.
   d. Always shopping at the most expensive stores.

3. Which one of these is not part of a personal budget?
   a. Savings
   b. Giving to a church or charity
   c. Overspending
   d. Income

4. An example of a fixed expense is:
   a. clothing.
   b. car insurance.
   c. food.
   d. educational expenses.

5. An example of a flexible expense is:
   a. rent
   b. car payment
   c. home insurance
   d. entertainment