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PERSONAL MONEY MANAGEMENT

BACKGROUND INFORMATION

Uses of income

Each person will make different decisions about how they choose to use their income. Identifying income and controlling expenditure is the way to begin to develop a money management plan. Saving money will give more options in satisfying our needs and our wants.

Budgeting

Budgeting is managing money so that it can be put to good use. It involves three main areas: income, expenses and savings. However, simply saving what is left over from spending is not money management: it is far easier to save money if there is some obtainable goal. Saving money for a particular purpose involves calculating how much it will cost, estimating income and expenses and making adjustments to achieve the savings.

KEY WORDS

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| money management | personal finance | budgeting | adjustments | calculations |
| income | expenditure | alternatives | | |

ACTIVITY OUTLINE

Ask students: how do they currently save money? How could they increase their savings? Discuss how difficult it is to save on small incomes.

Ask students to list 10 items they would like to buy and estimate how much each of them will cost.

What could they do to pay for them? Discuss their ideas. Explain that we all make choices: either to save money to be able to buy the things we need and want or to spend money.

Ask students to study Tye's budget and answer the questions on WORKSHEET D1.

If students have not already tried the *Challenge*, get them to work through it.

Ask students to complete WORKSHEETS D2 and D3 to develop their weekly and yearly budgets.

