

A**BUDGETING**

Budgeting is a tool that can assist people to manage their money, particularly if they are new to independent living. A personal budget begins with estimating income and expenses. The functions of a budget are to monitor expenses, to make sure there is enough income to cover expenses and to enable the prediction of future expenses.

It is far easier to manage money if there is some attainable goal, or some purpose for saving it. Saving money for a particular purpose involves calculating how much the item will cost, considering the income and expenses and then adjusting expenses to achieve savings.

Key terms

budget	expenses	saving	average	income
balance	spending	estimating		

ACTIVITY OUTLINE

Discuss with students:

- how students earn and spend money, and whether they save for particular goals
- the concepts of *income* and *expenses*
- financial traps for young people (Topics may include credit cards, loans, youth marketing, and unwise spending).

Watch the *Money Stuff* video which accompanies this teacher resource book. After the video, discuss the financial problems that each character experienced and their consequences. For example, Tye had difficulty balancing his income and expenses and it led to the cancellation of his credit card.

Ask students to work in pairs to complete WORKSHEET A1.

Ask students: Why do people draw up a budget? Students complete WORKSHEETS A2 and A3 to develop personal weekly and yearly budgets.