



LESSON THREE: THE ART OF BUDGETING



First Bank
make life better

Financial Literacy Program

THE BUDGETING PROCESS

PHASE 1

Assess your personal and financial situation (needs, values, life situation).

PHASE 2

Set personal and financial goals.

PHASE 3

Create a budget for fixed and variable expenses based on projected income

PHASE 4

Monitor current spending (saving, investing) patterns.

PHASE 5

Compare your budget to what you have actually spent.

PHASE 6

Review financial progress and revise budgeted amounts.

Goal-Setting Guidelines



- **BE REALISTIC**

A STUDENT WORKING PART-TIME IS NOT LIKELY TO BE ABLE TO AFFORD A NEW CAR EVERY COUPLE OF YEARS.

- **BE SPECIFIC**

“I WANT TO SAVE \$5,000 FOR A DOWN PAYMENT TO BUY A HOUSE.”

- **HAVE A TIMEFRAME**

“I WANT TO PAY OFF MY CREDIT CARD WITHIN THE NEXT 18 MONTHS.”

- **STATE THE ACTION TO BE TAKEN**

“I WANT TO START AN AUTOMATIC DEPOSIT SAVINGS ACCOUNT WITH MONTHLY WITHDRAWALS FROM MY CHECKING ACCOUNT.”

SETTING UP AND MAINTAINING A BUDGET

Income	Budget	Actual	Difference
Job #1	\$	\$	\$
Job #1	\$	\$	\$
Other	\$	\$	\$
Total monthly income	\$	\$	\$

Expenses	Budget	Actual	Difference
Fixed regular expenses			
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
Credit card	\$	\$	\$
Fixed irregular expenses			
Savings	\$	\$	\$
Food	\$	\$	\$
Utilities	\$	\$	\$

SETTING UP AND MAINTAINING A BUDGET

expenses	budget	actual	difference
transportation			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
other			
Medical expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
total monthly expenses	\$	\$	\$