

# BUDGETING

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# OVERVIEW

- Introduction
- Why Create a Budget?
- How to Start a Budget?
- How to Cut Your Spending?
- How to Stick to Your Budget?
- Budget for Your First Year Out of High School

(Reference: Personal Finance How to do it Powered by 2007 Quamut)

# INTRODUCTION

- Who am I and any questions about me?
- Who are you?

Name

School

Your favorite subject

Your future career

Plan after your high school

# What is a Budget?

- A plan that helps you set spending limits based on your income and savings goals

# Why Create a Budget?

- Analyze your spending
- Avoid spending more than you earn
- Creating a realistic budget and abiding by it is the foundation of successful personal finance

# ANALYZING YOUR SPENDING

- Itemize your money spending lists

food

utilities including phone bills

entertainment

healthcare

insurance

# AVOID SPENDING MORE THAN YOU EARN

- Identify your total income in each month
  - Monthly allowances
  - Part-time job income
  - Saved money
- Set monthly limits for spending money based on your total income

# EXAMPLE 1

(When I was a high school student...)

- average total income in each month: \$100
- Main costs
  - restaurant bills
  - public transportation
  - entertainment including movies, music tapes, and CDs



# EXAMPLE 2

(When I was a college student...)

- average total income in each month: \$1,200
- Main costs
  - tuition and textbooks
  - food and restaurant bills
  - public transportation
  - entertainment
  - medical care

# ASSIGNMENT

- Identify your total income
- Itemize your money spending lists
- Practice those two lists in the above for your current situation and for your first year out of high school (as an estimation)