

YLAI Counts:

A Money Management Workbook



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At every stage of life, important financial decisions must be made, from how much to spend at the market to whether you should pursue advanced education, apply for a credit card or spend money on the latest mobile phone. How well you navigate these decisions depends on your ability to manage your financial resources effectively. With this workbook, you will learn more about budgeting, saving and goal setting to better manage your money today and for years to come.

Section One: Budgeting Basics

To build your money management skills, start by creating a budget. A budget is a system used to monitor how much money you save and spend over a given period of time. Budgets help you stay within your spending limits and accomplish your financial goals.

1. Create Your Budgeting Worksheet

Every budget is unique, but it is helpful to use a budgeting template like the one included at the end of this section to keep track of how much money you are spending and saving. You can create a similar worksheet in Microsoft Excel, Google Sheets or another online spreadsheet to track your income and monthly expenses. There are also a variety of budgeting apps to simplify the process from your phone or desktop, such as Monefy, Mint, Whallet, Spendee or MoneyWise.

2. List Your Income and Expenses

Start by calculating your monthly income. Income is money that an individual or business receives in exchange for providing labor, producing a good or service, or investing money. Individuals most often earn income through wages or salary. Businesses earn income from selling goods or services above their cost of production. Whether your income is fluctuating, steady, or a combination of both, you should be able to calculate a monthly average based on your past earnings.

Next, add up your expenses over the past month. Expenses typically fall into one of two spending categories, which should be listed separately in your budget:

- **Fixed expenses:** Bills that stay the same each month, such as housing costs.
- **Variable or discretionary expenses:** Bills such as utilities, groceries, clothing or entertainment that change from month to month.

3. Adjust Your Spending to Meet Your Goals

Keep in mind that there is no one-size-fits-all solution to budgeting. For instance, you might aim for a zero-dollar budget, in which you account for every single dollar of income and have no money left over at the end of the month.

Alternatively, you could apply the 50/20/30 rule and spend 50 percent of your income on essentials, 20 percent on priorities like debt and savings, and 30 percent on lifestyle expenses such as vacations and entertainment.

Whichever budgeting approach you select, you will need to reduce your spending in one or more categories if you have spent more than you have earned. Here are some options to consider to keep your expenses in check:

Fixed expenses

- If you have one, consider trading in your newer vehicle, motorcycle or bicycle for a used model.
- If you are purchasing a car, avoid doing so on credit; either save up for the purchase or do not make it at all.
- Cut down on your rent by cost-sharing with a housemate or living in a cheaper part of town.

Variable or discretionary expenses

- Buy household items in bulk to save on transportation costs.
- Shop around when considering a new purchase. Maybe the first store you visit is not the most affordable.
- Carry a packed lunch to work instead of buying lunch.
- Host friends at home for dinner instead of going out.
- With every purchase, you should verbally ask yourself, “Do I need this or do I just want it?” If you do not need an item and it is over your budget, do not purchase it.

Emergency Funds

It is important to set money aside for unexpected expenses such as medical bills, car or motorbike repairs, rent if you are laid off, natural disasters or other unforeseen costs. An ideal safety net is about three to six months’ worth of your living expenses. A good rule of thumb is to save 20 percent of your income each month.

Saving in Your Country

Remember that saving differs from place to place, so be sure to study the financial landscape in your community to understand what savings method is right for you. For example, depending on where you live, you should research if your money is better in a savings account or invested in a business venture. It can vary from country to country, so you have to do the proper amount of research. Keeping this in mind will help you to save wisely and with your future in mind.

It Is Your Turn!

Using the information you learned in this section, fill out the Budgeting Template at the end of this section to see how your income and expenses stack up. Remember to be as specific as possible when entering what you save and spend each month.

Glossary

- **Fixed Expenses:** Bills that stay the same each month, such as rent, mortgage and debt payments.
- **Variable or Discretionary Expenses:** Utilities, groceries, clothing, entertainment and other obligations that change from month to month.
- **Zero-Dollar Budget:** A budget that accounts for every single dollar of income and results in no money left over at the end of the month.
- **50/20/30 Rule:** Rule advising individuals to spend 50 percent of their income on essentials, 20 percent on priorities like debt and savings, and 30 percent on lifestyle expenses such as vacations and entertainment

Additional Resources

- [Money Smart for Young Adults](#) (Source: Federal Deposit Insurance Corporation)
- [MoneyTalks: Savings Account Strategies](#) (Source: University of California)
- [Liberty Mind My Money](#) (Source: Liberty)

Budgeting Template

Income

INCOME TYPE	AMOUNT
Full-time job	
Part-time job	
Other income	
Total Income	

Expenses

EXPENSE TYPE	AMOUNT
<i>Fixed Expenses</i>	
Housing	
Cable/internet	
Insurance (car, housing)	
Child care	
Other fixed expenses	
<i>Variable and discretionary expenses</i>	
Utilities	
Cell phone/data package	
Food	
Transportation and/or gas	
Miscellaneous expenses (clothing or entertainment)	
Total Expenses	

Once you have filled out the budgeting template above, subtract the "Total Expenses" line from your "Total Income" line. What was the result?

Result: _____

If the resulting number was positive, it means you earned more than you spent over the month. Congratulations!

If it is negative, it means you spent more than you earned and will need to consider changing your spending habits and saving more in the future to better manage your financial resources.

What would you like to work on saving your money for? Future education expenses? A bike? A car? Building or buying a house? List three things you are saving your money for.

1. _____
2. _____
3. _____

What are three ways you can change your spending habits to increase your monthly savings?

1. _____
2. _____
3. _____

As you recall, an ideal safety net is about three to six months' worth of your living expenses. Given the expenses you just compiled, how much would you need to save for an unforeseen emergency?

1. _____
2. _____
3. _____