

Unit 5

Budgeting

This unit explores the concept of budgeting.

Aim

The learner will understand what a budget is; they will see the benefit in having a budget for themselves; they will learn how to “stick to a budget”.

Objectives

- 5.1 The learner will know what a budget is
- 5.2 The learner will see the benefit of having their own budget
- 5.3 The learner will know how to complete a basic budget sheet
- 5.4 The learner will know how to “stick to a budget”

Facilitator Resources

Learners should have their completed Spending Diary with them
Four budgeting scenarios – suggestions indicated – invite another facilitator to this session to assist in the role-plays

IT Resources

Calculator

At the outset ask the group to navigate their way to Activity 2.2.1 to play the coin / note recognition game.



Objective 5.1

To learn what a budget is

Begin a discussion with the group on the term 'budget' – invite them to say what they think it means, and whether it might have any relevance to them and their lives. They may know the term from the media and budget coverage each December – try to draw the term into the realm of everyday living, the idea that a budget is simply a plan, a list of money we know we have coming in and what we can expect to have to pay out.

Discuss four budgeting scenarios with the group, as follows: 1) Under-spending, 2) emergency situations and why you need cash on you at all times, 3) lack of access to money and 4) excess spending in some areas. Each one provides great scope for exploring the issues involved and all lead to the conclusion that control over one's money promotes independence and can keep you safe.

Scenario 1)

Under-spending situation

Decided not to go to a concert this month so have money left over and can now add that money to their savings or possibly will be able to buy something sooner as they have more money left over to put towards it (this could be played as a conversation between two parties).

Scenario 2)

Emergency situation

Person receives a phone call to say that they will not be able to get a lift home from the cinema. It is late and the last bus has already left. They need to have money for a taxi.

Discussion should lead to how much emergency fund a person should have on them at all times.

Scenario 3)

Lack of Access to own money

Conversation between two parties, one asking the other to go out somewhere, other party says they cannot go as they have no money because their "brother" minds it for them and he is not there, therefore they cannot access their own money. Other party queries this.

Scenario 4)

Excess spending situation

At a shop counter, person goes up to pay for a number of items, shop keeper totals the amount, person looks in wallet but does not have enough money, shop keeper tells them they need to choose an item to put back.

Objective 5.2

To learn why a budget is important

Following the role plays ask the group to consider what would happen in each scenario if there was and if there was not a budget.

Explore likely consequences of lack of budgeting, and ask them if they can say why they believe budgeting is a good idea, why might they advise a friend to budget.

Work with the group to draw up a list of reasons as to why a budget is a good idea.

Reasons they might include could be:

- control
- oversight
- always being in charge of their spending
- not wasting money
- being able to plan ahead
- knowing where your money is going
- knowing if you're able to save

Objective 5.3

Learn how to complete a basic budget

Click on the [Budget Sheet](#) and print enough copies for each member of the group.

Invite the learners to enter their income in the “Money In” section. Then ask the group to fill in what they spend in the “Money Out” section, basing this on what they have learned from the Spending Diary they kept.

Draw their attention to the fact that the priority needs are at the top of the list i.e. things they **MUST** pay for such as rent, heat, electricity, food, gas etc.

Visit the [bank of images](#) for pictorial examples to assist the learner in filling out their [Budget Sheet](#).

The group will need assistance filling in their Budget Sheet as they will need to total their “Money In” and total their “Money Out” sections, they will then need to subtract the total “Money Out” section from the total “Money In” section. This will show them what money they have / have not got left over at the end of the week / month. Ask the group to open the [calculator](#) for assistance.

Page Two Budget Sheet (Weekly or monthly)

This Sheet holds costs that may not come up every month but still need to be on your budget sheet.

Loan / saving repayments	Other r
Monthly repayment	
Saving account	
Doctor	
Medication	
Health cover	
Pension	
Extra Costs	
Pet / food / vets bills	
Taxi	
Cinema	
Meal	
Hire	
Total In	
Total Out	
Money Left Over	

Page one Budget Sheet (Weekly or monthly)

Below are a list of everyday money matters you will need to keep account of when looking after your money. Please print this off and write in the boxes the value of any of the titles which affect you. Please note not every title / line below will need a value.

Wages / Salary	Money In Each Month
Social Welfare Payments	
Pension	
Other Income	
Grants	
Allowance from Family	
Other	
Total Money IN Each Month	
Rest / Allow	Money Out Each Month
Storage	
Home Insurance	
HOUSEWORKING	
Food Shopping	
Lunches	
Other during the week	
HOUSEHOLD BILLS	
TV Licence	
Bin charges	
Insurance	
Life Insurance	
Total Money OUT Each Month	

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Objective 5.4

Learn how to 'stick to a budget'

What does 'stick to a budget' mean? Explain to the group that each time an amount is altered in the "Money In" or "Money Out" section this will affect the budget sheet, it affects whether or not the budget will balance. Balanced means that the income and the spending are the same; it's also ok for the income to be greater than the spending, but the spending cannot be more than the income – we cannot spend what we don't have!

The group should now know that it is important to 'stick to the budget', by that we mean that we do not spend more than we said we would in our budget.

So is that easy to do? Not always.

Ask the group to come up with some ideas as to how we could stick to a budget? Let the group develop their own guidelines on this.

Explain that whatever amount they put in for 'food' is the amount they can spend on food. Similarly, whatever goes in for 'trips to the coffee shop' is the total they can spend.

Allow lots of time for this activity. Explain to the group that this is something that they can do each week / month for themselves so to promote good habits in managing their money.

They could ask an advocate or someone they trust to help them.

“Sticking to a Budget” – ideas to include;

- You should always take out the ESSENTIALS as soon as you get paid e.g. the amounts for rent and bills. (Using a budget deduction scheme for welfare payments to cover such bills – check out www.citizensinformation.ie for details of this)
- Put aside savings at the beginning
- Know how much you CAN spend before you go out
- Plan the week at the start, so you don't get caught out – for example, if you know you can go out for coffee twice a week and eat lunch out once a week; you know you can buy €10 phone credit and maybe have a trip out to the cinema

Ask the group to click on the following website www.mabs.ie to get more tips on how to stick to a budget.