

ABOUT PERSONAL/FAMILY BUDGET PLANS



Implemented by

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



LEARNING OBJECTIVES

- THE DEFINITION OF BUDGET
- REASONS WHY A BUDGET IS NECESSARY
- HOW TO CREATE A BUDGET
- UNDERSTAND WHERE YOUR MONEY IS GOING
- IDENTIFY INCOME SOURCES
- IDENTIFY EXPENSES
- IDENTIFY THE ABILITY TO SAVE
- TELL THE DIFFERENCE BETWEEN NEEDS AND WANTS
- PLAN YOUR FINANCES



WHAT IS A BUDGET?

- A **BUDGET** “IS THE MONEY THAT IS AVAILABLE TO A PERSON OR AN ORGANIZATION AND A PLAN OF HOW IT WILL BE SPENT OVER A PERIOD OF TIME”

OXFORD ONLINE DICTIONARY

SO,

- A **FAMILY BUDGET** IS A WRITTEN PLAN OF HOW TO MANAGE INCOME AND SPENDING FOR A DEFINED PERIOD OF TIME



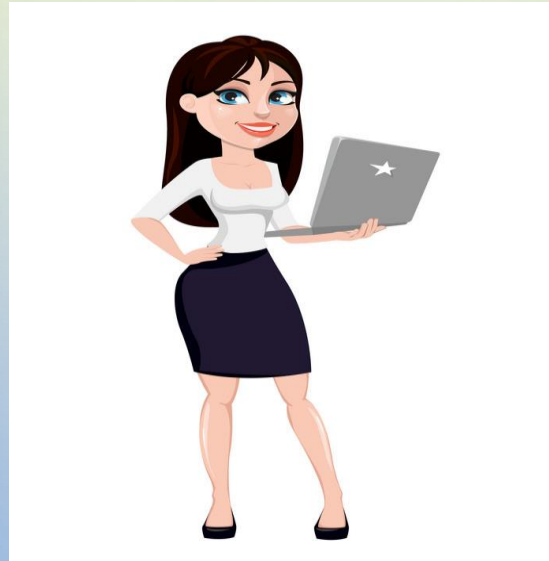
TAKE A MINUTE TO REFLECT ON MONEY ISSUES

Money makes me
happy

Money problems
make me unhappy

How much money do
I spend per day?

Money is a lot of
things, but it is not
everything



Do I spend money
only on the stuff
I NEED?

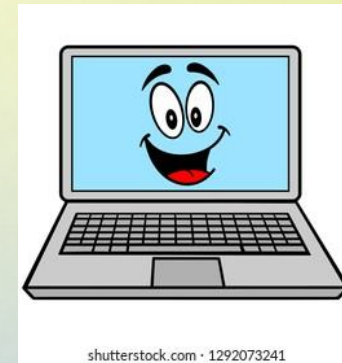
WHY DO I NEED A BUDGET PLAN?



HOW TO START A BUDGET PLAN?

• TAKE A PEN AND A PIECE OF PAPER OR YOUR LAPTOP AND FOLLOW THESE STEPS:

1. IDENTIFY YOUR INCOME
2. IDENTIFY YOUR EXPENSES
3. IDENTIFY YOUR GOALS



IDENTIFY YOUR INCOME

- WAGE INCOME
- REMITTANCES
- BUSINESS INCOME
- RENTAL INCOME
- UNEMPLOYMENT COMPENSATION
- SCHOLARSHIP



IDENTIFY YOUR EXPENSES

- RENT
- LOAN REPAYMENT
- FOOD
- EAT OUT
- PERSONAL CARE
- CLOTHES
- TRANSPORTATION



- COMMUNICATIONS
- HEALTH EXPENSES
- EDUCATION
- UTILITIES
- GIFTS/CHARITIES

TYPES OF EXPENSES

- **ESSENTIAL** EXPENSES

- THINGS THAT YOU NEED, SO YOU MUST HAVE THEM

- **NON-ESSENTIAL** EXPENSES

- THINGS THAT YOU WANT, BUT DON'T NEED, SO YOU DO NOT NEED TO HAVE THEM

ESSENTIAL EXPENSES

- **FIXED** ESSENTIAL EXPENSES

- RENT
- LOAN REPAYMENT
- UTILITIES
- CAR INSURANCE
- EDUCATION

- **VARIABLE** ESSENTIAL EXPENSES

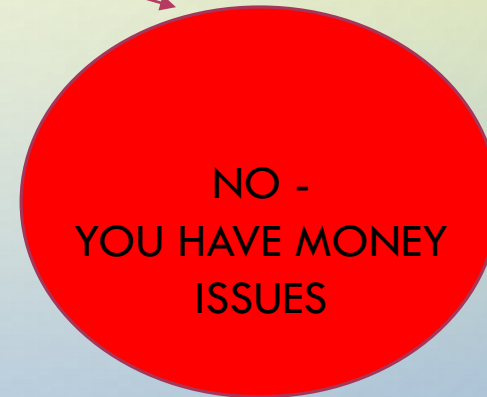
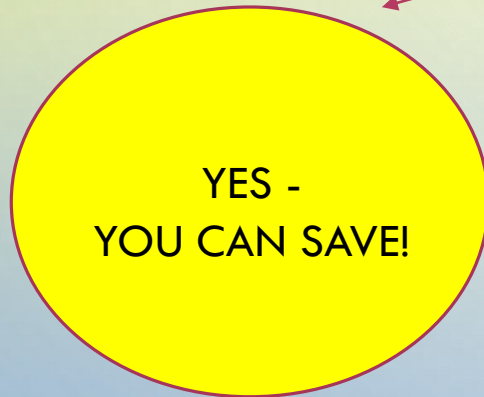
- FOOD
- PERSONAL CARE
- CLOTHES
- TRANSPORTATION
- COMMUNICATIONS
- HEALTH EXPENSES
- SMOKING

NON-ESSENTIAL EXPENSES

- EAT OUT
- CLOTHES (SOME TYPES)
- MOVIES
- ENTERTAINMENT
- TRAVELLING
- GYM MEMBERSHIP
- GIFTS / CHARITIES

COMPARE INCOME WITH EXPENSES

IS YOUR INCOME GREATER THAN YOUR EXPENSES?



MONTHLY BUDGET PLAN OF ZANA'S FAMILY

SOURCES OF INCOME	AMOUNT OF INCOME	TYPES OF EXPENSES	AMOUNT OF EXPENSES
Family income	1500	Food	800
Rental income	400	Car insurance	20
Wage from Zana's part-time job	300	Utilities	20
Remittances from ANDRA	300	Electricity	50
		Personal care	60
		Clothes	300
		Communication and Cable TV	50
		Entertainment	200
		Unexpected expenses	200
Total income	2500	Total expenses	1700
Balance (= Total Income – Total Expenses)	800		

COMPARE INCOME WITH EXPENSES

IN THE CASE OF ZANA'S FAMILY, INCOME IS GREATER THAN EXPENSES



YES -
ZANA'S FAMILY CAN SAVE!

QUESTION 1

- A BUDGET IS A PLAN OF
 - A. HOW TO SPEND MONEY
 - B. HOW TO MANAGE INCOME
 - C. HOW TO MANAGE SPENDING
 - D. ALL OF THE ABOVE

QUESTION 2

- ONE OF THE REASONS WHY WE NEED A BUDGET PLAN IS TO IDENTIFY AND ACHIEVE FINANCIAL GOALS
 - A. TRUE
 - B. FALSE

QUESTION 3

- WHICH ONE OF THE FOLLOWING IS AN INCOME:
 - A. WAGE INCOME
 - B. REMITTANCES
 - C. BUSINESS INCOME
 - D. ALL OF THE ABOVE

QUESTION 4

- ESSENTIAL EXPENSES ARE
 - A. THINGS THAT YOU WANT, BUT DON'T NEED, SO YOU DO NOT NEED TO HAVE THEM
 - B. THINGS THAT YOU NEED, SO YOU DO NOT NEED TO HAVE THEM
 - C. BOTH THINGS THAT YOU NEED AND WANT
 - D. NONE OF THE ABOVE

QUESTION 5

- IF ZANA'S FAMILY INCOME IS 3.000 EUROS AND ITS SPENDING IS 1.200 EUROS, CAN THEY SAVE TO INVEST IN A BUSINESS?
 - A. YES, BECAUSE INCOME IS GREATER THAN SPENDING
 - B. NO, BECAUSE INCOME IS LESS THAN SPENDING

RESOURCES

- [HTTPS://TEMPLATES.OFFICE.COM/EN-US/PERSONAL-MONTHLY-BUDGET-SPREADSHEET-TM16410113](https://templates.office.com/en-us/personal-monthly-budget-spreadsheet-tm16410113)
- [HTTP://WWW.PRACTICALMONEYSKILLS.COM](http://www.practicalmoneyskills.com)
- [HTTPS://WWW.YOUTUBE.COM/WATCH?V=4XZIV4_SQA](https://www.youtube.com/watch?v=4XZIV4_SQA)
- [HTTPS://WWW.JUMPSTART.ORG/WHAT-WE-DO/SUPPORT-FINANCIAL-EDUCATION/REALITY-CHECK/](https://www.jumpstart.org/what-we-do/support-financial-education/reality-check/)
- [HTTPS://WWW.MIMM.GOV/](https://www.mimm.gov/)
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