

MAINE CREDIT UNIONS

MONEY BOOK

Monthly Budget

✓ FOOD

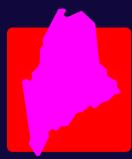
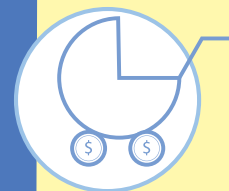
✓ SCHOOL

HOUSE

SPORT

CAR

✓ UTILITY



MAINE CREDIT UNIONS

GRADE

5

Definitions:



Budget:

A plan that estimates how much money will be spent and earned during a certain time period.

Income:

Money received during a period of time from working or other business activities.

Expenses: Money spent during a period of time to pay for goods and services.

What to do Before Creating a Budget

Step 1: Gather Financial Paperwork

Before anyone starts creating a budget, they need to collect all of their financial paperwork. This includes past paychecks, credit union or bank account statements, loan statements, and recent utility bills. Utilities are services that help keep a home or apartment comfortable and functioning properly. Examples include electricity, heat, water, trash removal, and phone and internet services. By gathering recent financial paperwork and seeing where their money has gone in the past, they will be able to better estimate what they will be spending money on in the future.

Step 2: Calculate Income

The next step before creating a budget is writing down what their expected income will be for the month. If someone doesn't make the same amount each month, they should look back at past paychecks and write down the lowest amount they've earned recently. When someone is trying to spend less than they earn each month, it's better to estimate a lower income amount. If they estimate a higher amount and then end up earning less, they might end up spending more than they earned.

Step 3: Create a List of Monthly Expenses

The next step is for people to make a list of all of their expected monthly expenses. Next, they should decide whether each expense is a need or a want. If someone learned they'll be spending more than they earn after creating a monthly budget, they'll save money by cutting back on their wants. People would spend less on wants because wants are things that would be nice to have, but people can actually live without. Needs are things people must have in order to survive.

INCOME VS. EXPENSES

Is This an Income or Expense?

Being able to tell the difference between income and expenses is an important part of managing a budget. Read the scenarios below and answer whether you think each is describing **income** or an **expense**:



Getting \$15 for mowing the neighbor's lawn:



Buying an ice cream for \$5:



Getting \$10 for completing your weekly chores:



Going to the movies for \$10:



Going to the arcade to play games for \$20:

INCOME vs. EXPENSES



What Other Examples of Income and Expenses Can You Think of?

Can you think of other ways to earn income? Can you think of other expenses you may have? If so, write there examples of each below:

Other Ways to Earn Income:

1.

2.

3.

Other Expenses You May Have:

1.

2.

3.

Help Jake With His Budget

Jake needs help creating a monthly budget. Jake wants to make sure he's spending less than he earns each month--that way he's able to pay all of his bills and save money for future financial goals. He gathered his financial paperwork, calculated his income, and created a list of his monthly expenses. Now he needs your help to make sure his expenses don't add up to more than his income.






Here is what we know:

- After taxes and benefits are taken out of the paycheck, Jake takes home \$2,500 per month from working at his job. He also mows his neighbor's lawn for \$20 a week, earning him an extra \$100 per month.
- Jake rents an apartment for \$1,000 per month. Jake pays for electricity, internet, and water at the apartment, which usually means his utility costs are around \$300 each month.
- On average, Jake spends \$300 a month on groceries.
- Jake has a car loan and auto insurance he pays for as well. Between the car loan, insurance, and gas, his transportation costs are around \$600 per month.
- Jake is a member of a local gym. He sometimes works out at the gym, but he sometimes just works out at home. The cost of his monthly gym membership is \$30.
- Jake's TV still works, but he's hoping to buy a newer and bigger one this month for \$300.
- Jake enjoys going to the movie theater once a month to watch newly-released films. The cost of a ticket is usually around \$10.
- A video game that Jake has been waiting for is finally releasing this month. He can't wait to play it! The cost of the video game is \$60.
- Jake went to college for four years and needed to borrow money to pay for his tuition. He now pays student loans each month, which costs him \$250.
- Jake is also saving money so that he'll be able to go on vacation. He saves \$100 per month.

















Help Jake with his budget by filling in his income and expenses from the last page, and deciding whether each expense is a want or a need. Remember, Jake needs to spend less than he earns this month. His monthly income minus his monthly expenses will determine how much money is left over.

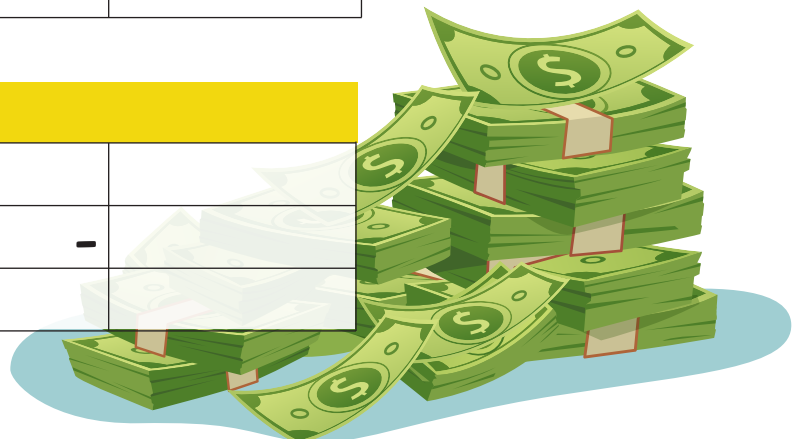
If Jake is spending more than he earns, he'll have to cut some costs to make sure he doesn't go into debt. When cutting costs, wants should be cut before needs. This is because needs are things someone must have in order to live.

INCOME		
	Paycheck (Take-home pay)	
	Additional Income	+
	Total Income	



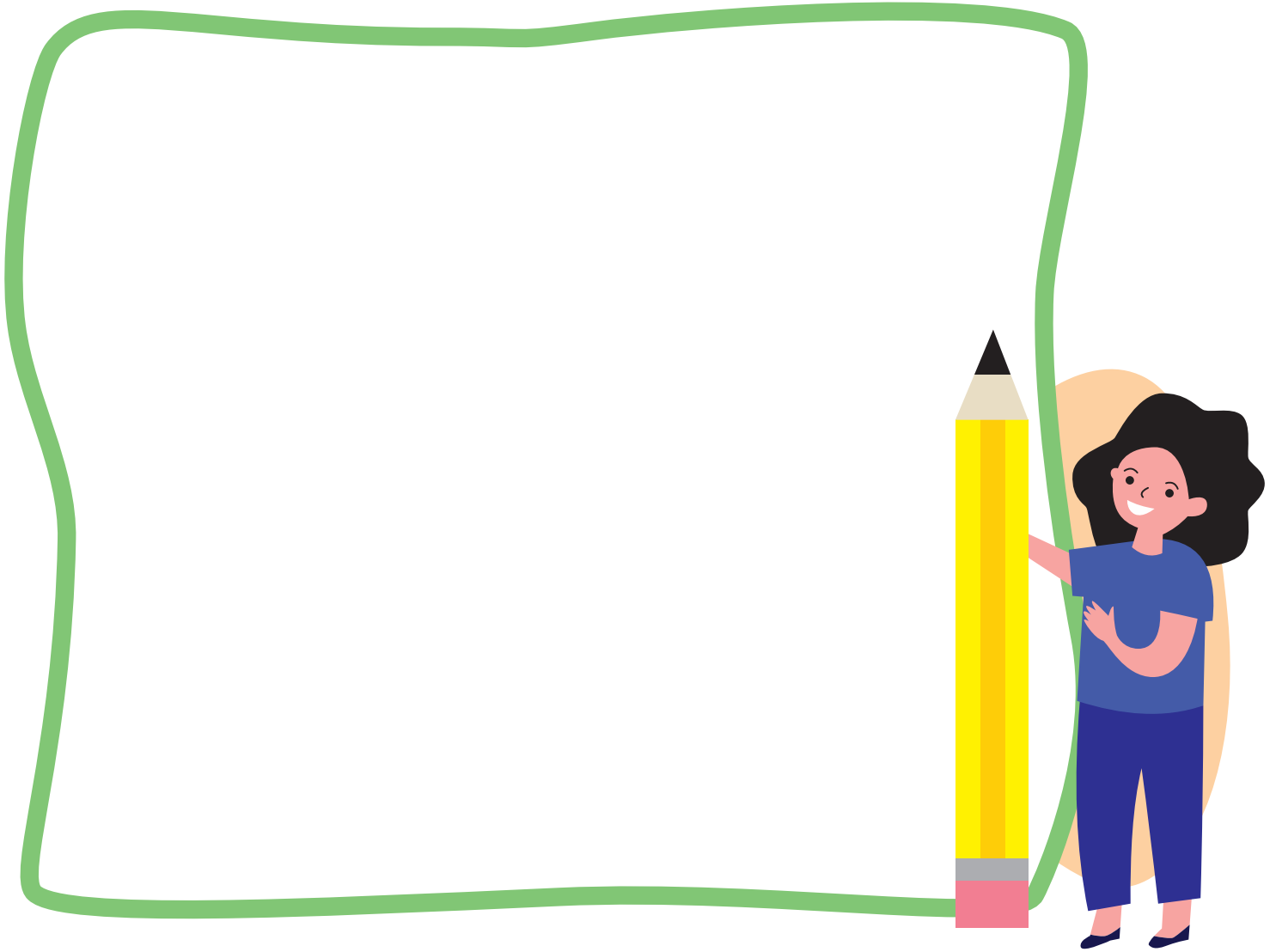
EXPENSES		COST	NEED OR WANT?
	Rent		
	Utilities	+	
	Groceries	+	
	Transportation	+	
	Gym membership	+	
	New TV	+	
	Going to the movies	+	
	New video game	+	
	Student loans	+	
	Savings	+	
	Total Expenses		

MONEY LEFT OVER		
	Total Income	
	Total Expenses	-
	Total Left Over	



What Do You Want to Save Money For?

Draw a photo of something you want to save money for. After you've finished your photo, write a paragraph about where you'll get the income, how much you'll need to save, and how long it will take you to save for what you want.



Talking to Your Children About Money

From day one, a child looks to their caregivers for advice and influence. They monitor how they speak, how they treat others, and even how they spend and manage their money. Children use the actions of their parents as a guide to make sense of the world around them and to develop skills as they continue to grow.

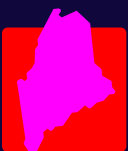
If you're a parent who cheers for a specific sports team, it's very likely that your child will also cheer for that team. The same concept applies to financial literacy. If you want your child to exhibit healthy financial habits, openly talking to your kids about money can help.

Scan the QR code for tips on talking to your children about money.



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