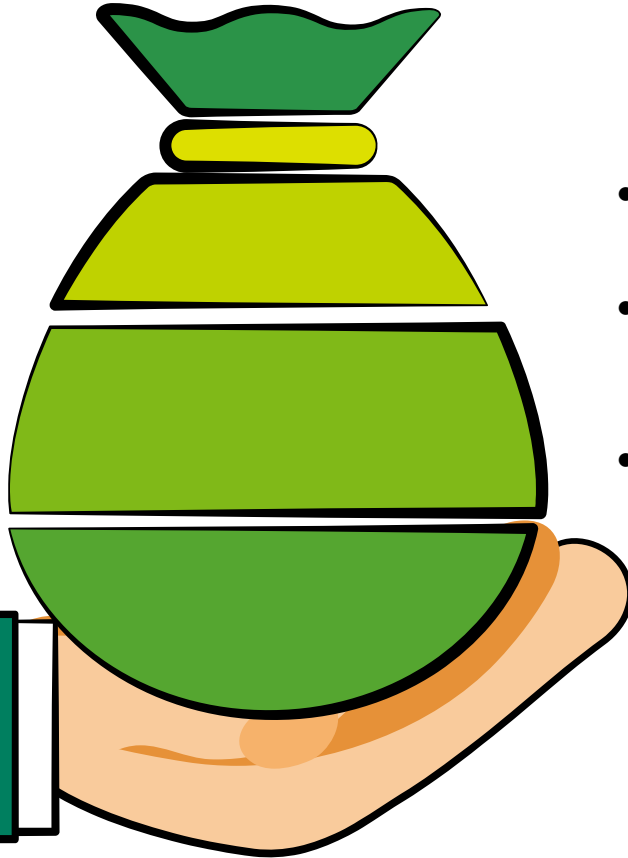


Budgeting



What is budgeting?



- Budgeting is the process of creating a plan to spend your money.
- Creating this spending plan allows you to determine in advance whether you will have enough money to do the things you need to do or would like to do.
- Budgeting is simply balancing your expenses with your income.

Overall goal of budget



- Your Monthly pocket Money
- Your Salary
- Your Business Revenue

- Your Monthly Spending
- Your Taxes and bills
- Your Business Cost of goods and capital etc.

- What is left after all expenses

Steps to a budget



Items in your budget



Housing

Rent, Utilities, tax, EMI, Bike



Debt

Loans, student loans, car payments, credit cards,



Retirement

Discussed in later presentation,



Groceries

Groceries, eating out,



Medical

Insurance, Hospital bills,



Wants

Vacation, Travel, Wedding,

WHAT ARE YOUR EXPENSES?

4 main categories



Fixed expenses

- Rent
- Food
- Utilities
- Fuel/Car/Bike



Wants/Flex

- Vacation
- Travel
- Additional expenses



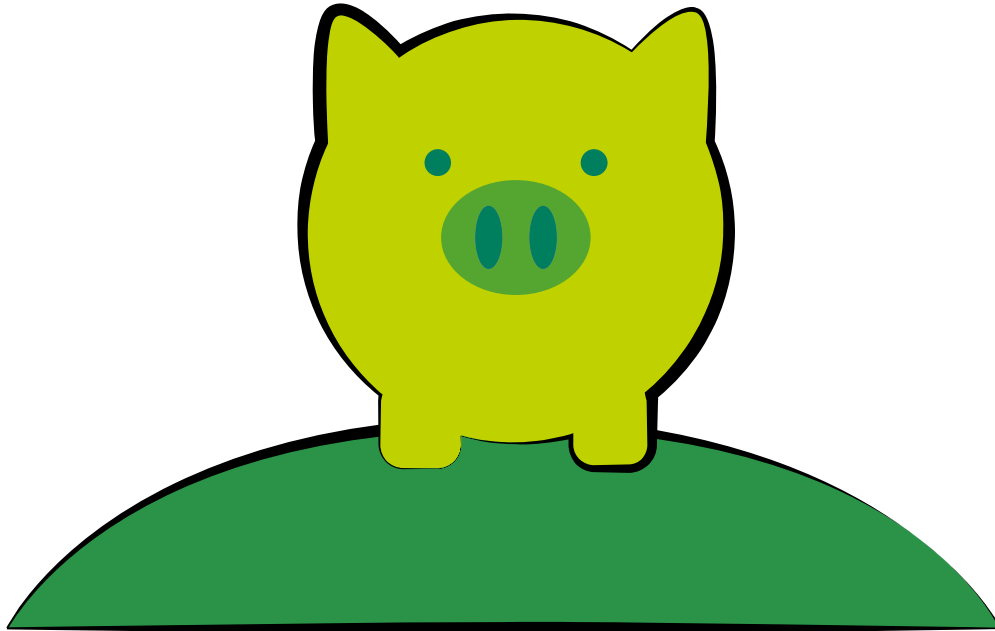
Debt

- Credit card
- Loans
- Mortgage



Savings

- Home
- Retirement
- Emergency
- Car



Budget Breakdown : Your Target



FIXED

40%-50%



debt

Under 30%



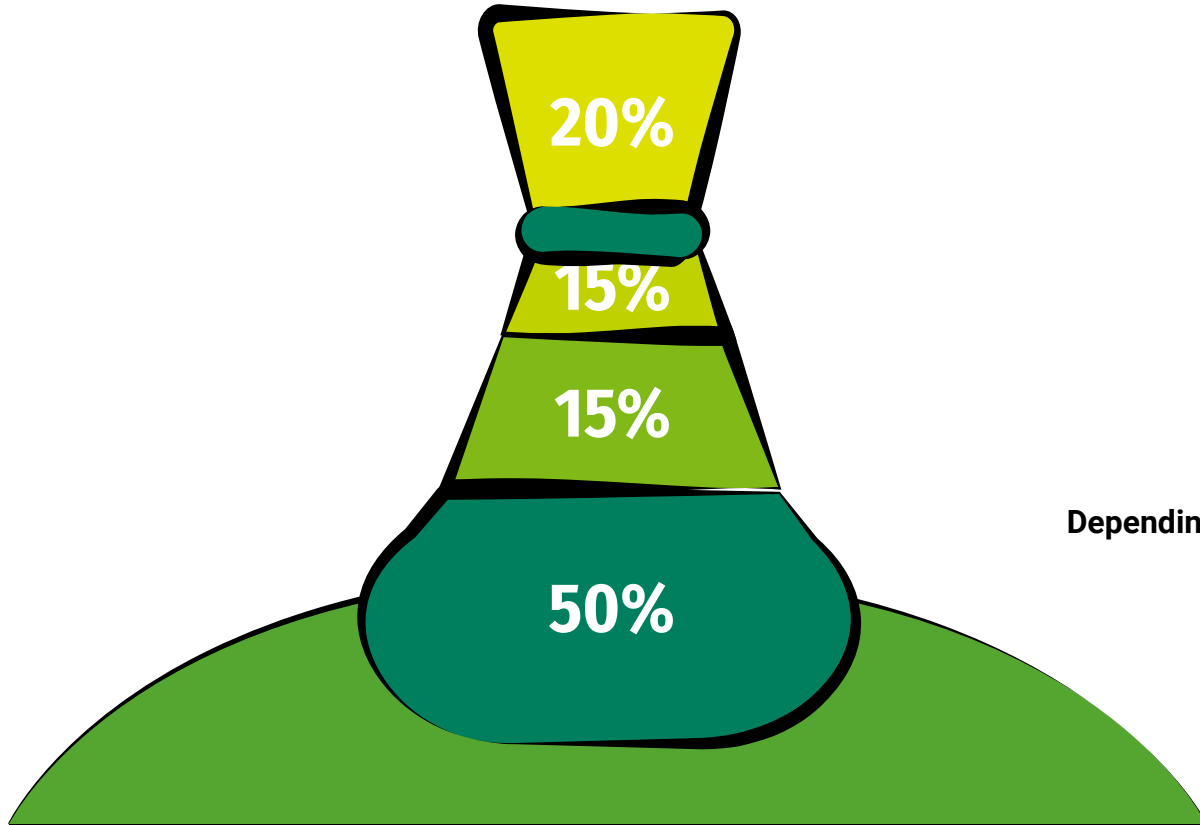
Savings

20%



wants

Depending on stability less than 30%



A Sample Budget



40%
Housing and utilities



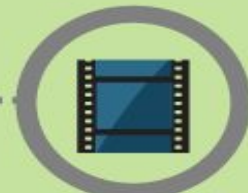
15%
Food



5%
Car insurance and
personal expenses



20%
Debt repayment
and savings



10%
Clothing and
entertainment



10%
Transportation, including
car loan

Budget Management : Best Practices

Track Expenses: Maintain a record of your income and expenses to identify areas for improvement.



Prioritize: Allocate funds based on your needs, goals, and values.



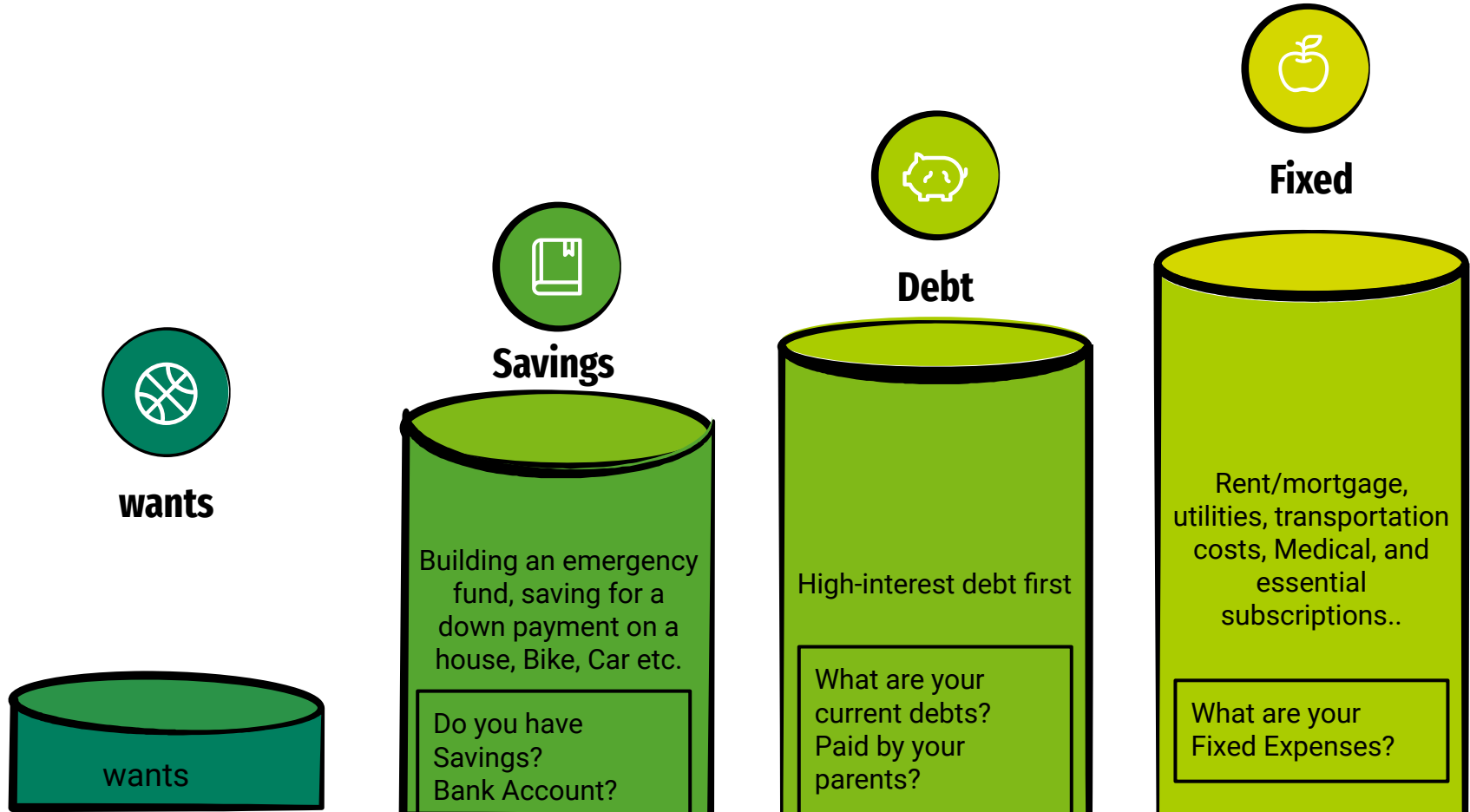
Cut Unnecessary Expenses: Reduce or eliminate expenses that do not align with your financial goals.



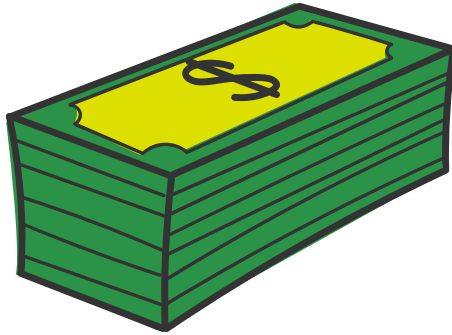
Review and Adjust: Regularly review your budget and make adjustments as needed.



Prioritization



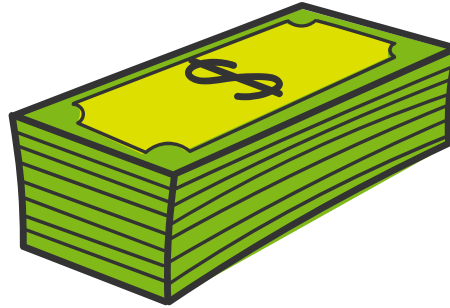
Financial goals



Long Term

> Five years

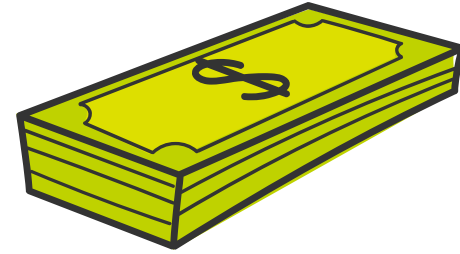
- ❖ Buying a house
- ❖ Saving for retirement
- ❖ Leaving a legacy



Medium Term

One to five years

- ❖ Buying a car
- ❖ Saving for college
- ❖ Starting a business

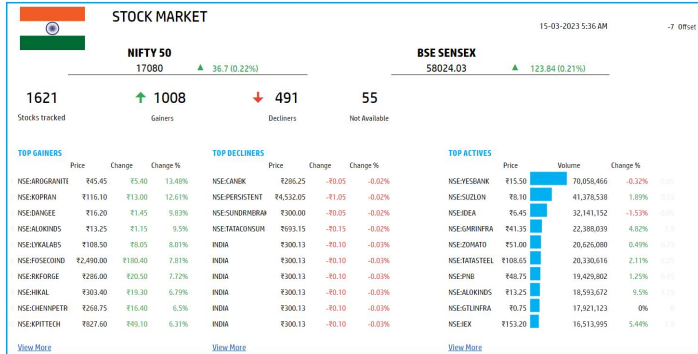


Short Term

< A year

- ❖ New phone
- ❖ Saving for a trip
- ❖ Paying off a small amount of debt

How to Reach your Goals



INVEST High risk



SAFE INVESTMENTS Moderate risk



BUDGET & SAVE Low risk

Relative wealth

IT Manager Salary in Bengaluru/Bangalore

₹11,48,232- ₹1,179,216 / year

Domino's margarita
pizza ₹ 239



$239/₹11,79,216 = 0.00020267703$ - Proportion of salary that is spent on pizza

Shahzada Dawood

₹ 1,63,89,11,697.0 - annual salary

What amount of money is the same as a pizza is Dawood's perspective?

₹332,169.75518 - same portion as pizza

₹2,04,86,396.21 - cost of one titan submarine ticket

61.6744778552 pizzas

Time is money

Lets see how much "time" an iphone costs?

You make ₹615 an hour

An iphone costs ₹79900

$$79900/615$$

130 hours of work

40 hours a week =
more than 4
straight weeks of
work



Barrier to failure

Envelope method

- Allocate money for each spending category and place the corresponding amount in labeled envelopes.
- Once the cash from an envelope is exhausted, no more spending is allowed in that category unless funds are transferred from another envelope.
- Note that not all expenses can be paid in cash, so consider alternative payment methods.



Automatic transfers

- Consistent Allocation: With automatic transfers, you can set up a predetermined amount of money to be moved from your primary account to specific categories or savings goals.
- This ensures that your budgeted funds are allocated consistently and on time.

TEEN BUDGET WORKBOOK

Let's get Practical

What's your dream future look like?

Page 3 of workbook

Let's get Practical

What money do you need to spend to get there?

Let's get Practical

**How much does it cost you to maintain that
lifestyle?**

Take Away for Day 1 : Dos and Don'ts

Dos

- Know the difference between Need and Want
- Build your own Budget
- Know how to track your spending
- Understand priorities
- Effort needed to earn money

Don'ts

- Spend money like water
- Spend more than you need to
- Don't be swayed by Want's