

PROJECT: CREATE A BUDGET

Meet the Spencer family. They are a young couple with no children. They would like to start saving for a house, but they currently do not have a budget for family expenses. In this project, you will help the Spencer family create a budget.

Note: Keep in mind that the following budget is just an example. Your budget might be a little different. Maybe you have a category for "food" or "groceries" or one for "medical bills." If certain expenses are negligible or do not occur every month, you might include these in the "miscellaneous" category. The main point is to make a budget that best fits your lifestyle and will most effectively help you see where your money goes!



Look over the Spencer family's financial details. Their monthly income totals \$2,500, and they earn \$4.50 in interest on a savings account each month. Their monthly expenses are shown in the attached table.

Step One: Total the family's income and expenses in the spaces provided. How much money do they have left over? Fill in the difference at the bottom of the table.

Spencer Family Budget

Monthly Income	Amount
Salary	\$2,500.00
Interest	\$4.50
Total	
Monthly Expenses	Amount
Short-term Savings	\$0.00
Long-term Savings	\$0.00
Rent/Insurance	\$700.00
Car Payment	\$350.00
Utilities	\$150.00
TV/Cable	\$100.00
Cell Phones	\$100.00
Clothing	\$175.00
Entertainment/Recreation/Eating Out	\$250.00
Credit card (balance = \$1200.00)	\$50.00
Miscellaneous Expenses	\$100.00
Total	
Income vs. Expenses	Amount
Monthly Income	
Monthly Expenses	
Difference	

Step Two: It is now the next month, May. The Spencers have spent money and earned another month's worth of income. Find the difference between the Spencers' budget and their expenses for May then answer the questions.

Spencer Family Budget Month 2

Monthly Income	Budget Amount	May Amount	Difference
Salary	\$2,500.00	\$2,500.00	
Interest	\$4.50	\$4.50	
Total			
Monthly Expenses	Amount		Difference
Short-term Savings	\$0.00	\$0.00	
Long-term Savings	\$0.00	\$0.00	
Rent/Insurance	\$700.00	\$700.00	
Car Payment	\$350.00	\$350.00	
Utilities	\$150.00	\$140.00	
TV/Cable	\$100.00	\$100.00	
Cell Phones	\$100.00	\$100.00	
Clothing	\$175.00	\$230.00	
Entertainment/Recreation/Eating Out	\$250.00	\$260.00	
Credit card (balance = \$1200.00)	\$50.00	\$50.00	
Miscellaneous Expenses	\$100.00	\$130.00	
Total			
Income vs. Expenses	Amount	Amount	Amount
Monthly Income			
Monthly Expenses			
Difference			

In what areas did the Spencers overspend?

What changes would you make to their spending?

Step Three: You probably noticed that the Spencer family is not putting money in their savings account. This would be a good idea since their financial goal is to buy a house. Make adjustments to the budget so that they have money going into short-term savings, add/delete/increase/decrease expenses as you feel are needed, and calculate the new totals.

New Spencer Family Budget

Monthly Income	Budget Amount	Amount
Salary	\$2,500.00	
Interest	\$4.50	
Total		
Monthly Expenses	Amount	Amount
Short-term Savings	\$0.00	
Long-term Savings	\$0.00	
Rent/Insurance	\$700.00	
Car Payment	\$350.00	
Utilities	\$150.00	
TV/Cable	\$100.00	
Cell Phones	\$100.00	
Clothing	\$175.00	
Entertainment/Recreation/Eating Out	\$250.00	
Credit card (balance = \$1200.00)	\$50.00	
Miscellaneous Expenses	\$100.00	
Total		
Income vs. Expenses	Amount	Amount
Monthly Income		
Monthly Expenses		
Difference		