



Champions for Financial Legacy

INTRODUCTION TO BUDGETING

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INTRODUCTION

Understanding how to budget can help you reach your financial goals. Whether you make a million dollars or a thousand, it's essential to know how to spend your money wisely. In this activity, you'll practice creating a simple budget and learn how to balance savings, needs, and wants.

SECTION 1: THE BASICS OF BUDGETING

Describe the importance of budgeting:

Key Principle: Budgeting helps you manage money wisely. Why is following a budget important for building wealth?



SECTION 2: UNDERSTANDING INFLOWS & OUTFLOWS

Budgeting can feel overwhelming, but it starts with a simple concept: compare your inflows (income) to your outflows (expenses). The goal is to always have more money coming in than going out.

SECTION 3: ILLUSTRATIVE EXAMPLES

Scenario 1: Breaking Down the Budget

Determine if the Jayden's monthly budget has a higher inflow or higher outflow.

Income	Monthly Expenses
\$900 monthly paycheck	\$90 clothing expenses
\$100 babysitting money	\$325 monthly car bill
	\$500 rent
	\$200 gas
	\$50 savings

Challenge: Compare Jayden's income to his expenses. Is he living within his means or spending more than he earns?

Answer: _____

Scenario 2: Needs and Wants

One way to understand your inflows and outflows is by identifying where you can cut back. Categorizing your expenses into needs vs. wants can help you make smarter financial decisions and reduce unnecessary spending.

Challenge: Review the list of expenses below. Circle or mark whether each one is a need or a want.

Monthly Expense	NEED	WANT
\$1200 Rent	NEED	WANT
\$290 Door Dash	NEED	WANT
\$125 Transportation / Gas	NEED	WANT
\$290 New Clothes	NEED	WANT
\$210 Food (Eating Out)	NEED	WANT
\$100 Savings	NEED	WANT



SECTION 4: KEY TAKEAWAYS

- 1. Create a Budget:** Budgeting can help you manage your money so that you can cover your basic needs, save up for a big purchase, or have enough money for an emergency.
- 2. Inflows vs Outflow:** No matter how much you make, make it a point to have a higher inflow of money versus an outflow of expenses.
- 3. Prioritize Your Needs:** Make sure that you are understanding the difference in your spending so that you can better assess what to cut back on.

SECTION 5: ACTION PLAN



CREATE A BUDGET TODAY

There are many online resources that offer templates to help you organize your income and expenses.



FOLLOW THE 50/30/20 RULE

A general rule of thumb is to allocate:

- 50% of your income to cover your needs
- 20% of your income to savings
- 30% of your income to wants

Answer Key:

Section 3: *Scenario 1: Jayden is living above his means (spends \$165 more than he earns each month); Scenario 2: Needs: Rent, Transportation, Savings, Wants: Door Dash, New Clothes, Food (eating out)*