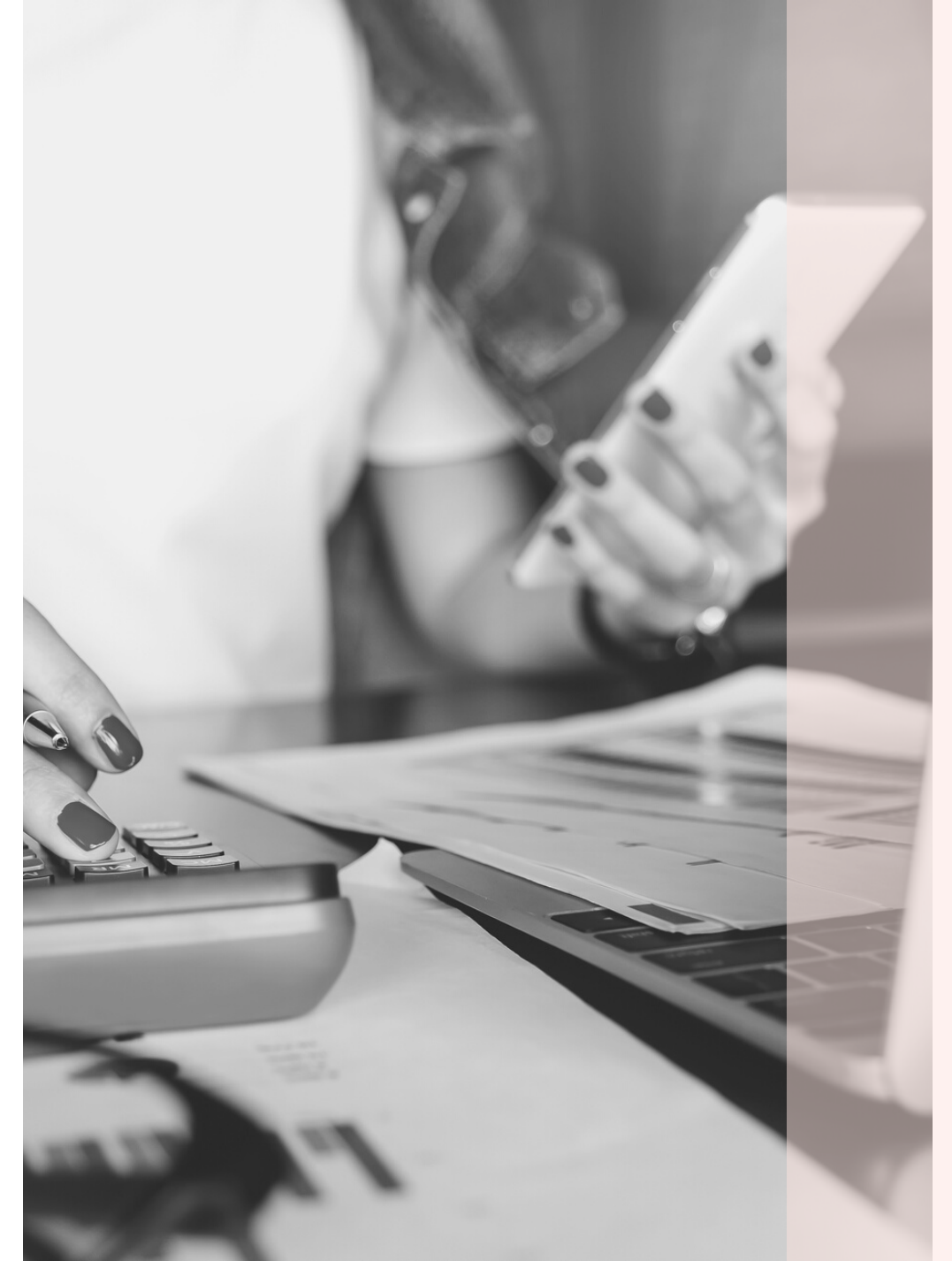


DG DIALOGUES AND THE DELTA
GAMMA FOUNDATION PRESENT

Budgeting Basics





Introduction

- Today we're going to talk about budgeting, which is an important part of staying financially organized.
- These are lessons that will hopefully benefit you now as a student, as well as after you graduate and join the workforce.
- Money can be a very stressful subject for some people, so we ask that you approach today's exercises with an open mind.

“The simplest definition of a budget is “telling your money where to go.”

— TSH OXENREIDER

So where does money go?



BUDGET NEEDS

The basics such as rent, utilities, transportation, and groceries.



BUDGET WANTS

The “fun stuff” such as dining out, travel, subscriptions, and charitable donations.



SAVINGS GOALS

Includes retirement, building an emergency fund, and saving for big purchases.

A group of diverse young women are shown in a social setting, laughing and talking together. The image is overlaid with a semi-transparent peach-colored rectangle containing text. The women are of various ethnicities and are dressed in casual, contemporary clothing. They appear to be in a relaxed, happy environment, possibly a cafe or a social gathering. The background is slightly blurred, focusing attention on the women and the text.

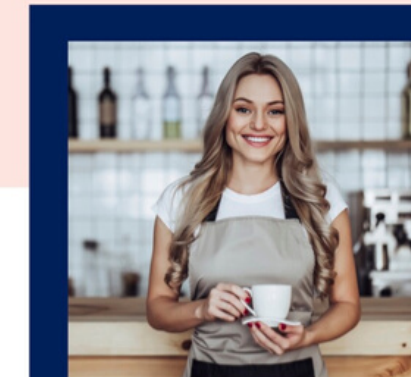
TODAY'S GOAL

To give you some hands-on practice at putting together a basic budget of needs, wants, and savings goals.

Introducing DG Profiles

YOUR PROFILES WILL HAVE...

- Different professions
- Different locations in the US
- Different salary and income levels
- Different budget needs, wants, and savings goals



Skyler
BARISTA

LOCATION:

St. Louis, Missouri

SALARY INFORMATION:

- Annual Salary = \$22,000
- Monthly Salary = \$1,833
- Monthly Take-Home Pay (after taxes and benefits) = \$1,500

BUDGET NEEDS

- Skyler shares an apartment with two roommates. They each pay \$400/month in rent and \$100/month in utilities.
- Skyler's car is paid for, but her car insurance costs \$90/month.
- Her health insurance is included in her workplace benefits, so she doesn't have to pay for it out of pocket.
- She pays \$85/month for her cell phone.
- Skyler has no credit card debt, but does make \$100/month payments on her student loans.
- Her groceries and household basics cost approximately \$200/month.

BUDGET WANTS

- Skyler loves dining out with her friends, and spends about \$200/month at restaurants. However, she doesn't do much shopping.
- She gets her hair cut a couple times per year, which breaks down to roughly \$25/month.
- She subscribes to Netflix and FabFitFun, for a total of \$25/month.
- Skyler's family lives across the country, so she sets aside \$100/month in a travel fund for family and other trips.
- She donates \$25/month to various charities.

SAVINGS GOALS

- Skyler sets aside \$50 each month for retirement in her Roth IRA
- She also is sure to save \$50/month in a separate savings account for emergencies
- Skyler loves the holidays but knows they are expensive, so she also sets aside \$25 in a Holiday Fund for food and gifts.

Introducing DG Profiles

YOUR JOB WILL BE TO...

- Fill out the budget template based on your DG Profile's Budget Needs, Budget Wants, and Savings Goals
- Figure out whether her budget is balanced or not
- Recommend budget changes, depending on her situation

Skyler's Monthly Budget

TAKE HOME PAY = \$1500 PER MONTH

BUDGET NEEDS

Rent / Mortgage	<input type="text"/>
Utilities	<input type="text"/>
Transportation	<input type="text"/>
Health Insurance	<input type="text"/>
Cell Phone Bill	<input type="text"/>
Student Loans	<input type="text"/>
Credit Card Debt	<input type="text"/>
Groceries / Household	<input type="text"/>

SUMMARY

Total take home pay:	<input type="text"/>
Add up budget needs:	<input type="text"/>
Add up budget wants:	<input type="text"/>
Add up savings goals:	<input type="text"/>
Get out a calculator and input: Take home pay - needs - wants - goals.	
Answer =	<input type="text"/>
If the answer is positive, there is extra money in the budget. If the answer is negative, she is overspending!	

BUDGET WANTS

Shopping / Dining Out	<input type="text"/>
Health / Beauty	<input type="text"/>
Subscriptions	<input type="text"/>
Travel	<input type="text"/>
Gifts / Donations	<input type="text"/>

RECOMMENDED CHANGES

If Skyler has extra money in her budget, what should she do with it? If she doesn't have enough money in her budget, what do you think she should cut back on?

SAVINGS GOALS

Retirement	<input type="text" value="\$50"/>
Emergency Fund	<input type="text" value="\$50"/>
Holiday Fund	<input type="text" value="\$25"/>

A photograph of two young women sitting on a beach, smiling and talking. The woman on the left is wearing a white top and has long blonde hair. The woman on the right is wearing a white patterned top and has blonde hair in a braid. The background is a blurred beach scene with sand and water. The image is overlaid with a semi-transparent peach-colored rectangle.

EXERCISE #1

Understanding Budget Needs

What Are Budget Needs?

These types of purchases are harder to live without.



HOUSING
Your rent or mortgage



UTILITIES
Electric, gas, water, sewage, internet



TRANSPORT
Car, rideshare, public transport



HEALTH
Insurance and medications



DEBT PAYMENTS
Credit cards, student loans, etc.



NECESSITIES
Groceries and household goods

Needs Depend On...

WHERE YOU LIVE

Some areas of the country have have higher costs of living than others.

YOUR CAREER

Some workplaces assist with budget needs such as your health insurance or cell phone bill.

YOUR LIFESTYLE

Includes whether you have roommates, whether you drive a car, and what groceries you prefer.



Now, you try!

HERE'S WHAT TO DO...

- Read through the "Budget Needs" portion of your DG Profile to learn about your person's expenses, career, and lifestyle.
- For each budget needs category, use the information from the description to fill in the budget template.
- Put a zero if that category doesn't apply to her.

BUDGET NEEDS

Rent / Mortgage

Utilities

Transportation

Health Insurance

Cell Phone Bill

Student Loans

Credit Card Debt

Groceries / Household

The background image shows two women sitting side-by-side. They are wearing traditional, intricately patterned blouses. The woman on the left has her hair pulled back, while the woman on the right has long, straight hair. They are positioned in front of a decorative, dark-colored metal railing with scrollwork. The entire scene is overlaid with a semi-transparent, light-colored rectangular box that serves as a background for the text.

EXERCISE #2

Understanding Budget Wants
and Savings Goals

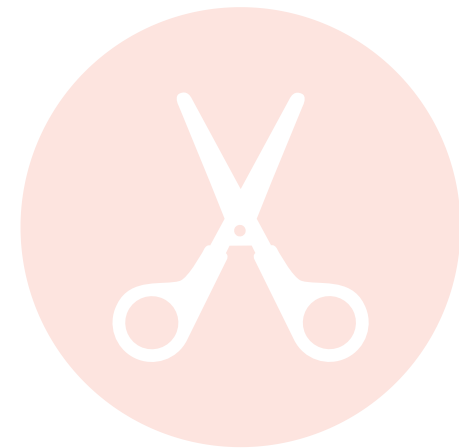
What are Budget Wants?

While fun to have, your wants are rarely necessary to live.



SHOPPING / DINING

Restaurants,
coffee trips, new
clothes, etc.



HEALTH / BEAUTY

Massages, spa
trips, salon
treatments, etc.



SUBSCRIPTIONS

Netflix, Spotify,
Billie, Amazon,
and other
recurring items



TRAVEL

Large and small
trips, hotels,
plane tickets.
etc.



CHARITABLE DONATIONS

Gifts to your
favorite charities

Examples of Savings Goals

RETIREMENT

Even if you love what you do, you won't want to do it forever. Starting early is one of the best ways to ensure retirement success.

BUILDING AN EMERGENCY FUND

Life happens. Making sure you're prepared for emergencies is vital.

SHORT-TERM MILESTONES

From vacations to life purchases such as laptops or new phones, you may have short-term savings goals.

BIG PURCHASES

Buying a new car, house, or other large purchase takes saving money over time.

Wants and Savings Goals Depend On...

YOUR INTERESTS

Your money should go towards the activities you enjoy or the items that bring you joy.

YOUR VALUES

Your spending and goals should also reflect your long-term dreams, your favorite causes, and how you generally want to show up in the world.



Now, you try!

HERE'S WHAT TO DO...

- Read through the "Budget Wants" and "Savings Goals" portions of your DG Profile.
- For each category, use your DG Profile information to fill in the budget template. Note that some of the savings goal categories might be different than what is shown here!
- Put a zero if that category doesn't apply to her.

BUDGET WANTS

Shopping / Dining Out

Health / Beauty

Subscriptions

Travel

Gifts / Donations

SAVINGS GOALS

Retirement

Emergency Fund

Moving Out Fund

A group of people, including a woman in a polka-dot shirt and a woman in a striped dress, are holding hands in a circle outdoors. The image is overlaid with a semi-transparent peach-colored rectangle containing text.

EXERCISE #3

Is Your Budget Balanced?



What is a balanced budget?

We want to give every dollar a job.

When your budget is balanced, your take-home pay should be equal to your combined Budget Needs, Budget Wants, and Savings Goals.

Doing the Math

There's an easy calculation to check if your budget is balanced.

$$\text{TAKE HOME PAY} - \text{NEEDS} - \text{WANTS} - \text{GOALS} = ?$$

IF YOUR ANSWER IS
NEGATIVE...

You are overspending!
Time to make some cuts.

IF YOUR ANSWER IS
ZERO...

Congratulations! Every
dollar has a job!

IF YOUR ANSWER IS
POSITIVE...

There is extra in your
budget! Time to assign it.

Now, you try!

HERE'S WHAT TO DO...

- Rewrite the total take home pay from the top of the sheet.
- Use a calculator to add up the items in each category: Budget Needs, Budget Wants, and Savings Goals. Write them in the appropriate boxes.
- Use your calculator to subtract your needs, wants, and goals from the take home pay. Your answer may be a negative number!
- Write the answer in the box provided.

SUMMARY

Total take home pay:

Add up budget needs:

Add up budget wants:

Add up savings goals:

Get out a calculator and input:

Take home pay - needs - wants - goals.

Answer =

If the answer is positive, there is extra money in the budget. If the answer is negative, she is overspending!

A background image showing two women with long hair, wearing lace dresses, sitting and talking. The image is faded and overlaid with a semi-transparent peach-colored rectangle. The woman on the right is smiling and looking towards the woman on the left.

EXERCISE #4

Making Changes to Your Budget

Budgeting is an ongoing process.

Sometimes you have to make some changes to keep your budget balanced.

This can be a very personal process, as everyone has different goals and values.



Ways to reduce spending

This applies if you got a negative number as your answer.

- CUT BACK ON BUDGET NEEDS
Get a roommate, switch transportation methods, or reduce extra debt payments
- CUT BACK ON BUDGET WANTS
Cut back the areas that you care the least about, spending in line with interests
- CUT BACK ON SAVINGS GOALS
As a last resort, you can put off saving for your short- or long-term goals
- INCREASE YOUR INCOME
You might also look for ways to make more money to balance your budget

Ways to increase spending

This applies if you got a positive number as your answer.

- INCREASE BUDGET NEEDS

You can live a more elaborate base lifestyle by living alone, shopping organic, etc.

- INCREASE BUDGET WANTS

If there are "fun things" you don't get enough of, you can increase that spending.

- INCREASE SAVINGS GOALS

You can save for your short- and long-term goals more aggressively, so that you get there faster!

**But either
way...**

Any budget changes
you make should be in
line with your interests,
goals, and values!



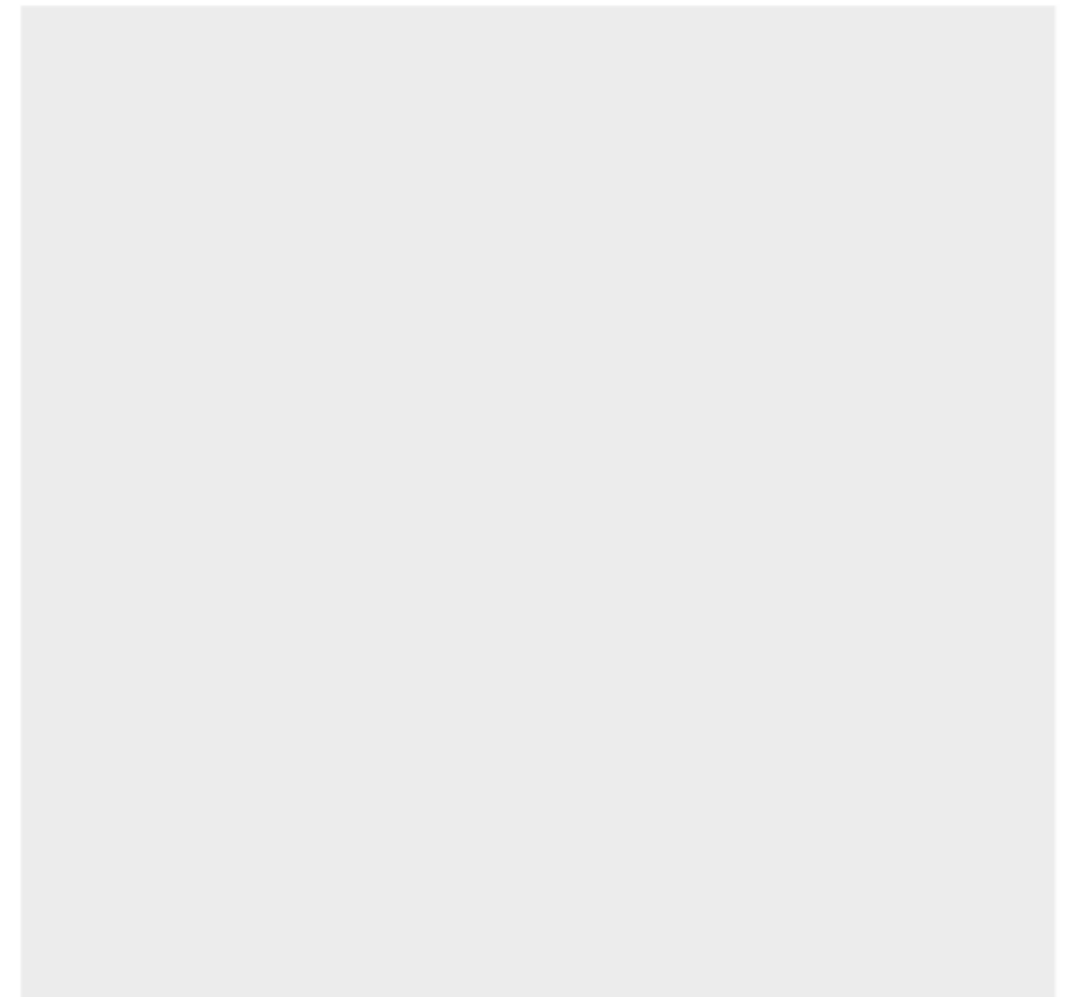
Now, you try!

HERE'S WHAT TO DO...

- Read back through the first page of your DG Profile.
- If your DG Profile has extra money in the budget, where should it go?
- If your DG Profile doesn't have enough money in her budget, what do you think she should cut back on?
- Write your answers in the space provided.

RECOMMENDED CHANGES

If Ava has extra money in her budget, what should she do with it? If she doesn't have enough money in her budget, what do you think she should cut back on?





**WRAP UP AND
KEY TAKEAWAYS**

Time to Share

LET'S TAKE A FEW MINUTES TO DISCUSS THE EXERCISE.

- Did you think this exercise was easy or hard? Why?
- Did you find yourself agreeing with your DG Profile's budget choices?
- Was there anything you would do differently if you were in her situation?



Key Takeaways

1.

When it comes to budgeting, there's no one right answer.

2.


Everyone's budget will look different.

3.

Your spending should be in line with your values.

4.

Your savings should be in line with your goals.



**For more financial
education, be sure to
check out the DGG Financial
Learning Library!**