Develop personal financial skills

Many people want to be independent and live on their own, but in terms of financial skills, they are unprepared.

Activity 1

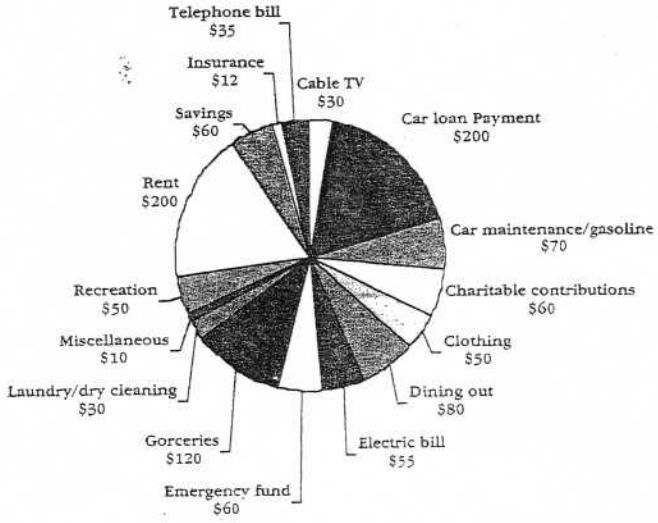
Review your spending habits to see how well you can manage your own money.

Analyze a Budget

After getting his high school diploma, Tim moved into his first apartment. To pay his bills, Tim needs to create a personal budget. Use the information below to analyze his budget.

- Take-home pay of $1,200 per month.
- Expenses for one month are:

Cable TV	$ 30.00
Car loan payment	200.00
Car maintenance/gasoline	70.00
Charitable contributions	60.00
Clothing purchases	50.00
Dining out	80.00
Electric bill	55.00
Emergency fund	60.00
Groceries	120.00
Laundry and dry cleaning	30.00
Miscellaneous expenses	10.00
Recreation	50.00
Rent	200.00
Savings for college	60.00
Set-aside for annual payment of renter's insurance	12.00
Telephone bill	35.00



Complete the following budget form and see if Tim has enough personal income to meet all of his expenses.

A. Fixed Expenses

1. Rent _____
2. Electricity, phone, cable _____
3. Car loan payment _____
4. Contributions _____
5. **Total** _____

B. Flexible Expenses

6. Miscellaneous _____
7. Laundry and cleaning _____
8. Recreation _____
9. Car maintenance/gas _____
10. Dining out _____
11. Groceries _____
12. Clothing purchases _____
13. **Total**

C. Periodic Expenses

14. Insurance set-aside _____
15. **Total** _____

D. Savings

16. College savings _____
17. Emergency fund _____
18. **Total** _____

What percentage of his income does Tim spend on:

19. Fixed expenses? _____
20. Flexible expenses? _____
21. Periodic expenses? _____
22. Savings? _____

23. Tim's car needs new tires. They will cost $140 each. He will also have all the wheels aligned at a cost of $7.50 each. As a result, he will have a sizable extra expense next month. Where can he cut expenses, so he won't go over his budget?

_____

_____

_____

What will be the total cost of four new tires and wheel alignment?
Total Cost $ _____

24. Where should Tim make the cuts in his expenses? Check the appropriate space.

Fixed expenses ____
Flexible expenses ____
Periodic expenses ____
Savings ____

25. Give three specific ideas for making the cuts suggested above.

_____

_____

_____