

Post-Graduation Budget

The **BIG** Idea

- Why should I make a budget and where do I start?

AGENDA

- Approx. 45 minutes
- I. Warm Up: Budget Basics (5 minutes)
 - II. Financial Planning: “Moving Out” Video (10 minutes)
 - III. Know What You’ll Owe: College Expenses (10 minutes)
 - IV. Adding it Up: Gross Monthly Income (10 minutes)
 - V. The Government Takes a Bite: Net Monthly Income (5 minutes)
 - VI. Wrap Up (5 minutes)

MATERIALS

- PORTFOLIO PAGES:**
 - Portfolio pages 14-18, Post-Graduation Budget
- STUDENT HANDBOOK PAGES:**
 - Student Handbook page 117, Budget Basics
 - Student Handbook page 118, Sample College Bill
 - Student Handbook page 119, Sample Pay Stub
- FACILITATOR PAGES:**
 - Facilitator Resource 1, Budget Basics Answer Key
- Laptop computer and LCD projector
- Overhead projector
- Calculators, one per student
- Index cards, one per student

OBJECTIVES

During this lesson, the student(s) will:

- Understand the value of a budget, and begin to make one.
- Tally income for the year following high school graduation, including college financial aid and/or wages.
- List required college expenses.
- Calculate income after taxes.
- Understand why it’s necessary to file a tax return.

OVERVIEW

In this unit, students will learn how to create a budget for the year following high school, when they will go to college or enter the workforce. They'll tally their income and adjust it for taxes. They'll generate a complete list of expenses, including the cost of health insurance. Then they'll revisit and revise their findings, in order to develop a budget that works for them.

In this lesson, students discuss what they know about budgets and explore the reasons to make one. They watch a video about a forward-thinking college student who consults a financial planner. They begin to create their own budget for next year by listing income and college-related expenses, accounting for the difference between gross and net income, and learning why they need to file a tax return.

PREPARATION

- Investigate the possibility of using the computer lab for this unit. In this lesson, students might need to access college websites for tuition costs, and career websites for income information.
- Make overhead transparencies of:
 - **Student Handbook page 118, Sample College Bill**
 - **Student Handbook page 119, Sample Pay Stub.**
- Download the “Moving Out” video onto your laptop (www.thirteen.org/finance/about/video2.html), and make sure it plays correctly.
- Review an easy-to-understand pamphlet that explains a college bill at the Manhattanville College website: www.manhattanville.edu. Search for “Understanding Your Bill.”
- List the day’s **BIG IDEA** and activities on the board.
- Write the day’s vocabulary words and definitions on the board.
- Connect your laptop to the LCD projector in the classroom.
- Let students know prior to this lesson that they will need to bring in the following resources:

If they expect to enter college:

 - financial aid awards (grants, scholarships, work-study packages)
 - family contribution amount (for tuition as well as living expenses)

- their own contribution from savings
- college tuition and fees
- room and board fees (i.e., dorm room and meal plan)
- books (if the college specifies how much to estimate)

If they expect to enter the workforce:

- a realistic target salary

VOCABULARY

Budget: a plan that helps people balance income and expenses, so they have enough money to pay their bills

Financial Planner: a professional who helps people think about and manage their finances

Gross Income: the money you earn before taxes are taken out

Taxes Withheld: money taken out of your paycheck for taxes

Net Income: the money you earn after taxes have been taken out

Tax Return: a required government form you fill out and submit, that reports your earnings and deductions

Surplus: the amount of money left over, if your income is greater than your expenses.

Shortfall: the amount of money you'll "fall short" of what's required, if your expenses are greater than your income.

IMPLEMENTATION OPTIONS

You may prefer to begin class with a discussion of the questions on **Student Handbook page 117, Budget Basics** rather than starting with a quiz.

Activities III and IV:

If your students are lacking the information needed to complete their personal budgets (for example, they've not yet received their financial aid award letters, or they don't have employment lined up for next year), you may wish to send **Portfolio pages 14 - 16, Post-Graduation Budgets**, home with them for future reference.

In **Activity IV**, you may choose to provide an example using an entry-level income typical for your location.

ACTIVITY STEPS

I. Warm Up: Budget Basics (5 minutes)

1. [As students enter the classroom, refer them to **Student Handbook page 117, Budget Basics**. Give them a few minutes to answer the questions.]
2. **SAY SOMETHING LIKE:** Welcome, everybody. Today we start looking ahead to next year – your first year out of high school - when you'll be paying the bills and managing your own money. Why is this important? Let's take a look at the statistics:
 - More than a million people filed for bankruptcy in 2007. 40,000 of them were under 25.*
 - Robert Manning, best-selling author of a book called Credit Card Nation, estimates that up to 10% of college students drop out because of credit problems.
 - College seniors owe, on average, more than \$2,800 in credit card debt, on top of what they owe for student loans.**

(* AARP Policy and Research, June 2008
assets.aarp.org/rgcenter/consume/2008_11_debt.pdf)

(**Nellie Mae Student Loan Company, May 2005
http://www.nelliemae.com/library/research_12.html)

So how can you organize your life to avoid these situations? Let's start by naming some of the reasons young people might get into financial trouble.

3. [Call on students to answer. Possibilities include:]
 - I have no experience managing money
 - I like to reward myself for working hard
 - I buy things to keep up with friends
 - I won't make enough money (low starting salary)
 - High college expenses]
4. **SAY SOMETHING LIKE:** One way to overcome these obstacles is to think ahead and be prepared. Starting today, and continuing for three more lessons, each of you will create a tailor-made budget for your own circumstances next year – whether it's college, work, or some combination of the two. We've already begun preparation for this in 10th and 11th grade. Your "Post-Graduation Budget" is a chance to plug in the real numbers – for college, a car, maybe even a place of your own. Will you be able

to afford pizza and a movie every Friday night? What about spring break in Florida? This is your chance to find out.

5. Let's discuss your answers on **Student Handbook page 117, Budget Basics**, and see what you already know.
6. [Refer to **Facilitator Resource 1, Budget Basics Answer Key**. Read each of the following questions, and call on students to respond. Include answers from your sheet that students don't mention.
 - Name some reasons to make a budget.
 - What expenses should be included?
 - What do you do with a budget once it's "finished"?
 - Have you ever made a budget? Describe your budgeting experience.]
7. **SAY SOMETHING LIKE:** As you can see, making a budget is more than just a mathematical exercise. It puts you in charge of your money, it enables you to save for things you want, and it can help you from going bankrupt or ending up in serious debt.

II. Financial Planning: "Moving Out" Video: (10 Minutes)

1. **SAY SOMETHING LIKE:** We're going to watch a short video about a guy who's probably a year or two older than you. He's juggling work and community college, and is just moving into his own apartment. Will he be able to accomplish his goals, or is he headed for financial disaster? Let's watch to find out how he manages his money.
2. [Play the "Moving Out" video (www.thirteen.org/finance/about/video2.html).]
3. **SAY SOMETHING LIKE:** Were any of you surprised that a guy like Eddie was thinking ahead, and taking action to manage his money? [Students raise hands.] Was this a good move? Why or why not?

[Let students answer. Then continue the discussion with the following questions.]

- Why did Eddie consult a financial planner?
- How did Louis, the financial planner, help Eddie focus on his financial goals?
- How did keeping track of his expenses help Eddie meet his financial goals?

III. Know What You Owe: College Expenses (10 minutes)

1. **SAY SOMETHING LIKE:** Now it's your turn to plan for your financial future. [Have students turn to **Portfolio pages 14-18, Freshman Year Budget**.]

2. **SAY SOMETHING LIKE:** This document will help you develop a budget that's personally tailored to your expectations for next year. Today you'll complete pages 1, 2 and 3. Pages 1 and 2 are designed for college-bound students, and page 3 is for everyone entering the work world, which will eventually be all of you. Please listen to the directions for both pages before beginning to work, so you'll know how to handle either event, regardless of your immediate plans.
3. **SAY SOMETHING LIKE:** Let's start on page 1, which deals with college expenses and income. You'll note that the boxes are in gray; that's the color used throughout the budget to represent college-related items. We're going to talk about college expenses first, since many of these terms are relatively new.
4. **SAY SOMETHING LIKE:** The first section asks you to list "College Expenses." Every school has different expenses, so you'll need to find the details in a bill from your specific school, or from the college's website. I have a sample here to show you, which you also can find on **Student Handbook page 118, Sample College Bill**.
5. [Display **Student Handbook page 118, Sample College Bill** on the overhead projector.]
6. **SAY SOMETHING LIKE:** This is an example of a typical college bill. Let's look at the costs at this school for a year. All of the expenses for this school can be found under the column that says "Charges."

[Direct students to find the following:

- Undergraduate tuition – charges for academic courses and programs
- Meal Plan – charges for food services program (19 meals a week)
- Dorm charge – charges to live in student dormitories
- Comprehensive Fee – activities, cable, wireless technology, etc.]

There are two other charges you may not see on every college bill: (1) The first is a dorm damage key deposit fee. What do you suppose this is for? (2) The second is a Medical Insurance fee. Many colleges require full-time students to carry insurance. This college provides an insurance plan if a student is not covered under his parent's policy.

7. **SAY SOMETHING LIKE:** Now, if you look back at the "expenses" column on the first page of your Portfolio budget, you'll see that you also need to include an estimate for books. Most college websites or acceptance letters give a ballpark figure. Remember to multiply this number times 2, to cover both semesters. Then, you'll add up all your expenses, to get your total for college expenses, and put that sum in box "a."

8. **SAY SOMETHING LIKE:** Now let's continue on to the next section, where you'll be adding up your College Income. This refers to all the money you will have to help pay for college. This includes money from the following sources:
 - a. **Financial aid awards, like grants and scholarships, work-study, and student loans.** If you are receiving financial aid, you will have already received a letter itemizing your awards. Or, if you have a copy of your college bill, you can find it listed there. [Point to the Sample Bill on the overhead transparency, where financial aid awards are listed under Payments/Credits.] The name of each grant or scholarship will be listed, with the amount of the award next to it.
 - b. **Your family contribution for college bills.** This is the total amount of money, or the "lump sum" that your family will be giving you to pay for your first year of college.
 - c. **Your family contribution for personal allowance.** This is the amount of money your family will give you for personal expenses, like shampoo, laundry detergent, and entertainment. If your parents have specified a monthly allowance for this, multiply by 10 to get the total for the months you'll attend.
 - d. **Your personal savings, like the money you socked away from summer jobs.** If you know you'll have a summer job this coming year, add in what you expect to save.
9. **SAY SOMETHING LIKE:** Once you've listed all the sums, add them up to get a total for College Income, and put that sum in box "b."
10. **SAY SOMETHING LIKE:** Turn to second page. This is where you'll subtract your expenses from your income. Do this by subtracting the number in box "a" from the number in box "b". Place the total in box "c", and learn whether the news is good or bad.
11. [Point to the vocabulary word and definition of "surplus" on the board.] If your income is higher than your expenses, you will have a "surplus": extra money to live on after your bills are paid.
12. [Point to the vocabulary word and definition of "shortfall" on the board.] If your college income is lower than your expenses, you will have a "shortfall", and need to earn that amount of money to pay your college bills next year.
13. **SAY SOMETHING LIKE:** In order to figure out a monthly budget, you'll need to divide the amount of money in answer box "c" by 10, for the number of months you'll attend school. Put your answer in the box called "d", and add a plus sign to reflect a surplus, or a minus sign to reflect a shortfall.

IV. Adding It All Up: Gross Monthly Income (10 minutes)

1. **SAY SOMETHING LIKE:** Now let's move on to page 16, which everyone will complete. Here you'll list any job-related income you'll have coming in next year. Your objective is to determine your Gross Monthly Income – which is the amount of money you earn before taxes are taken out.
2. **SAY SOMETHING LIKE:** You'll see on the budget there are lines for Job 1 and Job 2. Put down the amount of money you expect to make from each job you'll hold. For example, if you work at a full-time job Monday through Friday, and also babysit on weekends, you'll have income from both jobs to list.
3. **SAY SOMETHING LIKE:** For those of you who are planning to enter the workforce next year, but don't yet have a job, you'll need to find some realistic numbers to use here. If you brought some possibilities in today, use those figures.
4. **SAY SOMETHING LIKE:** For now, let's use the income for an entry-level job as an example. Later, you can check the internet to find the entry level salary, or hourly wage, for the job you're most likely to have.
5. **SAY SOMETHING LIKE:** One thing to remember: you're creating a monthly budget, so the numbers you write down must reflect monthly income. If the numbers you're working with reflect a yearly salary, divide by 12 to figure out how much you'll make each month. If the numbers reflect an hourly wage, multiply times the number of hours you'll work each month, usually 40 hours a week x 4 weeks/month.
6. **SAY SOMETHING LIKE:** Once you've listed all your monthly income, add it up. If you plan on attending college, and you had a surplus on page 1, include it. Your grand total will represent your Gross Monthly Income.
7. **SAY SOMETHING LIKE:** All right, everyone, let's begin. You'll have 5 minutes to work. Stop before continuing on to "Net Monthly Income." We'll go over that section together.

[Have students work on their budgets. Move on when they're finished.]

V. The Government Takes a Bite: Net Monthly Income (5 minutes)

1. **SAY SOMETHING LIKE:** Now that you've added up your Gross Monthly Income, it's time for a reality check. Do you get to keep your entire salary? No, you do not. Who can explain approximately how much you keep, and where the rest of it goes? [Let

students answer.]

2. [Point to the vocabulary word and definition of “Net Monthly Income” on the board.] **SAY SOMETHING LIKE:** “Net Monthly Income” is the amount of money you earn after taxes are taken out. [Point to the vocabulary definition for “taxes withheld” on the board.] The main taxes withheld are Federal, State, Local, and social security. This money goes to pay for public services like police and fire protection, schools and parks, and also for benefits given to people who are disabled or retired.
3. [Project the transparency of **Student Handbook page 119, Sample Pay Stub** for the class to see.] **SAY SOMETHING LIKE:** Here’s a sample of a typical pay stub. It lists money earned, and taxes withheld. You have a copy of this stub on **Student Handbook page 119, Sample Pay Stub**. It should be similar to the pay stubs you’ll receive when you get a paycheck.
4. [Point out a few of the itemizations on the pay stub. Be sure to include the following:
 - “Net pay”, or net income, which refers to the actual amount you “take home” after taxes.
 - Regular Salary, which refers to Gross Pay.
 - Taxes Withheld, which shows you how much money has been withheld by each government agency.]
5. **SAY SOMETHING LIKE:** Typically, the amount of tax withheld from a paycheck is about 30%. This percentage depends on many things, like if you support children or not, but for our purposes today, we’ll use 30%.
6. [Remove the sample pay stub from the overhead projector.]
7. **SAY SOMETHING LIKE:** Now, let’s return to page 3 of your budget, to the section called “Net Monthly Income.” Write down the total for your Gross Monthly Income, which we called “e” in the previous section. To figure out how much money will be withheld for taxes, figure out 30% of your Gross Monthly Income. You can do this by multiplying “e” by 30%, or 0.30. [Write the following calculation on the board.] For example, if your Gross Monthly Income is \$100.00, 30% is 100 times 0.30, or \$30.00.
8. **SAY SOMETHING LIKE:** Now subtract the 30% from your Gross Monthly Income. This gives you the amount of money you will actually receive in your paycheck, or your Net Monthly Income. [Write the following calculation on the board.] For example, \$100.00

minus \$30.00 equals \$70.00.

9. **SAY SOMETHING LIKE:** If you're a college student who completed the previous two pages, you'll want to include your college surplus or shortfall here, in the gray box marked "d." If you had a surplus, add this to your net monthly income. If you had a shortfall, you must subtract.
10. [Give students time to finish their calculations.]
11. **SAY SOMETHING LIKE:** Okay, one last point. [Point to the vocabulary word and definition of "Tax Return" on the board.] Every year, everyone who has earned money must submit a "tax return" to the Federal and State government by April 15th. In a tax return, you declare how much money you earned, and how much tax was withheld.
12. **SAY SOMETHING LIKE:** Even if you don't think you owe the government money, you should file an income tax return. Depending on your income, you might be due a refund, if too many taxes were withheld. [Write **www.irs.gov** on the board.] All federal tax forms, and information about how to file, can be found at the Internal Revenue Service website, www.irs.gov. Each state will also have a website you can check for state tax return forms.

VI. Wrap Up (5 minutes)

1. [Distribute index cards for use as exit slips.]
2. **SAY SOMETHING LIKE:** Okay, everyone, let's "budget" a minute here to think about budgets. Each of you is getting an index card. On it, please write either (or both) of the following:
 - One new thing you learned today
 - Predict what your third-biggest expense will be next year (after tuition and your apartment or dorm)
3. Hand me your slips as you exit, and we'll take a look at them first thing next class. And, just for fun, keep an eye on where your money goes this week. You might be in for some surprises!

Budget Basics

Answer Key

1. Name some reasons to make a budget.
 - To understand how the money you have coming in, and the money you have going out, work together to create savings or debt
 - To control how much you spend; how much you save
 - To plan ahead so you can make choices
 - To save enough money for education
 - To save enough money to achieve personal goals (buy a car, take music lessons, attend a special event)
 - To know, once you pay your bills, how much is left for personal expenses (like entertainment)
 - To empower you, and make you more independent
2. What expenses should be included? Every single one! If it costs money, include it.
A few examples:
 - Housing (rent, heat, electricity, water)
 - transportation (car payments, gas, tolls, parking; bus/train fares)
 - communication (cell phone, internet, cable)
 - food (snacks and meals)
 - clothing and electronics
 - personal entertainment (dvds, going to the movies, sports events, concerts)
 - personal items (shampoo, make-up, cologne, backpack, pocketbook)
3. What do you do with a budget once it's "finished"?
 - Study it to see if it works
 - Make changes so it will be easier to follow
 - Follow it!
 - Adjust as income or expenses change
4. Have you ever made a budget? Describe your budgeting experience.
(Share a personal story if you have one; perhaps you remember your own first budget!)

Budget Basics

A budget is a plan that helps people balance income and expenses, so they have enough money to pay their bills.

Please answer any three of the following questions.

1. Name some reasons to make a budget.
2. What expenses should be included? (Be specific!)
3. What do you do with a budget once it's "finished"?
4. Have you ever made a budget? Describe your budgeting experience.

SAMPLE COLLEGE BILL

AMOUNT TO PAY: 13,533.00

ATTN: STUDENT ACCOUNTS

How Paid: Check M/C Visa Amex Disc

Credit Card No: _____ Expire Date: _____ Security Code: _____

Amount Paid: _____ Signature: _____

Student Name Account Holder: (Student ID #)

Student Address AR Type: 10 Student Receivables

City, State Zip Term...: 08FA

-----Detach and Return with Payment-----

SAMPLE COLLEGE
 STATEMENT OF ACCOUNT
 STUDENT RECEIVABLES

Account Holder: (Student ID #)

Statement Date 05/25/09

Student Name

Student Address

City, State Zip


AMOUNT TO PAY: 13,533.00

Date	Term	Description	Payments/		Balance
			Charges	Credits	
05/30/08		Balance Forward ***	0.00	345.00	-345.00
05/30/08		08FA Full-Time UG Tuition	15,200.00		14,855.00
05/30/08		08FA Meal Plan 19 Meals	2,650.00		17,505.00
05/30/08		08FA Dorm Charge	3,870.00		21,375.00
05/30/08		08FA Comprehensive Fee	610.00		21,985.00
05/30/08		08FA Dorm Damage Key Deposit	180.00		22,165.00
05/30/08		08FA Student Insurance Fee	240.00		22,405.00
05/30/08		08FA Manhattanville Grant		2,500.00	19,905.00
05/30/08		08FA Federal SEOG		500.00	19,405.00
05/30/08		08FA Federal Perkins Loan		1,000.00	18,405.00
05/30/08		08FA Chairman's Award		1,000.00	17,405.00
05/30/08		08FA McCormack Scholarship		2,500.00	14,905.00
05/30/08		08FA Federal Stafford Loan		1,372.00	13,533.00
Total:			22,750.00	9,217.00	13,533.00

Payment Due: July 1, 2008

SOURCE: www.manhattanville.edu, Manhattanville College, "Understanding Your Bill"

SAMPLE PAY STUB

EMPLOYEE		Mary Stone					
EMPLOYEE NUMBER		A5926					
PAY PERIOD		7/1/99 TO 7/15/99					
PAY DATE		7/14/99					
CHECK NO.		3691215					
NET PAY		\$349.21					
EARNINGS			TAXES WITHHELD			DEDUCTIONS	
Description	Hrs.	Amount	Tax	Current	YTD	Description	Amount
REGULAR		448.00	FED INCOME TAX	49.95	385.62		
SALARY			SOCIAL SEC	27.78	361.09		
CURRENT		448.00	MEDICARE	6.50	84.45		
YTD		5824.00	STATE INCOME TAX	14.56	182.28		

SOURCE: <http://practicalmoneyskills.com>

Want to know more about deductions and take-home pay? Check out www.paycheckcity.com.

Post-Graduation Budget

Whether you're starting college or beginning your first full-time job, you need a plan to pay your bills and stay out of debt. Over the next four weeks, you'll create a budget to help you plan for the year following high school graduation.

The gray area below is for students expecting to attend school next year.

- Note that the College Expenses area includes most of the items you'll find on a bill from your school. You'll need to estimate the cost of books.
- If you are planning on living with your family or renting your own apartment next year, put "0" next to Room and Board.

College Expenses & Income

College Expenses

Tuition and fees	
Room, if living in dorm	
Board, if meal plan is selected	
Books (Estimate for 1 semester and multiply by 2.)	
Total (a)	

College Income

Grants & scholarships*	
Work-Study*	
Student Loans	
Family Contribution (Lump sum for college bills)	
Family Contribution (Monthly allowance, if any) (Multiply by 10.)	
Savings (for example, from a summer job)	
Total (b)	

*As of 2008, some forms of financial aid are taxable and some are not. Check with your tax preparer or financial aid office for the latest rules.

Post-Graduation Budget (cont)

College Income (b)– College Expenses (a) =

If your college income is higher than your expenses, this is the amount of money you'll have left to live on after college bills are paid.

If your college income is lower than your expenses, this is the amount of money you need to earn to pay your college bills next year.

To find your **monthly** surplus (extra) or shortfall (what you need to earn), divide the total above by the number of months you'll be attending school (10).

Post-Graduation Budget (cont) Income

All students should complete this page.

List money you'll have coming in next year.

- You can use "Job 1" and "Job 2" for jobs you expect to hold all year, or throughout the school year. For example, you may have a full-time job as an administrative assistant (Job 1), and work on the weekends selling clothing (Job 2).
- If your income is expressed in terms of a yearly salary or an hourly wage, figure out what you'll make each month before including it in the chart.

Example A:

You make \$20,000 a year. Divide this by 12 to figure out how much you'll make each month.

Example B:

You make \$10 an hour. Multiply this by the number of hours you'll work each month.

- If you're a college student with a work-study job or other kinds of financial aid, use the gray College Surplus space, "d," to list money you'll have left over after you pay your college bills. (See second page of this activity.)

Gross Monthly Income

	Amount
Job 1	
Job 2	
TOTAL (e)	

Net Monthly Income

	Amount
Gross Monthly Income (e)	
Taxes Withheld (30%)	
Net Monthly Income (f)	
College Surplus or Shortfall (d)	
Total Net Monthly Income [add or subtract (d) from (f)]	

Post-Graduation Budget (cont) Expenses

All students should complete this page. See next page for directions about rent and groceries.

	Estimate	Budget	Actual	Difference
Housing				
Rent (Apt. share)				
Utilities (gas, electric, water)				
Phone				
Cell phone				
Internet				
Cable				
Household insurance (if yearly fee, divide by 12)				
Transportation				
Car payment or subway/bus fare				
Car insurance				
Car repairs				
Gas				
Parking and tolls				
Travel home (If living away from your family, add costs for the year and divide by 12)				
Food				
Groceries				
Snacks & Other Meals (including restaurants, fast food, & deliveries)				
Health				
Health insurance				
Prescriptions				
Medical expenses				

Other				
Savings				
Clothing				
Entertainment				
Personal (like shampoo or haircut)				
Household (like cleaning supplies)				
College Shortfall (d, if less than 0)				
Other				
TOTAL (ALL CATEGORIES) Must be less than or equal to (f).				

Rent and Groceries:

If you'll be renting your own apartment next year, you'll need to figure out the amounts needed for Rent and Groceries.

If you'll be living and eating in a college dorm, write "0" next to Rent and Groceries. These expenses have already been listed as Room and Board on first page of your **Freshman Year Budget**.

If you'll be living with your family, you can also write "0" next to Rent and Groceries. If you've agreed to help with your family's expenses, write the amount you've agreed to pay next to Rent.

How to Use the Actual and Difference Columns:

To be useful, a budget has to reflect reality. This means you have to keep track of how much you spend.

Suppose you've budgeted \$20 a month for snacks. You discover you actually spend \$12.99 every Friday night for pizza (\$51.96), and \$3.35 for snacks between classes every Tuesday and Thursday (\$26.80). The grand total is \$78.76. At the end of the month, you write this in the Actual column. The difference (\$78.76 - \$20) is \$58.76. (This goes in the Difference column.)

Now you have a couple of choices. You can make more of your food at home; it's cheaper! Or, you can find \$60 some other place in your budget. Maybe you aren't spending as much as you budgeted for clothes. Or you've decided you can live without cable television. Or, you can take on some extra work.

It's all about choices. But you have to have the facts to make smart ones.