

# Sample Monthly Budget for Teens

## Instructions

### Before you get started

Make a daily expense journal. Document every penny you spend. Don't forget, don't cheat. This will be difficult at first but it will help you in creating a more accurate budget and being more aware of what you spend and will help you reach your financial goals. After 30 days of journaling start your budget.

### Making a Budget

Making a budget is the most important step in controlling your money.

A budget allows you to track your **Income** (the money that you have) and your **Expenses** (the money you spend). By writing down your monthly income and expenses, you can see how much money you expect to have for the month and plan for how much you can spend.

### The First Rule of Budgeting

The first rule of budgeting is simple: *Spend less than you earn!*

If you earn \$160 a month from your job, and earn another \$40 from chores or gifts, your income for the month is \$200. If your savings account earns another \$3, your total income is \$203.

Now you know that you have to spend less than \$203 for the entire month.

### Structuring Your Budget

#### 1: Determine your Income.

Estimate all "incoming" money, including salary from a job, allowance from your parents, birthday money and any other source.

#### 2. Estimate Required Expenses.

Required expenses include bills that you *must* pay. Required bills may include your cell phone bill and gas money to drive to work or school. You should also include at least 10% of your income as a payment to your savings in the "Required Expenses" category. Whether you are savings for something specific (like a car or college) or just tucking money away for the future, it is critical that you get in the habit of paying yourself first! Even a few dollars each month helps build your savings.

#### 3. Estimate Discretionary Expenses

After you have paid your Required Expenses, you can use the money left over for some fun!

Discretionary Expenses may include clothes, shopping, pizza, video games, gifts and any other expenditures that are considered "optional". These are wants versus needs.

**Definition of Want vs Need:** When ever you go to purchase an item take a minute and ask yourself, is this an item I REALLY need or just something I want. If you are not certain, put off the purchase and if it truly is a need you can come back and get it later. You will find this extremely helpful while trying to save money and meet the financial goals you have set.

Review the following Sample Budget and then make your own monthly budget using one of the other worksheets provided by GoalSettingBasics.com. You will find one template with a few common expenses and another completely blank.

Remember, stay within your budget, pay yourself first, and you will always be in control of your Financial Independence.

Financial independence means having control over your time without worrying about the ability to pay your bills