

A close-up, slightly blurred photograph of a person's hand holding a yellow pencil. The hand is positioned over a black calculator, which is resting on a white surface, likely a desk or notebook. The calculator has a small LCD screen and various function buttons like 'MC', 'MR', 'M+', 'M-', '%', and 'MU'. The person is wearing a plaid shirt with orange, blue, and white patterns. The overall lighting is soft and natural, creating a professional yet approachable atmosphere.

# Budgeting Lecture

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# What is Budgeting?

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What do you think budgeting means?



# What is Budgeting?

- Budgeting can relate to a lot of different things, but overall, its mainly used to track income and expenses.
- In its simplistic form, budgeting is a spending plan to prevent you from losing your money.



# Advantages to Budgeting

- Helps you to set & achieve realistic goals.
- Allows you to have savings built up incase you run into unfortunate financial circumstances. (Safety Net)
- Easier to save up for things you want
- Let's you visualize expenses, making it easier to cut out unwanted items.
- Provides a sense of comfort and relieves stress
- Keeps you organized

# How to Effectively Budget

- Must be realistic towards your goals.
- Accurate income and expense projections
- Account for mishaps (mischievous expenses) in order to provide a safety net, incase unwanted expenses arise.
- Track Everything in order to make things as organized as possible, (you don't want expenses arising in which you haven't tracked or written down.)
- Make it flexible, your expenses might shift month to month. Its important to have a flexible budget in order to account for this with out disrupting your goals.
- Have fun with it, as simple as it sounds doing something like making a game out of your budgeting process could help you remain motivated to keep it up.

# Different kinds of budgets

We will discuss three popular budgets used by people all over the world.

- Zero-based budget
- Pay-Yourself-first budget
- 50/30/20 budget

# Zero based budget

- How much income you have minus your expenses equals zero
- With this method you are spending all your monthly income in different categories for your budget with nothing left over.
- The advantage to this is that as your salary increases your personal wellness also increases, as you have more money to spend on materialistic items
- A disadvantage to this method is that you must track all expenses on your sheet, as you will not have funds left over to pay forgotten expenses.
- This is a budget better equipped for an experienced budgeter, as they will have a better understanding of all their expenses.

# Pay yourself first budget

- This form of budget is used primary for repaying debt or growing your savings account.
- The way this budget works is by setting aside a fixed amount of money every time you get paid for something your focused on. (repaying debt or saving for an item).
- With the money left over you can allocate it however you feel necessary and divide it however you'd like
- This is probably the most realistic for kids since monthly expenses aren't very high or do not exist at all for youth kids. However, for many kids there is often something they are saving for which is the strength of using this budget.



# 50/30/20 Budget

- This is probably the most popular budget used amongst adults
- The way this budget works is by putting 50% of your monthly income into needs, 30% of your income into wants, and 20% of your income into savings or debt payments.
- This is great for young adults as it is very beginner friendly
- It is also very customizable and adjustable, as once you put away 50% of your money for expenses you're able to spend 30% of your income on whatever you'd like without having to worry about going over budget.