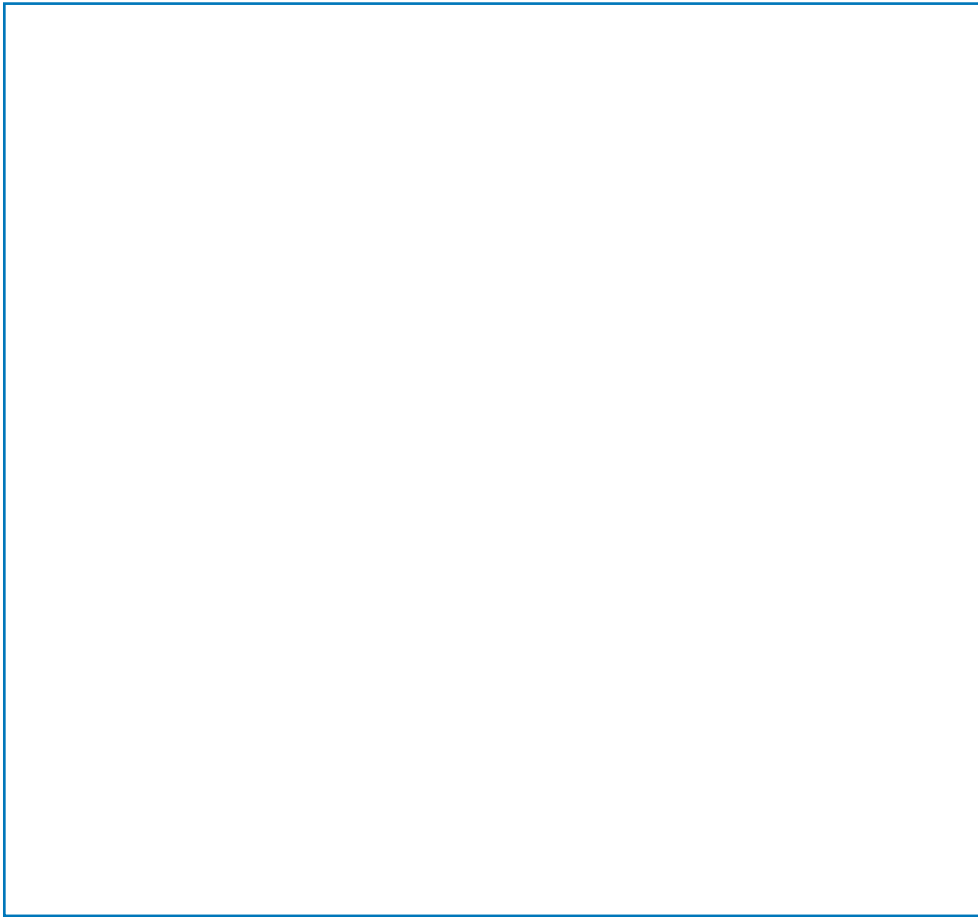


Managing money and budgeting

Age range: 16-19



What is a budget?



Wise words

Never
spend **your**
money **before**
you have it

Thomas Jefferson

“

“Beware of little expenses; a small leak will sink a great ship.”

Benjamin Franklin

“A wise man should have money in his head but not in his heart.”

Jonathan Swift

“Many folks think they aren’t good at earning money, when what they don’t know is how to use it.”

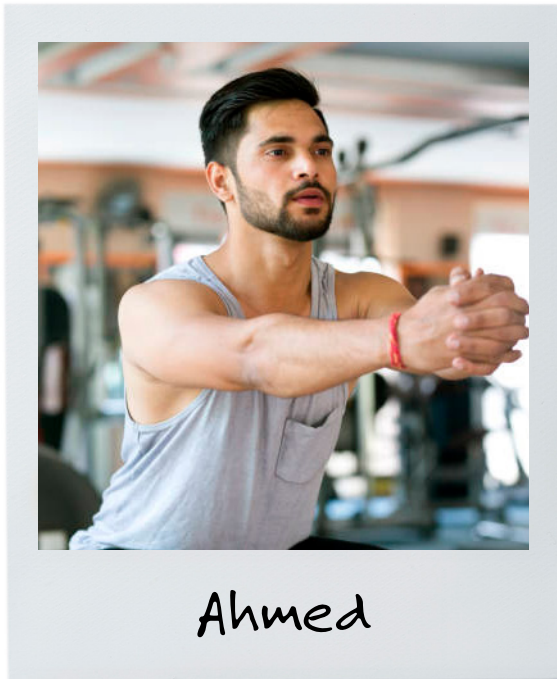
Frank A Clark

“The art is not in making money, but in keeping it.”

Proverb

”

Case study: Ahmed



Ahmed lives in a village near Derby and enjoys spending time outside playing sports. He wants a career that keeps him fit and active so he has applied for a sports coaching apprenticeship.

He wants to start getting experience of the workplace straight away, as well as earning a salary. The role will be based at a school in Derby during term time and at a sports centre in the school holidays. He will live at home and pay his mum rent, and he will need to drive to work each day so will have to budget for petrol and other car costs including insurance.

He enjoys going to the cinema with his friends and plays in a football team at the weekend. He can get an apprenticeship discount card which will get him money off at the cinema and restaurants. Ahmed knows he will have to monitor his budget closely to make sure he can pay his bills and still enjoy socialising with his friends.

Case study: Sinead



Sinead

Sinead lives in Northern Ireland. She is keen to go to university away from home and establish her independence. She wants to continue to develop her skills and passion for music by studying it at university and has decided on Manchester.

For her first year, Sinead is going to be living in the university halls of residence. She plans to be very busy with her studies but wants to try to fit in going to the gym regularly too. She'll need to invest in a good laptop and some books that have been recommended by her course tutors.

Sinead's tutor has advised her to apply for a maintenance loan to help pay for her course fees. She has also managed to save some money from her Saturday job over the last 2 years.

Sinead needs to book flights home each term and hopefully getting a job on campus will help her pay for this.

Sinead's older sister, who has just finished university, gave her some advice: "Don't forget to note down all your costs. It's not just the rent and food; you'll need to buy books, kitchen equipment and you still have your phone contract to pay for. Put aside a fixed amount for your outgoings for each week and be careful not to go over it."

Budgeting template: student sheet (1/5)



	Weekly	Monthly	Termly	Yearly
	Convert from yearly (divide by 52 weeks)	Convert from yearly (divide by 12 months)	If applicable convert from yearly (assume 3 terms in a student year)	
Income e.g. job or student loan				
(1) Total income	£	£	£	£

Budgeting template: student sheet (2/5)



Expenditure	Weekly	Monthly	Termly	Yearly
Living costs (regular) e.g. accommodation, food, bills and clothes				
(2) Sub total	£	£	£	£

Budgeting template: student sheet (3/5)



Expenditure cont'd	Weekly	Monthly	Termly	Yearly
One off costs e.g. laptop				
(3) Sub total	£	£	£	£
Travel e.g. car, train				
(4) Sub total	£	£	£	£
Leisure e.g. cinema, gym				
(5) Sub total	£	£	£	£

Budgeting template: student sheet (4/5)



	Weekly	Monthly	Termly	Yearly
Income (1)				
Living costs (2)				
One off costs (3)				
Travel (4)				
Leisure (5)				
Total expenditure (2+3+4+5) = 6	£	£	£	£
Balance (1) – (6)				

If (6) is greater than (1), you need to think of ways to increase your income or reduce your expenditure.

Budgeting template: spending guide (5/5)



Use the information here to complete the budget template. Note that if you want to use the templates for your own budget at a later date, you will need to check each of these costs.

Halls of residence	Living at home – rent	Phone contract	Music equipment	Food shopping	Gym membership	Socialising
£4184 per year	£80 per month	£25 per month	£50	£40 per week	£30 per month	£30 per week
Kitchen equipment	Football team membership	Flights	Discounted cinema ticket	Savings from Saturday job	Laptop	Books for studying
£20	£5 per week	£40 (one way)	£6 per visit	£400	£600	£200
Apprenticeship salary	Snacks and drinks	Maintenance loan living away from home (England)	TV license	Wages from part-time work	Car costs (petrol, insurance)	
£5850 per year net	£20 per week	£8430 per year	£150.50 per year	£30 per week	£100 per month	

Note: amounts are for demonstration purposes only and may vary. For up to date information on student tuition fee and maintenance loans visit [gov.uk/student-finance/new-fulltime-students](https://www.gov.uk/student-finance/new-fulltime-students)

Spending diary: student sheet



Use this sheet to record your spending over the course of one week. Include any regular outgoings, e.g. mobile phone, and any extra one-off items, e.g. cinema ticket or night out. Writing down everything you spend for a few weeks will really help you to understand your spending patterns and identify areas where you could save.

Item	EWS*	Mon	Tue	Weds	Thurs	Fri	Sat	Sun	Total
Total									

*Estimated Weekly Spend

Small sacrifices, big rewards

Item saved on	Item I could buy
If I bought one less app for my phone a week (£1) then in 9 weeks I could buy...	
If I ate one less takeaway a week (£5) then in eight months (32 weeks) I could buy...	
If I started walking home rather than catching the bus each evening (£10 per week) then I could buy...	
If I stopped buying an energy drink (£1) every day then in five weeks I could buy...	
If I didn't get my weekly magazine (£2) then in eight months (32 weeks) I could buy...	
If I download three fewer tracks (£3) each week then in 20 weeks I could buy...	
If I cut out just one social event e.g. cinema/bowling (£8) each week then in one year (52 weeks) I could buy...	

What could you buy?

- A ticket to a large music festival (£200)
- A tablet computer (£384)
- A pair of new trainers (£64)
- Contribute to a pension (if you are over 18 and in employment)
- A new smartphone (£160)
- A cinema ticket and popcorn (£9)
- Some new clothes (£60)
- Put money into a savings account

Calculating savings

Click answer to reveal

1. If you have £520 in a savings account that earns 1.5% interest annually, how much will you have in your account:

After one year?

After two years?

2. You've just started a new job and are taking home £490 a month. You decide to put 10% into a savings account each month. After six months you are offered a pay rise, taking you to £560 a month.

How much would you save in the first six months?

After the pay rise, how much would you be able to put into the savings account each month, if you stick with the 10%?

3. You're saving up for a course of driving lessons that will cost £400. You have a part-time job five hours a week which pays £4.20 an hour. You spend half and save half.

How long will it take you to save enough for the lessons?

How much more would you have to put aside each week to save up the £400 in six months?

Top tips for saving money

- Save regularly, even if it's only a small amount
- Put loose change into a jar and bank it every three months
- Shop around for best deals. Comparison websites are useful for this
- When you're food shopping, look out for 'buy one, get one free' deals
- Search for discount codes when you're shopping online
- Search for restaurant voucher codes if you're planning to eat out
- Try to fill up a taxi with friends, or leave early and get the last bus home
- If you travel a lot, look into season tickets or railcard discounts
- Invest any spare cash in a savings account that will earn interest
- Transfer a regular amount in to savings as soon as you are paid
- Many hairdressers offer free or reduced price haircuts from trainees
- Go to the cinema on a night when there's an offer and get a student ticket
- Commit to walking everywhere you can for a month or two – you'll get fit too
- Instead of buying a sandwich, make one at home and take it with you
- Find out where there are cash machines that don't charge
- If you have a monthly mobile phone contract, make sure you know what your monthly allowances are

Quiz: question 1

Which term describes your bank account if the balance drops below £0?

Click the answer you think is correct

Quiz: question 2

Which of the following forms of borrowing do you think has the highest risk associated with it?
Click the answer you think is correct

Quiz: question 3

Why is your credit rating important?

Click the answer you think is correct

Quiz: question 4

Which of the following could have a negative impact on your credit rating?

Click the answer you think is correct

Quiz: question 5

Which of these is the most important bill to prioritise if you are in financial difficulties (pay first)?

Click the answer you think is correct

Keeping up with the bills – a game of consequences: student sheet

Discuss in your group, or with a partner, the items listed below and decide what might happen if you had one of these bills to pay and no money to pay it.

Item to be paid	Possible consequence	A	B
Rent			
TV licence			
Gas or electricity			
Mobile phone			
Mail order catalogue			
Bank loan or overdraft			
Store card or credit card			
Payday loan			
Family or friends			
Water rates			
Council tax			

Keeping up with the bills – answers: student sheet



Discuss in your group, or with a partner, the items listed below and decide what might happen if you had one of these bills to pay and no money to pay it.

Item to be paid	Possible consequence	A	B
Rent	You could be evicted from your home.	✓	
TV licence	You will have to pay a court fine.	✓	
Gas or electricity	Your supply will be cut off. You may be given a pre-payment meter, which will more expensive than standard billing.	✓	
Mobile phone	Your phone may be cut off. You may be taken to court and ordered to repay. Your credit rating may go down. Your bill may increase due to interest.	✓	
Mail order catalogue	You may be taken to court and ordered to repay. Your credit rating may go down. Your bill may increase due to interest.		✓
Bank loan or overdraft	You may be taken to court and ordered to repay. Your credit rating may go down. Your bill may increase due to interest.		✓
Store card or credit card	You may be taken to court and ordered to repay. Your credit rating may go down. Your bill may increase due to interest.		✓
Payday loan	You may be taken to court and ordered to repay. Your credit rating may go down. Your bill may increase due to interest.		✓
Family or friends	You may be taken to court and ordered to repay.		✓
Water rates	You may be taken to court and ordered to repay. Your credit rating may go down.	✓	
Council tax	A court appointed officer can be sent to take your possessions and sell them to pay off your debt. Money could be taken from your earnings. You could be sent to prison.	✓	