



The Journey of Unemployed Adults from Financial Literacy to Entrepreneurship

Financial Literacy Curriculum Content

MODULE 1: Finance For All

Lesson 4: Budgeting

Lesson 4: Budgeting

What is the budget?

A budget is a financial plan that estimates future income and expenditures over a specified time period. It is typically compiled and periodically re-evaluated. While many people associate budget with restrictions and not spending money on enjoyable activities, budget actually refers to your spending plan. You can reach your goals if you adhere to this spending plan, which allows you to spend money on entertainment as well as your needs. If you don't have enough money to do everything you want, you can use this planning process to prioritize your spending and allocate your resources to the things that are most important to you.

Lesson 4: Budgeting



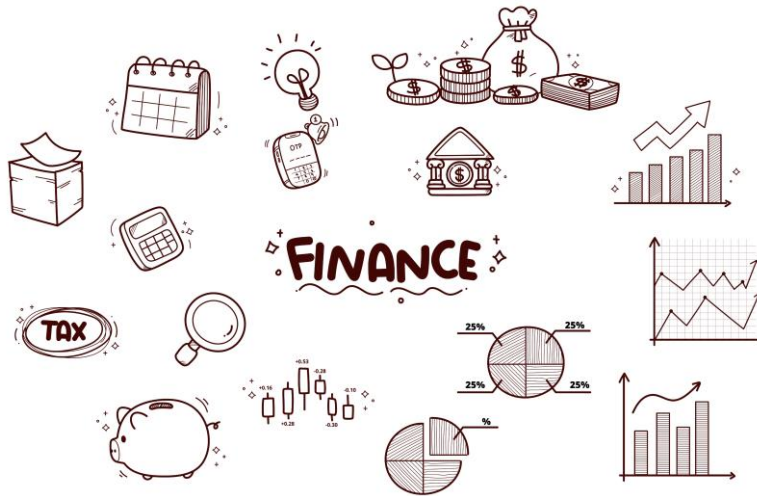
“Make a budget is being able to tell where your money is going, rather than wondering where it's going.”

“Budgeting lets you control your money.”

Lesson 4: Budgeting

To begin saving, that is, not spending and consuming unnecessarily, we must first learn to create a budget. Many people have no idea what this word means. The majority of those who are aware do not feel compelled to use it. The most important thing we need to know about budgeting is how to turn the object known as money into a helper who does everything we say. Come on, let's figure out the budget together. First, let us take a trip back in time to 1932. In a children's magazine published in our country that year, it is explained how to make a budget: Being thrifty is a spending order, and saving is the life insurance that results from this order. Our forefathers' proverb "white akçe is for black days" serves as a reminder of this insurance. Saving money is like constructing a structure on a shaky foundation. The smallest storm in life can demolish that structure at any time. Every individual and family should have a personal and family budget. Individuals' and families' budgets reflect their income and expenses. Individuals and families can only see their future economic prospects through that mirror. People and families who do not have a budget are like those who are blindfolded. They have no idea what kind of obstacle will come their way, and they have no idea how to deal with it.

Lesson 4: Budgeting



“Understand your today and plan your tomorrow.”

So what are we gonna do? We will make a budget every month. We will create a budget by trying and observing the most appropriate request, need and savings rates. We will take a notebook in our hand, we will plan our month by writing down the income and expenses pen and pencil.

Income and expense planning

Income: Salary, family asset income, rental income, additional income, etc.

Expenses: Rent, housing loan, transportation, food, clothing, education, health, culture, restaurant etc...

General Situation	Ideal Situation
$\text{Income} = \text{Spending} + \text{Debt Payment}$	$\text{Income} - \text{Savings} = \text{Spending} + \text{Debt Payment}$

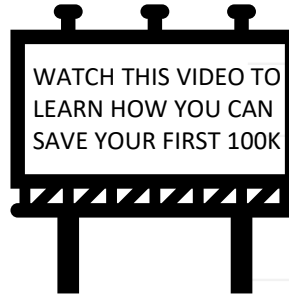
Income and expense planning

The income and expense pages of the budget should be compatible with each other. A situation where expenses don't match incomes will ruin your budget. To waste means to spend without thinking. Budgeting allows your money to accumulate on its own, freeing up spending from excess and waste. But the savings movement cannot end with the accumulation of money. It is necessary to manage the money and make it useful for yourself, your family and your country. Your income is more or less clear in your budget.

So it is necessary to make certain expenses. While doing this, every expense should be in a way that meets real needs and should not cause waste. To waste means to spend like crazy. Budgeting allows your money to accumulate on its own, freeing up spending from excess and waste. But the savings movement cannot end with the accumulation of money.

The money that is accumulated and not used in another business needs to be invested in order to feed and revive the savings. The savings of individuals and families can only be beneficial for the country if they are converted into national savings.

Budget plan



<https://youtu.be/CRPiqu2EL4A?si=yXcNsO42mPH3INtz>

Your budget plan should be simple, realistic and flexible.

Household budgeting rate in Turkey within the scope of 2019 data: 74%

The rate of making a household budget, which was 65% in 2017, increased to 74% in 2019. 65% of individuals in Turkey contribute to the household budget.



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Balance plan

Financial planning helps you set your financial goals and create a balanced plan to achieve those goals.

Creating a balance plan is just one of the things you need to do on the way to manage your income and expenses, adjust cash flow, and take your investment steps correctly.



What is the balance plan important for?

It is possible to manage your income more effectively with planning. Managing your income assists you in determining how much money you will require for tax payments, utility bills, rent, condo, other monthly expenses, and savings. Attempt to increase cash flow by closely monitoring your spending habits and expenses. Following the balance plan, prudent spending, and careful budgeting will help you protect the extra money you earn by paying taxes and regular expenses. When measurable financial targets are set, the implications of decisions are understood, and the results are reviewed, a better balance can be achieved.



Balance Plan = Financial Safety

Assuring your family's and your own financial security is an important part of the financial planning process. A good financial plan considers your personal and family situation, your goals, and your risk tolerance. It aids in the selection of appropriate investment types based on your needs, personality, and goals. Having adequate insurance coverage and policies can also provide you and your loved ones with peace of mind. A balance plan is required to provide all of these. To maintain a certain standard of living, it is necessary to evaluate every possibility. Savings made through careful planning can come in handy during difficult times. Consider, for example, the income that will be lost if a family member loses her job or becomes unable to work for other reasons.

Why is budgeting important?

Budgeting means balancing your expenses with your income. If you can't keep the balance and spend more than you earn, there is a problem. Many people don't realize that they spend more than they earn and sink deeper into debt each year.

Budgeting allows you to create a spending plan for your money, ensuring that you always have enough money for the things you need and are important to you.

If you don't have enough money to do everything you want to do, you can also use this planning process to prioritize your spending and focus your money on what's most important to you. Keeping track of a budget or spending plan also helps you stay out of debt or pay off debt if you already have it.

Tracking a budget or spending plan also helps you stay out of debt or pay off debt if you already have it.



Setting goals

Most people have money problems because they don't know what they want to do with their money and thus spend it haphazardly. Setting clear goals assists you in creating a budget because you have the power to choose what is important to you and design your goals accordingly.

Setting short-term, medium-term, and long-term financial goals can be beneficial.

Paying off credit card debt or purchasing a needed home appliance are examples of short-term goals, whereas long-term plans include contributing to a retirement fund or saving for a down payment on a house. Your goals are yours; you have the ability to choose what is important to you and design your goals accordingly.



Setting goals

YOUR SHORT TERM GOALS (within 1 year)

YOUR MID-TERM TARGETS (within 5 years)

YOUR LONG-TERM TARGETS (within 10 -15 years)

Setting goals

- ❖ Aim
- ❖ Estimated budget
- ❖ Target Date
- ❖ Monthly Savings
- ❖ Daily Quantity



Review

You have created a balanced budget through careful planning and the separation of needs and wants.

You set your goals.

Now is the time to put this plan into action.

- ❖ Have I calculated my income and expenses correctly?
- ❖ Do the figures in my budget plan match the actual figures?
- ❖ Did I stick to my plan?
- ❖ Do I need expert advice?



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