

## All About the Benjamins III: Budgeting

*Sources: Money Matters for Teens Workbook by Larry Burkett  
Banking on Our Future sponsored by Wells Fargo Bank and Operation HOPE*

Here is a formula to teach you how to control your money!!

### **AI – T&T = NSI**

<u>AI: Available Income</u>	<u>T&amp;T: Tithe and Taxes</u>	<u>NSI: Net Spendable Income</u>
<ul style="list-style-type: none"> <li>- Amount of <u>money</u> you have coming in</li> <li>- Examples: allowance, payment for mowing lawns, money from job, etc...</li> </ul>	<ul style="list-style-type: none"> <li>- Matthew 22:21</li> <li>- Malachi 3:8-10</li> <li>- Your tithe is <u>10%</u> of ALL of your available income</li> <li>- Good News: If you make less than <u>\$4000</u> a year then you are not required by law to file income taxes</li> </ul>	<ul style="list-style-type: none"> <li>- The <u>remainder</u> of your income after tithe and taxes</li> <li>- If you can <u>consistently</u> manage to spend no more than your NSI, you're a wise money manager –no matter how much money you make</li> </ul>

#### Mentor Notes:

Matthew 22:21 (Amplified Bible)

Then he said to them, Pay therefore to Caesar [representing the government] the things that are due to Caesar, and pay to God the things that are due to God. [Referring to our tithe or 10%]

Malachi 3:8-10 states that we rob God when we don't bring all our tithe (10%) to God's house

A budget is your plan for managing your AI, however great or small

The steps to making a budget that works:

1. Write down all of your available income. Some examples include allowance, money from mowing lawns, birthday money, payment from job, etc.
2. Subtract your tithe and taxes. You can always calculate your tithes by moving the decimal place of your available income over to the left one space. For example your tithe of \$20.00 would be \$2.00 and your tithe for \$45.00 would be \$4.50.
3. Disburse your Net Spendable Income among your other priorities and enter these amounts as deposits on individual account sheets
4. Whenever you take money from an account, enter the transaction as a withdrawal from that account.



## Now Lets Practice Budgeting...

To manage your NSI you must divide it into categories, and this activity will give us some practice in doing that.

Materials: 4 envelopes, 4 account registers, \$50 of monopoly money in \$5 increments

Directions:

1. Label the 4 envelopes and 4 account registers with the following terms: Tithes, Short-Term Saving, Long- Term Saving, and Spending. Each envelope and register represents a different account

**Definitions:**

Short-Term Savings: This account will hold the money you save to make a special large purchase that cost more than your weekly (or monthly) amount allotted for spending. Some examples may include: cds, spring break trip, mp3 player, etc..

Long Term Savings: This account will hold the money you save for major investments and emergencies

2. Now it's time to deposit the money into the accounts. Let's pretend you earned \$50 this week and Let's divide it among the envelopes:

- \$5 in the tithe envelope
- \$5 in the short-term savings envelope
- \$20 in the long-term savings envelope
- \$20 in the spending envelope

3. As you learned previously, every account transaction must be recorded in the account's register. Record the deposits on each corresponding account register.

4. Now that we have put the money in let's practice taking some money out. Record each of the following transactions

- On March 13, 2005 you take the money out of the tithe envelope and put it into the church offering
- On March 14, 2005 you take the money from your long-term savings envelope and deposit it into your real savings account at the bank
- On March 19, 2005 you went shopping with your parents and bought the following items:
  - Fast food           \$3.00
  - Magazine           \$5.00
  - Candy               \$2.00
- On March 20, 2005 you decide to put the remainder of your spending money in your short-terms savings since you didn't spend all of your money this week. (*Note: this requires two transactions a withdrawal and a deposit*)

5. If you made all the transactions correctly you should have the following remaining balances in each account:

- Tithe: \$0
- Short-Term Savings: \$15
- Long-Term Savings: \$0
- Spending: \$0

**You can start good money management NOW. By applying these principles into your Everyday Life!**





## Account Registers (Answer Key)

### Tithe Account: Week of March 12, 2005

Date	Transaction	Deposit	Withdrawal	Balance
3/12/05	Deposit	\$5.00		+ \$5.00
				\$5.00
3/13/05	Withdrawal		\$5.00	- \$5.00
				\$0.00

### Short-Term Savings Account: Week of March 12, 2005

Date	Transaction	Deposit	Withdrawal	Balance
3/12/05	Deposit	\$5.00		+ \$5.00
				\$5.00
3/20/05	Deposit	\$10.00		+ \$10.00
				\$15.00

### Account Registers Cont. (Answer Key)

#### Long-Term Savings Account: Week of March 12, 2005

Date	Transaction	Deposit	Withdrawal	Balance
3/12/05	Deposit	\$20.00		+\$20.00
				\$20.00
3/14/05	Withdrawal		\$20.00	-\$20.00
				\$0.00

#### Spending Account: Week of March 12, 2005

Date	Transaction	Deposit	Withdrawal	Balance
3/12/05	Deposit	\$20.00		+\$20.00
				\$20.00
3/19/05	Withdrawal – Fast Food		\$3.00	-\$3.00
				\$17.00
3/19/05	Withdrawal-Magazine		\$5.00	-\$5.00
				\$12.00
3/19/05	Withdrawal – Candy		\$2.00	-\$2.00
				\$10.00
3/20/05	Withdrawal – Short Term Savings		\$10.00	-\$10.00
				\$0.00