

Te whai hua - kia ora!

sortedinschools.org.nz

sorted
in Schools



Sort it out!

Sorting your financial future

Creating a budget

Name:

One small step at a time

Welcome to the 'Creating a budget' learning guide!

Nau mai haere mai

Fakaalofa lahi atu, Noa'ia, Mauri, Ni Sa Bula Vinaka,
Tālofa, Kia Ora, Mālō e lelei, Mālō nī, Kia Orāna

This booklet is a guide that will direct you to the information you need to make informed decisions about money. This is your opportunity to create a **Money Action Plan** – one step at a time.

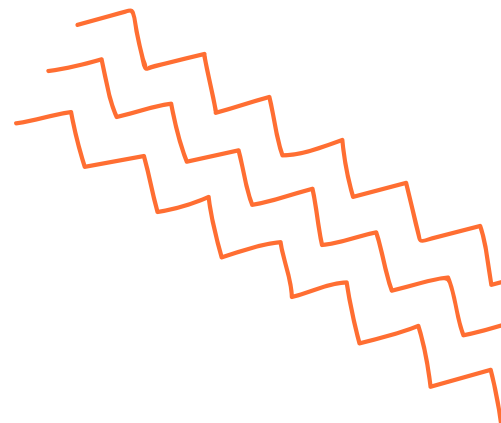
The following activities throughout this booklet will help you develop the skills and knowledge to create your own budget.

Activity	Estimated time	Tick when completed
1. Video: Spending leaks	2 mins	<input type="checkbox"/>
2. Personal spending challenge	10 mins	<input type="checkbox"/>
3. Analyse your spending	5 mins	<input type="checkbox"/>
4. Setting goals	1 min	<input type="checkbox"/>
5. Short-, medium- and long-term goals	5 mins	<input type="checkbox"/>
6. Video: Goal getters	3 mins	<input type="checkbox"/>
7. Sorted goal planner: Reach your goals	5 mins	<input type="checkbox"/>
8. View Lucy's budget	5 mins	<input type="checkbox"/>
9. Sorted budgeting tool: Create your own budget	15 mins	<input type="checkbox"/>
10. Questions for reflection	2 mins	<input type="checkbox"/>

Learning outcomes from Financial capability progressions:

By the end of this booklet, I will be able to:

- Describe what getting funding for study will mean for me in the future.
- Describe the different types of debt and explain the consequences of the differing options available to me.
- Explain the financial effect that significant events such as embarking on tertiary study and leaving home can have at different stages of life.



Starter activity


Complete these activities with someone you trust – a parent, kaitiaki, guardian or whānau member.

Their wisdom, support and knowledge about money may offer useful insights. The topics can be done in any order.

Talk: Kōrerorero

Sorted or not Sorted?

Having conversations around money can be tricky. However, it's important, especially as you get ready to leave secondary school and become more independent. Choose some of these topics and using the 5Ws (why, what, who, when, where and how) make a list of questions that you would like to find the answers to.



Activity: Ngohe



Saving


Spending money on the right things

Living within your means

Buying costly items

Paying bills on time

Supporting your whānau, church or community



Discuss your questions with your parents/whānau and decide together:

1. What are your strengths and weaknesses around money?
2. Which money challenges do you feel confident to work through?
3. Which ones do you need support with?

These can be reviewed every six months or when you have a significant financial change in your life. For example, reassess your situation when you stop studying and start working, sell a vehicle or go overseas.

List the three main strengths and weaknesses you identified.

✓	✗
1.	1.
2.	2.
3.	3.

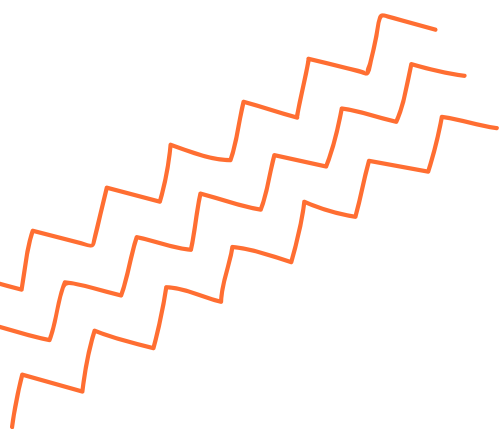
Use the information on your sticky notes to update your **Money action plan** which can be found at the end of this booklet.

Track your spending

A budget is a plan you make to track your money. Creating a budget is an important step towards reaching your goals faster. Having a budget will help you feel more in control of your income and expenses. It will give you clarity about what your needs are as opposed to your wants.

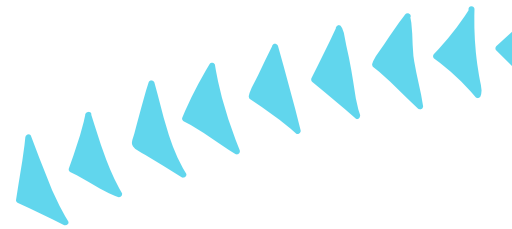


View the video
Spending Leaks





Action: Personal spending challenge



- Track your spending over one week.
- Record all amounts even if they are tiny (a drink, a cup of coffee).
- Include anything bought for you as part of the household grocery spend – look at the receipt to find the price.

Date	Description	\$ Amount	Need ✓	Want ✓

Analyse your spending

- Were there more wants or needs?
- Were there any surprises?
- Can you see areas where you might reduce your spending?
- Were there any purchases that you regretted?
- Share your findings with your parents/whānau.



Activity: Ngohe



Setting goals

Before you make your budget, it is important to decide on clear financial goals and work out the steps to achieving them. These goals will reflect your needs and wants and give you something positive to aim for. Having an emergency fund as your first saving goal is a good idea – in case something unexpected happens.

The small things count

There are many ways to make your income go further and to save money. Taking small steps can also be goals to keep you on track with your budget.

Add three more suggestions on how to save money.

1. Walk to save transport costs
2. Drink tap water instead of bottled water

3.

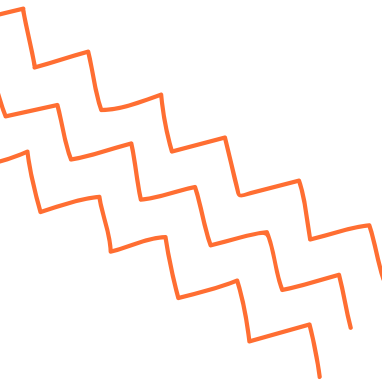
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4.

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5.

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Tip: Little things like bought lunches, smoothies, frappuccinos and bottled water add up over a year.

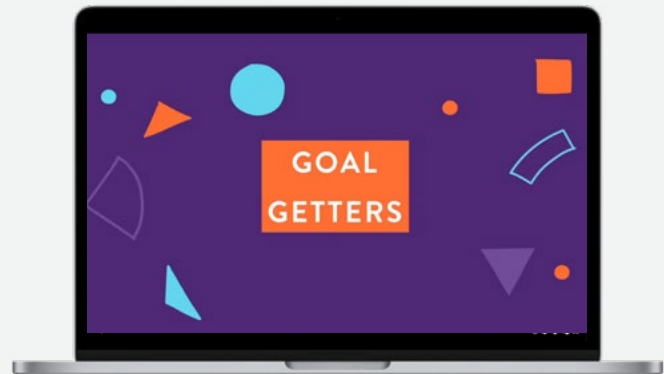
When these become a habit, they get in the way of us flowing money towards our goals.



Short, medium, and long-term goals



Watch the video on Goal Getters



Activity: Ngohe

List three short-term, medium-term and long-term goals on sticky notes. Share them with your parents/whānau when they are completed.

Short-term goals

1. _____
2. _____
3. _____

Medium-term goals

1. _____
2. _____
3. _____

Long-term goals

1. _____
2. _____
3. _____



Action

- Get out the **Sorted Goal Planner**
- Add your goals. You will need to be logged in if you want to save these to revisit another time.
- Review your goals regularly by adding reminders in your calendar to make sure they are working for you.



Activity: Ngohe

Your whānau budget

Some whānau may have a budget in place. If your whānau does, you can share and discuss it.

Or view the budget below for Lucy, a single person who is flatting. Look at how the budget is formatted and note the categories that might be included in your budget.

Lucy's budget

Lucy is at university and has decided to go flatting in her second year. If she works a few more shifts in her weekend job she will be able to manage living more independently in a furnished flat.

Lucy works as an entertainer for a party company that provides costumed characters to entertain at children's birthday parties. She is paid \$50.00 per hour and each party booking is for two hours. She has to cover her travel costs, but on a good weekend she does 3 parties and more during her semester breaks. If she can cover her rent and manage her spending, she will finish university with less student debt.

Income

1	Student loan (Cost of Living payment)	\$320.00
2	Part-time work (Entertainer)	\$268.00
	Expected income \$16,000 per year	
	Net pay (less tax) = \$13,958	
	Monthly net income (less tax) \$1,163 per month	

TOTAL	\$588.00
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Expenses

Rent	\$150.00
Power / gas	\$30.00
Food / toiletries / cleaning supplies	\$120.00
Transport	\$50.00
Entertainment	\$40.00
Savings	\$40.00

TOTAL	\$500.00
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Note: this leaves Lucy with a surplus of \$88.00 to spend as she chooses. If you were Lucy, what would you do with this surplus?



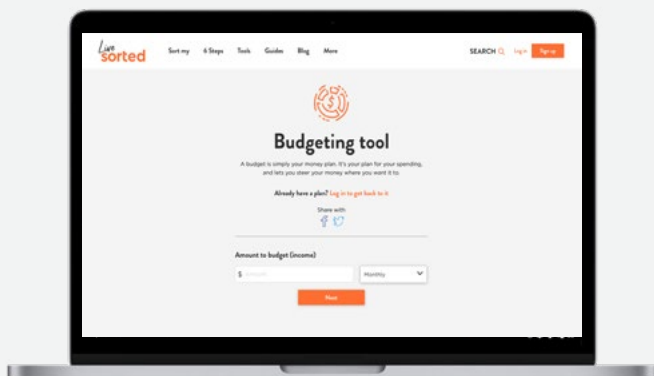
Action: Creating a budget

Budgets are very personal – you can set yours up any way you want and add categories to suit your needs. For example, if you pay for a streaming service, include this as a category. It is also important that budgeting is not just about reducing spending but also saving towards your future goals. The more you can save towards your goals, the faster you achieve them. **The Sorted Budgeting Tool** allows you to customise your budget. Review your budget monthly until it is working for you. After that, you can tweak it every three months.

Make a decision together with your parents/whānau about what is needed on your budget and create one that will work for you. You might not get it perfect but it will be a starting point.

Sorted Budgeting Tool

If you want to keep your budget, you need to sign up and log in so you can revisit it.



Follow the instructions and you will be guided through the steps. The Sorted Budgeting tool even does the maths by working out the difference between your income and expenses.

Before you log in make sure you know:

- ✓ **Your income** – this includes your student loan if you get one. You might have 2 or 3 sources of income
- ✓ **Your fixed expenses** (e.g. car registration, accommodation, internet, gym membership).
- ✓ **Your variable expenses** (e.g. petrol, food, medical expenses).
- ✓ **The important information on your payslip** (if you have one) e.g., PAYE, KiwiSaver etc.

Topic summary

- ✓ Track your spending.
- ✓ Set goals.
- ✓ Build a budget, a plan for your spending and saving.
- ✓ Reward yourself by staying on track and progressing towards your goals.
- ✓ Keep an eye on income and expenses.
- ✓ Set up an emergency fund so you are not forced to borrow.
- ✓ Think of a budget as a tool to help you succeed financially.
- ✓ Revise your spending plan – adjust it each month until you have it sorted.

Questions for reflection

- What is the most important thing that you have learned about creating a budget?
- What are the three top tips you would share with a whānau member?



What's next?

Congratulations, you now have a budget.

Add your next steps to your Money Action Plan that can be found at the end of the booklet.

Useful Sites:



Savings Calculator

The Sorted Savings Calculator shows you how your savings can grow over time.



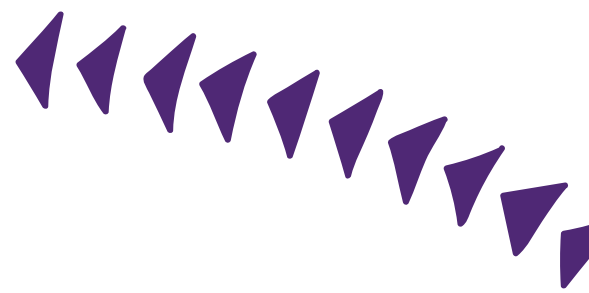
Pay yourself first | Sorted Blog

Paying yourself first is how your savings can grow. This means that the first thing to do is set aside a chunk of money to your savings and investment, before covering expenses.



Planning and budgeting guides

How to start a budget and why it is important.





Mahere tauhohe Money Action Plan

If you want, use this action plan template to summarise all your actions from the programme.

Tē tōia, tē haumatia

Nothing can be achieved without a plan, workforce and way of doing things

Sorted or not sorted

Break it down

Get it done by

Done!

Topic 1 Title

Break it down

Get it done by

Done!

Topic 2 Title

Break it down

Get it done by

Done!

Topic 3 Title

Break it down

Get it done by

Done!

Topic 4 Title

Break it down

Get it done by

Done!

Topic 5 Title

Break it down

Get it done by

Done!