



*Budget: a mathematical confirmation of your suspicions.*

A.A. Latimer



## Overview

The lessons in this unit will help students to monitor and plan their spending habits so they will achieve long-term financial security and have the money available to “have fun”.

A budget is a plan for wise spending and saving based on income and expenses. You are setting goals and deciding in advance how much of your income you want committed to necessities, savings and “mad money” (spend on whatever you want). Budgeting does not mean you are a “penny pincher” and have no fun. By tracking your expenses you might be surprised to discover you are spending ten dollars a day on lunch and coffee, which equates to \$3,650.00 a year. By budgeting you may decide to “brown bag it” and save that money for a vacation. In fact, budgeting may be just what you need to find the money for the fun things you want to do.

## Goal

Assist in identifying and prioritizing personal and financial goals, create a plan to achieve those goals, and provide practice setting up and maintaining a personal budget.

## Time Frame

Three 75-minute periods

**Lesson 01.03.01**

Personal and financial goals

**Lesson 01.03.02**

The importance of a budget

**Lesson 01.03.03**

Setting up a budget

End-of-unit quiz and answer sheet

Each lesson includes black-line print masters for overheads and activities.



Lesson 01  
Personal and financial goals

.01

## Overview

“The month’s too long for our budget. If the month was only 20 days long, we’d have enough money to last.” This is a common dilemma faced by individuals and households when it comes to budgeting and money management.

Effective money management starts with goal setting. “If you don’t know where you are going, you may end up somewhere else and not even know it.”

Financial goals should be realistic, be specific, have a time frame and imply an action to be taken. Encourage students to take some time and effort to develop financial goals.

This lesson will provide students with an overview of the budgeting process. As well, it will provide students with an opportunity to identify and prioritize some of their personal and financial goals.

## Goals

To understand the budgeting process.  
To identify and prioritize personal and financial goals.  
To create a plan to achieve personal and financial goals.

## Objectives

Examine the budgeting process.  
Assist students in Identifying and prioritizing personal and financial goals.  
Identify the steps you can take and the resources you will need to achieve your goals.

## Timeline

Discussion	15 minutes
Note taking	10 minutes
Student activities A and B	50 minutes

## Instructions

### Discussion

Divide students into small groups. Ask students what some of their goals are. List them on the board, separating them into short, intermediate, and long-term goals.  
Pick one goal from each group. Have the class brainstorm what steps they could take and what resources they would need to achieve these goals.

### Note taking

Introduce Overhead A by asking students why we set goals.  
Well-written personal and financial goals will help you achieve success.  
Introduce Overhead B by telling students that setting goals is part of the budgeting process.

### Student activity

Provide students with:  
A copy of activities A and B.  
Time to complete the activities.  
An opportunity to seek clarification.

## Teacher Notes

Preparation of required materials, prior to lesson

## Required Materials

Overhead A, Goal-setting guidelines  
Overhead B, The budgeting process  
Activity A, What are your goals? (two pages)  
Activity B, Working with your goals (four pages)

## Assessment and Evaluation

Notebook check for completion of notes for overheads A and B.  
Notebook check for completion of activities A and B.

## Additional Web Resources

Canadian Business Magazine Online  
[www.canadianbusiness.com](http://www.canadianbusiness.com)

iMoney  
[www.imoney.com](http://www.imoney.com)



# overhead A

## Overhead A

### Goal setting guidelines

01.03.01

**Well-written personal and financial goals SHOULD:**

**Be realistic**

**A student working part-time is not likely to be able to afford a new car every couple of years.**

**Be stated in specific, (“I plan/want to. . .”) measurable terms**

**“. . . save \$5,000 for a down payment to buy a house.”**

**Have a time frame**

**“To pay off my credit card within the next 18 months.”**

**State the action to be taken**

**“To start an automatic deposit savings account with monthly withdrawals from my chequing account.”**



# overhead B

## Overhead B

### The budgeting process

01.03.01

#### **Phase 1:**

**Assess your personal and financial situation  
(needs, values, life situation).**

#### **Phase 2:**

**Set personal and financial goals.**

#### **Phase 3:**

**Create a budget for fixed and variable expenses based on  
projected income.**

#### **Phase 4:**

**Monitor current spending (saving, investing) patterns.**

#### **Phase 5:**

**Compare your budget to what you have actually spent.**



# activity A

## Activity A

### What are your goals?

01.03.01

name: \_\_\_\_\_ date: \_\_\_\_\_

List some of your educational, social, financial, family, health/physical, and recreational goals. In some categories you may have more than six goals; in others you may have fewer.

#### 1) My educational goals include:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

#### 2) My social goals include:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

#### 3) My financial goals include:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

# activity A

## Activity A What are your goals? (continued)

01.03.01

name: \_\_\_\_\_ date: \_\_\_\_\_

### 4) My family goals include:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

### 5) My health/physical goals include:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

### 6) My recreational goals include:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_



# activity B

## Working with your goals

01.03.01

name: \_\_\_\_\_

date: \_\_\_\_\_

**What goals are the most important to you?**

**Choose the two goals from each category that are the most important to you. Identify each goal as short-term (1–4 weeks), medium-term (2–12 months), or long-term (1 year or longer).**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_

**Prioritize your goals**

**List and prioritize six of your most important goals. After each goal, identify what you could be doing now to work toward the goals, and what resources (if any) you need to achieve each goal.**

# activity B

## Activity B Working with your goals (continued)

01.03.01

name: \_\_\_\_\_ date: \_\_\_\_\_

### Goal #1

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What I can be doing now to work toward this goal?

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The resources I need to achieve this goal are  
Personal (e.g., abilities, skills, time, education, etc.)  
External (e.g., money, car, tools, etc.)

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### Goal #2

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What I can be doing now to work toward this goal?

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The resources I need to achieve this goal are  
Personal? External?

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# activity B

## Activity B Working with your goals (continued)

01.03.01

name: \_\_\_\_\_ date: \_\_\_\_\_

### Goal #3

\_\_\_\_\_

What I can be doing now to work toward this goal?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The resources I need to achieve this goal are  
Personal? External?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Goal #4

\_\_\_\_\_

What I can be doing now to work toward this goal?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The resources I need to achieve this goal are  
Personal? External?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# activity B

## Activity B Working with your goals (continued)

01.03.01

name: \_\_\_\_\_

date: \_\_\_\_\_

### Goal #5

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What I can be doing now to work toward this goal?

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The resources I need to achieve this goal are  
Personal? External?

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### Goal #6

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What I can be doing now to work toward this goal

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The resources I need to achieve this goal are  
Personal? External?

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Lesson 02  
The importance of a budget

.02

### Overview

Most people could not tell you how their money is spent. All they know is that the money is gone all too soon.

In this lesson students monitor their spending habits (in writing) and thus will be better able to determine the most value for their available dollars. This lesson also demonstrates that if carefully considering needs and wants, an individual or family will spend appropriate amounts for current living expenses while saving and investing for long-term financial security.

## Goals

- To identify sources of income.
- To identify sources of spending.
- To understand personal budgeting.

## Objectives

- Identify and examine current spending behaviours and patterns.
- Understand what it means to budget, and identify the reasons to maintain a budget.

## Timeline

Student Activity A	15 minutes
Discussion	20 minutes
Student Activity B	15 minutes
Discussion	15 minutes
Note taking	10 minutes

## Instructions

### Student activity

- Provide students with:
  - A copy of activities A and B.
  - Time to complete the activities.

### Discussion

- Ask students for answers to all questions on activities A and B.
- Answers for questions in both activities will vary.

### Student Activity A notes

- Sources of income may include: job(s), parents, babysitting, alimony/child support, investments, etc.
- Feelings about being financially dependent versus financially independent may need explanation (e.g., if you borrow money to pay your rent each month, you are not financially independent).

### Student Activity B notes

- Tracking spending habits may lead to a discussion of needs versus wants, categorizing spending patterns, future spending, a review of the concepts and skills in decision making, and how a habitual spender might become a saver.

### Student budget activity

- Students
  - Fold a piece of notepaper in half, lengthwise. In the center, and at the top, write the word BUDGET.
  - On the left side, at the top, write the word WHAT.
  - On the right side, at the top, write the word WHY.
- Working in pairs or groups of three, discuss and write their ideas about what a budget is and why it is important for people to budget.

### Teacher

- Circulates the room listening and offering input.

### Discussion

- Direct students to share answers, from student activity above, with the class.
- Ask all students to write responses provided by other students.
- Ensure that students understand the concept that “YOU” control the budget, the budget does not

control you and that we budget for all of the following reasons:

- To determine how much money you have to spend.
- To decide how you want to spend your money.
- To determine how to spend money in the future.
- To learn to live on less than available income.
- To stay out of financial trouble.

### Note taking

- Teacher summarizes student activity and discussion above by having students take notes from Overhead A.

## Teacher Notes

- Preparation of required materials, prior to lesson.
- Familiarize yourself with the Web resources provided to facilitate the Supplemental Activities.

## Required Materials

- Activity A, Where does your money come from?
- Activity B, Where does your money go?
- Overhead C, The budgeting process

## Assessment and Evaluation

- Notebook check for completion of activities A and B and Overhead A.
- Notebook check for completion of activity and discussion on activity.
- Supplemental activities provide additional opportunity for assessment and evaluation.

## Supplemental Activities

### Report

- Students write a short report “Me and Money” based on input from activities A and B.

### Interview

- Students will discuss, with a parent or other adult, some of the questions from activities A and B and report back to the class their findings.

### On-line research

- Provide students with:
  - Access to computers.
- Have students work in pairs to:
  - Create a list of the “top five” budgeting mistakes that people make and the consequences of these mistakes
  - Present their findings to the class.

## Additional Web Resources

- Canadian Bankers Association  
[www.cba.ca](http://www.cba.ca)
- CanLearn Interactive  
[www.canlearn.ca](http://www.canlearn.ca)



# activity A

## Activity A

### Where does your money come from?

01.03.02

name: \_\_\_\_\_ date: \_\_\_\_\_

Answer these questions. Be prepared to discuss your answers in class.

1. List your current source(s) of income.

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2. What do you expect your source(s) of income to be in the near future?

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3. What are your feelings about being financially dependent versus financially independent?

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# activity B

## Activity B

### Where does your money go?

01.03.02

name: \_\_\_\_\_

date: \_\_\_\_\_

Keep a record of everything you spend during a specific period. Then, answer the questions below.

1. What patterns can you see in your spending habits?

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2. How do you decide what to purchase?

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3. What factors do you think influence your purchasing decisions?

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# overhead A

## Overhead A

### The budgeting process

01.03.02

1. What it is
  - a. A plan for spending and saving
  
2. What it takes
  - a. Choosing a budgeting period
  - b. Estimating expenses and income
  - c. Balancing expenses and income
  
3. What a budget does for you
  - a. Puts you in control
  - b. Helps you create a visual spending picture
  - c. Helps you prevent impulse spending
  - d. Helps you decide what you can and cannot afford
  - e. Enables you to keep track of how you spend your money
  - f. Helps you create a savings plan
  - g. Helps you decide how you can protect yourself against the financial consequences of unforeseen events



Lesson 03  
Setting up a budget

.03

## Overview

Learning how to manage money effectively begins with effective goal setting. Another important aspect of money management is the ability to set up and maintain a personal budget.

Creating and following a budget for a specified period of time will allow you to see where your money is going.

A budget serves as a foundation for long-term financial security because it supports your personal and financial goals.

In this lesson students will develop a personal budget and follow it for a specified amount of time. Students will also be provided with a scenario and asked to develop a budget, analyze it and rework it.

## Goals

To track income spending over a period of time.  
To provide practice setting up a personal budget.  
To provide practice reworking a budget.

## Objectives

Create and maintain a personal budget that supports personal and financial goals.  
Create and analyze a budget.  
Analyze and rework a budget.

## Timeline

Overhead A	10 minutes
Student Activity A	20 minutes
Student Activity B	45 minutes

## Instructions

### Overhead

Students take notes from Overhead A.

### Student Activity A

Provide students with:

A copy of Activity A.

Time to complete the activity sheet, using notes from Overhead A.

Teacher

Circulates the room to provide assistance.

Facilitates a classroom discussion of student comments from Activity A.

### Student Activity B

Provide students with:

A copy of Activity B.

An opportunity to work in pairs.

Time to complete Activity B.

Teacher

Circulates the room to provide assistance.

Facilitates the taking up of Activity B.

Use the activity answer key provided.

### Student activity

Provide students with:

Access to the Choices & Decisions CD-ROM.

An opportunity to play the Money Management Intelligence game.

An opportunity to compare the results with other students.

## Teacher Notes

Preparation of required materials, prior to lesson.

Familiarize yourself with the Choices & Decisions CD resource.

Familiarize yourself with the Web resources available.

## Required Materials

Overhead A, Setting up and maintaining a budget

Activity A, Budget template

Activity B, Rework a budget (three pages)

## Assessment and Evaluation

Notebook check for completion of Overhead A and activities A and B.

Supplemental activities provide additional opportunity for assessment and evaluation.

## Supplemental Activities

### Guest speaker

Invite a financial adviser or money management counselor to class to discuss financial goal setting. Have students summarize and write a short report on what they learned from the guest speaker.

### Interview

Students will:

Prepare a family budget using Activity A.

Submit the family budget for assessment or evaluation.

## Additional Web Resources

About.com

[www.financialplan.about.com](http://www.financialplan.about.com)

Practical Money Skills

[www.practicalmoneyskills.ca](http://www.practicalmoneyskills.ca)



# overhead A

## Setting up and maintaining a budget

01.03.03

### Setting up and maintaining a budget

1. Estimate your income
2. Estimate your expenses to include:
  - a. Fixed regular monthly expenses
  - b. Fixed irregular monthly expenses
  - c. Flexible monthly expenses
  - d. “Mad money”/Personal expenses
3. Estimate your future expenses
  - a. Begin by keeping a record of everything you spend.
  - b. What are your financial goals and your plans for obtaining those goals?
4. Cope with change
  - a. Plan for new situations.
  - b. Plan for changing conditions that increase or decrease your expenses.
5. Keep your personal and financial goals in mind
  - a. Set money aside to help meet financial goals.
6. Balance your budget
  - a. Each month, compare your income to your expenses. Continue reworking your budget until your income is greater than your expenses.
  - b. Discuss different budget options available.
7. Practice setting up a personal budget



# activity A

## Activity A Budget template

01.03.03

name: \_\_\_\_\_

date: \_\_\_\_\_

Income	Budget	Actual	Difference
Job#1	\$	\$	\$
Job#2	\$	\$	\$
Job#3	\$	\$	\$
<b>Total monthly income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Expenses	Budget	Actual	Difference
<b>Fixed expenses</b>			
Savings	\$	\$	\$
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
Other	\$	\$	\$
Other	\$	\$	\$
<b>Flexible expenses</b>			
Food/Eating out	\$	\$	\$
Utilities	\$	\$	\$
<b>Transportation</b>			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Other (e.g., tickets)	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Personal items	\$	\$	\$
Medical (e.g., Rx)	\$	\$	\$
Household items	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
Other	\$	\$	\$
Other	\$	\$	\$
Other	\$	\$	\$
<b>Total monthly expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>



# activity B

## Activity B Rework a budget

01.03.03

name: \_\_\_\_\_

date: \_\_\_\_\_

Use one of the attached budget sheets to set up and maintain Gabrielle's budget. Then, use the other sheet to rework Gabrielle's budget into one that fits your personal lifestyle.

### Her planned income and expenses

Gabrielle works part-time at a greeting card company and part-time at a record store. The net monthly income from her first job is \$600. The net monthly income from her second job is \$800.

Her planned fixed monthly expenses include:

- \$200 for rent (she shares an apartment with two friends)
- \$175 for car payment
- \$220 for car insurance

Her planned flexible expenses include:

- \$100 (to save for post-secondary education)
- \$150 for food
- \$40 for gas and oil
- \$50 for clothes
- \$60 for entertainment
- \$30 for personal and household items

### How her month actually went

1. What she made
  - Gabrielle made \$45 in overtime pay this month
2. What her fixed expenses actually were
  - Rent went up to \$225, starting this month
  - Her monthly car payment was \$175
  - Her monthly car insurance premium, as of this month, went up to \$295
3. What her flexible expenses actually were
  - \$190 for food (she had a dinner party for which she hadn't budgeted)
  - \$60 for gas and oil (her car needed an oil change)
  - \$34 for parking and bridge tolls
  - \$220 for car repairs
  - \$80 for a new pair of running shoes
  - \$70 for entertainment
  - \$60 for personal items
  - \$36 for a birthday present for her mother
4. Unforeseen events
  - Gabrielle got two speeding tickets in one week. The total cost of both tickets is \$230.

# activity B

## Activity B Rework a budget (continued)

01.03.03

name: \_\_\_\_\_ date: \_\_\_\_\_

How does her budget look now?

1. What is the difference between Gabrielle's planned expenses and her actual expenses?

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2. In what areas did she overspend?

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3. In what areas did she spend less than she planned?

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4. How much did she spend for the use of her car this month?

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5. How much money did she have at the end of the month to put into savings?

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If it were your budget . . .

1. Using the attached budget sheet, set up a budget for yourself. Use Gabrielle's income as a starting point. Keep in mind your personal financial goals.

2. What did you change about the budget?

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3. How much would you save each month to put toward your personal and financial goals?

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# Activity B

## Rework a budget (continued)

# activity B

01.03.03

name: \_\_\_\_\_

date: \_\_\_\_\_

### Gabrielle's budget

Income	Budget	Actual	Difference
Job#1	\$600	\$600	\$0
Job#2	\$800	\$800	\$0
Other	\$0	\$45	+\$45
<b>Total monthly income</b>	<b>\$1,400</b>	<b>\$1,445</b>	<b>+\$45</b>
Expenses	Budget	Actual	Difference
<b>Fixed expenses</b>			
Savings	\$100	\$0	\$-100
Rent	\$200	\$225	+\$25
Car insurance	\$220	\$295	+\$75
Car payment	\$175	\$175	\$0
Other	\$0	\$0	\$0
<b>Flexible expenses</b>			
Food/Eating out	\$150	\$190	+\$40
Utilities	\$0	\$0	\$0
<b>Transportation</b>			
Bus fare	\$0	\$0	\$0
Gas and oil	\$40	\$60	+\$20
Parking and tolls	\$0	\$34	+\$34
Repairs	\$0	\$220	+\$220
Other (ticket)	\$0	\$230	+\$230
<b>Other</b>			
Clothing	\$50	\$80	+\$30
Entertainment	\$60	\$70	+\$10
Personal items	\$15	\$60	+\$45
Medical (e.g., Rx)	\$0	\$0	\$0
Household items	\$15	\$0	\$-15
Tuition/School expenses	\$0	\$0	\$0
Other (birthday gift)	\$0	\$36	+\$36
<b>Total monthly expenses</b>	<b>\$1,025</b>	<b>\$1,675</b>	<b>+\$650</b>

# activity B

## Activity B Rework a budget (continued)

01.03.03

name: \_\_\_\_\_ date: \_\_\_\_\_

If it were your budget . . .

Income	Budget	Actual	Difference
Job#1	\$	\$	\$
Job#2	\$	\$	\$
Other	\$	\$	\$
<b>Total monthly income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Expenses	Budget	Actual	Difference
<b>Fixed expenses</b>			
Savings	\$	\$	\$
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
Other	\$	\$	\$
<b>Flexible expenses</b>			
Food/Eating out	\$	\$	\$
Utilities	\$	\$	\$
<b>Transportation</b>			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Other	\$	\$	\$
<b>Other</b>			
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Personal items	\$	\$	\$
Medical (e.g., Rx)	\$	\$	\$
Household items	\$	\$	\$
Tuition/School expenses	\$	\$	\$
Other	\$	\$	\$
<b>Total monthly expenses</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>



name: \_\_\_\_\_

date: \_\_\_\_\_

### True/False (5 marks)

1. \_\_\_\_ The budgeting process starts with monitoring current spending.
2. \_\_\_\_ Most short-term goals are based on activities over the next two or three years.
3. \_\_\_\_ Saving for their child's post-secondary education is a common long-term budgeting goal for parents of a newborn.
4. \_\_\_\_ Rent is considered a fixed expense.
5. \_\_\_\_ Flexible expenses stay about the same each month.

### Multiple Choice (5 marks)

6. **In the final phase of the budgeting process, you**
  - A. Set personal and financial goals
  - B. Compare your budget to what you have actually spent
  - C. Review financial progress
  - D. Monitor current spending
7. **An example of a long-term goal would be**
  - A. An annual vacation
  - B. Saving for retirement
  - C. Buying a used car
  - D. Completing college within the next six months
8. **A clearly written financial goal would be**
  - A. "To save money for college for the next five years"
  - B. "To pay off credit card bills by 2008"
  - C. "To invest in an international mutual fund for retirement"
  - D. "To establish an emergency fund of \$4,000 in 18 months"
9. **An example of a fixed expense is**
  - A. Clothing
  - B. Car insurance
  - C. An electric bill
  - D. Educational expenses
10. \_\_\_\_\_ is commonly considered a flexible expense.
  - A. Rent
  - B. A mortgage payment
  - C. Home insurance
  - D. Entertainment

### Case Application (5 marks)

Each month Niko and Albert Cheung have lengthy discussions about their household spending. They do not understand why they are continually short of money even though they both have good salaries. What actions might be taken to avoid personal and financial difficulties?

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# answers

## The Art of Budgeting

# quiz

## Quiz

01.03.

### True/False (5 marks)

1. **F** The budgeting process starts with monitoring current spending.
2. **F** Most short-term goals are based on activities over the next two or three years.
3. **T** A common long-term goal may involve saving for college for parents of a new-born child
4. **T** Rent is considered a fixed expense
5. **F** Flexible expenses stay about the same each month.

### Multiple Choice (5 marks)

6. **In the final phase of the budgeting process, you**  
C. Review financial progress
7. **An example of a long-term goal would be**  
B. Saving for retirement
8. **A clearly written financial goal would be**  
D. "To establish an emergency fund of \$4,000 in 18 months"
9. **An example of a fixed expense is**  
B. Car insurance
10. \_\_\_\_\_ is commonly considered a flexible expense.  
D. Entertainment

### Case Application (5 marks)

Each month Niko and Albert Cheung have lengthy discussions about their household spending. They do not understand why they are continually short of money even though they both have good salaries. What actions might be taken to avoid personal and financial difficulties?

\_\_\_\_\_ The Cheungs should create a specific spending plan based on their income, needs, \_\_\_\_\_  
\_\_\_\_\_ and wants. They should decide on various financial goals for their current and \_\_\_\_\_  
\_\_\_\_\_ future needs. Current and future needs. They should regularly revise their budget \_\_\_\_\_  
\_\_\_\_\_ based on changing situations in their lives. \_\_\_\_\_