**Budget Assignment**

Personal Finance

1. Beginning the first day of class and continuing for one month, you are to carefully track every penny that you spend. For some of you, this will be the most difficult thing I ask you to do in this entire course because it means you must record your spending **ALL THE TIME**. I strongly caution against trying to remember until the end of the week or even the end of the day. Record it as soon as it happens. It doesn’t matter how you pay for something (cash, check, splash card, credit card, or debit card), record it as soon as it happens – before you walk away from wherever you are. There are a number of apps that can be downloaded to your phone that can help you with this. Here are a few that were available the last time I checked:

* BillGuard
* Dollarbird
* Fudget
* Goodbudget
* LearnVest
* Level Money
* Mint
* mvelopes
* Penny
* Personal Capital
* Wallaby
* Clarity Money
* YNAB

1. Categorize each expense. The choice of what categories to use is up to you, but let me recommend that it is best to be as specific as possible with the categories. Enter your categories into column B in the **Sample Monthly Budget Spreadsheet** (Excel document) I have prepared for you. Note that the spreadsheet has some suggested categories for you. These are only suggestions. You can change them, subtract from them, or add to them to better meet your specific situation.
2. Enter your expenses each day into columns G-K in the Sample Monthly Budget Spreadsheet that I have prepared for you.
3. In cell C3 of the spreadsheet, enter your approximate monthly income. This can be money you receive from your parents or money you personally earn. If you wish, you can use the amount you expect to earn after you graduate and are working full-time.
4. In column C of the spreadsheet, enter your best guess of how much you will need to spend (per month) on each category. At this time, these amounts are only guesses. One purpose of this assignment is to help determine what the budgeted amounts will need to be going forward.
5. Think carefully about any expenses that won’t/didn’t come up this month, but will arise at other times during the year (i.e. vacation, insurance premiums, appliance repairs). Write down when they will likely occur and how much you expect them to be. Figure out how much (per month) you need to set aside to make sure that there will be money to pay for each of them.
6. Include the monthly amounts of the categories in #6 in your spreadsheet.
7. Make any adjustments you think are necessary to each expense category so that your monthly total is approximately 1/12 of what you expect to spend over the course of a year.
8. As you record your expenses each day, be sure that they fall into one of your categories (it’s ok to have a “miscellaneous” category). Note that the spreadsheet will tell you if you have spent more than your budget for the month or less than your budget for the month.
9. At the end of the month, make any changes that you think are necessary to the budgeted amounts in column C so that you will be able to have a reasonable budget going forward.
10. On the due date for this assignment, submit your spreadsheet along with a writeup (just a couple of paragraphs) about what you have learned from this exercise and what challenges you think that keeping a budget in the future might hold.