## Creating a spending plan

## Worksheet \# 7

A spending plan is a way to make sure you have enough money to cover your needs and wants, and to help you save. It involves tracking your income, expenses and saving goals, and planning how to manage your money. A spending plan is commonly called a budget.

## Step 1. Use the chart below to review your income.

List how much money you receive as income. Income is money received regularly (include money paid from working, disability benefits, types of tax credits you receive i.e., HST/GST, Climate Action Incentive payments).

| What type of income <br> do I get? | Where does it come <br> from? | When do I get paid? |
| :--- | :--- | :--- |
| List how much money <br> you receive each <br> month (include money <br> paid from working, <br> disability benefits, <br> types of tax credits <br> you receive i.e., <br> HST/GST, Climate <br> Action Incentive <br> payments). | How do you get access <br> to this money? (i.e., <br> deposit a cheque, <br> direct deposit, <br> applications etc.) | How often do you <br> receive this money? <br> (i.e., Weekly, Bi- <br> weekly, Monthly, <br> Yearly) |
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$\square$
Now add it all up!
What is your total income? $\qquad$

## Step 2. Next, let's organize your expenses!

First, what are your necessary expenses that you must pay each month?
These are your needs, which are basic things you must have to survive.

## Examples include:

- Rent
- Groceries
- Phone bill
- Transportation
- Medical expenses
- Insurance

What expenses do you pay every month that are necessary to your health, wellbeing, and safety?
$\qquad$
$\qquad$
$\qquad$
$\qquad$

Are there any necessary expenses that only come up occasionally? Though you may not need to pay them every month, it is important to be aware of these types of expenses. List these below.
Examples include:

- Hair cuts
- Health expenses
- Taxes

How much do you spend on necessary expenses? $\qquad$
Now, let's look at expenses that are optional. These are things you want to spend your money on, but do not need to survive.

Examples Include:

- Online subscriptions
- Games
- Eating out
- Vacations
- Hobby related costs

What type of expenses do you have that could be considered optional?
$\qquad$
$\qquad$
$\qquad$
$\qquad$

How much do you spend on optional expenses? $\qquad$

## What is the amount of your total expenses?

Necessary Expenses + Optional Expenses = Total Expenses
$\qquad$
Which is lower, your income or your expenses? Circle the answer below.
Total Income Total Expenses
Note: If you can, try and ensure your income is greater than your expenses, as this will help you save.

Why do you think some people's expenses may be different than others?

## Step 3. The next step is to think about saving!

If you have money left over after paying your expenses, it is good to save money.

It is good to save when you can afford to, so if there is an emergency or something unexpected happens, you have some money set aside to help.

There are many different situations where you may need to save.

## Examples Include:

- When making a large purchase
- Paying emergency medical bills
- Losing your job
- Unplanned car or equipment repairs
- Medications
- To purchase something you want

What are some things you may need or want to save for? How important are these things to you?

## Let's visualize:

Pick one thing you may want to save for, how much is it? $\qquad$
If you divide this total amount by the number of times you want to put money away to save, the answer is the amount of money you will have to put away each time, to reach your savings goal.
Example: If you divide this number by 12 the answer is the amount you would need to put away each month to reach this goal is one year.

## Step 4. Make your spending plan!

Now that you have an idea of your income, expenses, and what you'd like to save for, it's important to keep track of your money, and where it goes.

- Using a spending plan or budget, is one way to visualize how you will spend your money.
- Set up direct deposit or automatic withdrawal when possible. This will make it easier to pay your bills on time, and receive your income quickly and safely.
- Check that pay stubs and bank statements are accurate, and there aren't any fraudulent transactions.
- Set up a plan for your savings. When will you add to it? How much will you add? Saving smaller amounts consistently over a long period of time is an effective way to save larger amounts without affecting your lifestyle.
- Here's a spending plan template to help you put it all together. Fill it in with the information above so you can more easily see your spending plan:

| Spending Plan Template |  |
| :--- | :--- |
| Income (Money you recieve) |  |
|  |  |
|  |  |
|  |  |
| Total Income |  |
| Expenses (Money you spend) |  |
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|  |  |
| Total Expenses |  |
| Money left over (Total Income - Total |  |
| Expenses) |  |
| Savings ( For emergencies, etc.) |  |
|  |  |
|  |  |
|  |  |

## Step 5. Repeat!

Regularly review your spending plan and make sure it is still accurate of your life. This will help you track changes in your spending and also allow you to see if you are spending more or less in a certain area.

Think!
In the next month, when can you sit down and review your spending plan that you created today?

