



4

CREATING A BUDGET

MY FOUNDATION PRINCIPLE

- Live a Balanced Life

FINANCIAL PRINCIPLES AND SKILLS

1. Build a Budget
2. Balance a Budget



REPORT—Maximum Time: 25 Minutes

LAST WEEK'S COMMITMENTS:

- Ⓐ Practice and share last week's My Foundation principle.
- Ⓑ Track my income and expenses.
- Ⓒ Discuss tithes and offerings in my family council.
- Ⓓ Contact and support my action partner.

STEP 1: EVALUATE WITH ACTION PARTNER (5 minutes)

Take a few minutes to evaluate your efforts to keep your commitments this week. Use the "Evaluating My Efforts" chart at the beginning of this workbook. Share your evaluation with your partner and discuss with him or her the question below. He or she will then initial where indicated.

Discuss: What challenges did you have with keeping your commitments this week?

EVALUATING MY EFFORTS				
INSTRUCTIONS: Evaluate your effort to keep the commitments you make each week. Share your evaluation with your action partner. Ponder why you can continue to improve as you practice forming these important habits.				
KEY: ● Minimal Effort ● Moderate Effort ● Significant Effort				
Ⓐ Practice and share the My Foundation principle	Ⓑ Plan and Manage My Finances	Ⓒ Hold a Family Council	Ⓓ Contact and Support My Action Partner	Action Partner's Initials
Example Be obedient ● ● ●	Track expenses ● ● ●	Counsel about obedience ● ● ●	● ● ●	JK
Week 1 Self reliance is a principle of salvation ● ● ●	Track expenses ● ● ●	Counsel with the Lord ● ● ●	● ● ●	_____
Week 2 Exercise faith in Jesus Christ ● ● ●	Track expenses ● ● ●	Counsel about income and expenses ● ● ●	● ● ●	_____
Week 3 Repent and be obedient ● ● ●	Track expenses ● ● ●	Counsel about tithes and offerings ● ● ●	● ● ●	_____
Week 4 Live a balanced life ● ● ●	Build a budget ● ● ●	Counsel about budgeting ● ● ●	● ● ●	_____
Week 5 Solve problems ● ● ●	Choose a budgeting system ● ● ●	Counsel about budgeting ● ● ●	● ● ●	_____
Week 6 Use time wisely ● ● ●	Put money toward financial priority ● ● ●	Counsel about emergency fund, insurance ● ● ●	● ● ●	_____
Week 7 Show integrity ● ● ●	Put money toward financial priority ● ● ●	Counsel about debt ● ● ●	● ● ●	_____
Week 8 Work, take responsibility and persevere ● ● ●	Put money toward financial priority ● ● ●	Counsel about debt ● ● ●	● ● ●	_____
Week 9 Communicate, partition and listen ● ● ●	Put money toward financial priority ● ● ●	Counsel about crisis management ● ● ●	● ● ●	_____
Week 10 Seek learning, resolve where you are going and how to get there ● ● ●	Put money toward financial priority ● ● ●	Counsel about saving, home ownership, education ● ● ●	● ● ●	_____
Week 11 Become one, serve together ● ● ●	Put money toward financial priority ● ● ●	Counsel about retirement planning ● ● ●	● ● ●	_____

STEP 2: REPORT TO THE GROUP (8 minutes)

After evaluating your efforts, come back together and report your results. Go around the group and each state whether you rated yourself “red,” “yellow,” or “green” for each of last week’s commitments.

STEP 3: SHARE YOUR EXPERIENCES (10 minutes)

Now share as a group the things you learned from striving to keep your commitments during the week.

- Discuss:**
- What experiences did you have practicing or sharing the My Foundation principle?
 - How is counseling with the Lord helping you?
 - What did you learn from tracking your income and expenses?
 - How is working with an action partner helping you?

STEP 4: CHOOSE ACTION PARTNERS (2 minutes)

Choose an action partner from the group for this coming week. Generally, action partners are the same gender and are not family members.

Take a couple of minutes now to meet with your action partner. Introduce yourselves and discuss how you will contact each other throughout the week.

Action partner's name

Contact information

Write how and when you will contact each other this week.

SUN	MON	TUES	WED	THURS	FRI	SAT



MY FOUNDATION: LIVE A BALANCED LIFE

—Maximum Time: 20 Minutes

Ponder: How do I keep the daily demands of life in balance?

Watch: “Of Regrets and Resolutions,” available at srs.lds.org/videos. (No video? Read page 55.)

Discuss: What did the Savior do to achieve a balanced life?

Read: Mosiah 4:27, 2 Nephi 9:51, and the quotes by Elder M. Russell Ballard (on the right) and President James E. Faust (on page 55)

Discuss: What things can be simplified or eliminated from our lives so we can experience more joy?

ACTIVITY

Step 1: Read the quotes by Elder Dallin H. Oaks (on page 55).

Step 2: On your own, think about how you live your life each week. Now imagine you are 25 years older and you are still living the same way. Complete the two statements below about your life:

I just didn't spend enough time

I spent too much time

Step 3: To avoid future regrets, write one or two things you can do to bring more balance in your life.

Commit: Commit to do the following actions during the week. Check the boxes when you complete each action:

- Act on your idea to bring more balance to your life.
- Share with your family or friends what you have learned about finding balance.

“See that all these things are done in wisdom and order; for it is not requisite that a man should run faster than he has strength.”

MOSIAH 4:27

“Do not spend money for that which is of no worth, nor your labor for that which cannot satisfy.”

2 NEPHI 9:51

“Just do the very best you can each day. Do the basic things and, before you realize it, your life will be full of spiritual understanding that will confirm to you that your Heavenly Father loves you. When a person knows this, then life will be full of purpose and meaning, making balance easier to maintain.”

M. RUSSELL BALLARD,
“Keeping Your Life in Balance,” *Liahona*, Sept. 2012, 50

OF REGRETS AND RESOLUTIONS

If you are unable to watch the video, read this script.



PRESIDENT DIETER F. UCHTDORF:

Isn't it true that we often get so busy? And, sad to say, we even wear our busyness as a badge of honor, as though being busy, by itself, was an accomplishment or sign of a superior life.

Is it?

I think of our Lord and Exemplar, Jesus Christ, and His short life among the people of Galilee and Jerusalem. I have tried to imagine Him bustling between meetings or multitasking to get a list of

urgent things accomplished.

I can't see it.

Instead I see the compassionate and caring Son of God purposefully living each day. When He interacted with those around Him, they felt important and loved. He knew the infinite value of the people He met. He blessed them, ministered to them. He lifted them up, healed them. He gave them the precious gift of His time.

(Dieter F. Uchtdorf, "Of Regrets and Resolutions," *Ensign or Liahona*, Nov. 2012, 22)

Back to page 54.

"Balance in large measure is knowing the things that can be changed, putting them in proper perspective, and recognizing the things that will not change."

JAMES E. FAUST, "The Need for Balance in Our Lives," *Ensign*, Mar. 2000, 5

"Many breadwinners worry that their occupations leave too little time for their families. . . . However, I have never known of a man who looked back on his working life and said, 'I just didn't spend enough time with my job.'"

DALLIN H. OAKS, "Good, Better, Best," *Ensign or Liahona*, Nov. 2007, 105

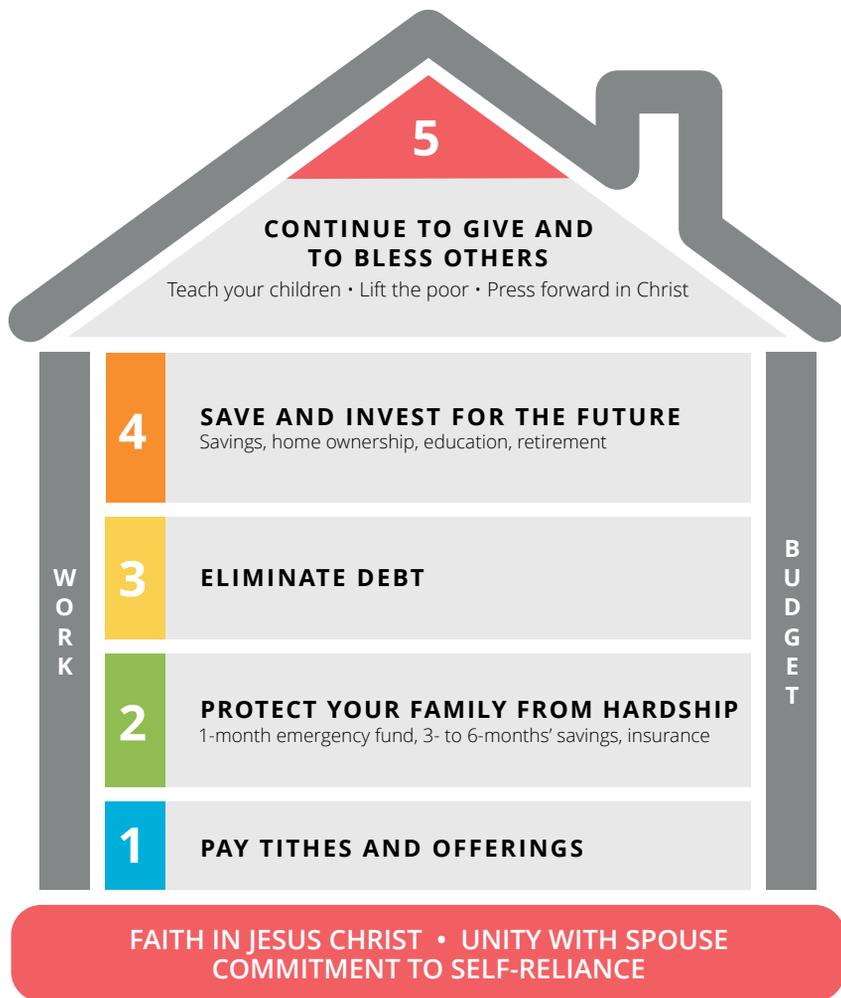
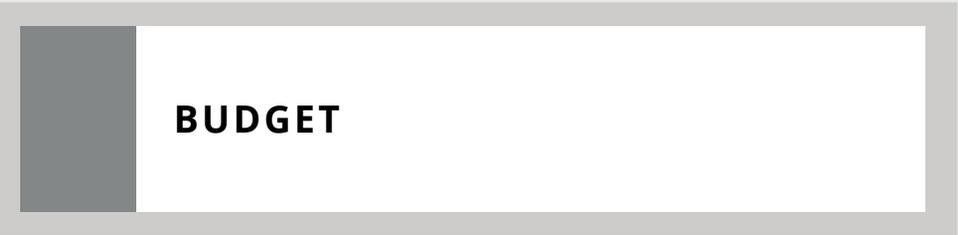
"The number of good things we can do far exceeds the time available to accomplish them. Some things are better than good, and these are the things that should command priority attention in our lives."

DALLIN H. OAKS, "Good, Better, Best," *Ensign or Liahona*, Nov. 2007, 104



LEARN—Maximum Time: 45 Minutes

TODAY'S DISCUSSION:



FINANCIAL STEWARDSHIP SUCCESS MAP

Discuss: Why do you think “budget” is a wall on the Financial Stewardship Success Map instead of a layer?

Read: Today we will discuss one of the most vital tools for building financial security and becoming self-reliant: creating and effectively using a budget. A **budget** is a plan. Using a budget, you plan how you will use your money for a certain period of time.

Following a budget will help you and your family take control of your temporal life, put off the natural man (see Mosiah 3:19), and invite the Spirit into your home. Budgeting can also help you to protect your family from hardship as you use it to allocate money for building an emergency fund, paying down debt, and saving for future expenses.

Creating and following a budget is an act of faith. We cannot predict the future, and costs often arise unexpectedly. It is important to remember that a budget must be flexible—continually adjusted and improved. When you create a budget this week, remember that it will need to be consistently reviewed and revised during your regular family councils. If you go over budget, don't give up! It may take several months of adjustments before you have an effective budget.

ACTIVITY (5 minutes)

Step 1: Take a minute to quietly review the paragraphs you just read about using a budget. Underline the specific blessings of using a budget.

Step 2: Then go around the group and share the underlined blessing that is most meaningful to you.

1. BUILD A BUDGET

Read: In the following activities, we will practice creating a budget.

For today, you will estimate the asked-for amounts based on what you know and what you have learned from tracking your income and expenses. One of your commitments this week will be to repeat this exercise with real numbers using the table at the end of this chapter.

To build a budget, start with your income.

ACTIVITY (3 minutes)

In the sample budget on page 60, fill in the first cell of the “Income” column with your estimated monthly net income. **Net** means what you actually take home.

Read: The next step to creating a budget is to classify and estimate your expenses. You have been tracking your expenses and placing them in the categories you created in chapter 1. Now we will split our expenses into two types: “Fixed” and “Variable.” Below are some examples.

FIXED EXPENSES (F)	VARIABLE EXPENSES (V)
Mortgage/rent	Utility bills
Car payment	Groceries
Insurance payment	Eating out
Tithing	Fuel and transportation
Emergency fund	Home supplies
Other bills	Entertainment

Fixed Expenses

Read: Fixed expenses are for a definite amount and do not change. Most of these expenses will be monthly, but there may be some that occur more or less frequently. Fixed expenses cannot directly be controlled by spending habits; instead, fixed expenses are controlled by assessing your situation and making changes. A

good way to identify fixed expenses is to ask, “Does this expense occur regularly, and is this expense the same amount each time?” Common examples include a mortgage, rent, a car payment, and certain expenses like internet, cable, or cell phone bills.

There are also fixed expenses that aren’t necessarily monthly; sometimes expenses occur annually, semiannually, or quarterly. For example, if you pay car insurance every 6 months or life insurance every 12 months, this is a fixed expense. To convert this fixed expense to fit your budget, divide the amount you pay by the number of months between payments. While you may not pay this bill monthly, you will set aside the necessary portion each month so you can pay the bill when it is due.

ACTIVITY (10 minutes)

Write your fixed expenses in the sample budget on the next page. Write an *F* in the “Type” column, and estimate the amount of the expense in the third column. As you add expenses, keep a running balance of how much income is left in the “Balance” column. See the example budget for help.

Variable Expenses

Read: Variable expenses are not the same amount each month. There are some variable expenses that are not directly controlled by your spending habits. For example, expenses like your utility bills (water, gas, electric, and so on) fluctuate based on usage. However, even though the monthly amount may vary, you can still budget for these.

When it comes to budgeting, the most important variable expenses are the ones you have the most control over. These are directly controlled by your spending habits. A good way to identify many of these expenses is to ask yourself, “Do I buy this from a store (or online)?” For many variable expenses, you can make the choice to spend more or less in these areas. Examples include groceries, fuel, eating out, cell phones, and entertainment.

Example Budget

DESCRIPTION	TYPE	INCOME	EXPENSE	BALANCE
Income	(NA)	1,000		
○ Tithes and offerings	F		110	890
○ One-month emergency fund	F		50	840
○ Insurance	F		80	760
○ Rent	F		300	460
○ Utilities	V		30	430
○ Groceries and food	V		230	200
○ Debt payments	V		80	120
○ Transportation	V		50	70
○ Entertainment	V		30	40
○ Miscellaneous	V		40	0
Balance				0

2. BALANCE A BUDGET

Read: As you put together your budget, you may find that you have more in expenses than income. If this is your situation, you are not alone. And this is a problem you can solve. There are two ways to fix this challenge: Earn more income, or spend less money. For now, let's discuss how we can use a budget to help us spend less by learning how to control how much we spend on our wants.

Watch: "Continue in Patience" available at srs.lds.org/videos.
(No video? Read page 66.)



Discuss: How are you like these children at times? Which child are you?

ACTIVITY (7 minutes)

Step 1: Individually analyze your current spending patterns by checking the boxes in the following chart. Could you adjust your spending to better prioritize long-term needs over short-term wants?

HOW DO I FEEL ABOUT MY SPENDING?	I spend too little	I feel good about my spending	I spend too much
Eating out at restaurants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Groceries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Snacks and beverages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Entertainment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rent or mortgage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Utilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clothing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Household items	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cell phone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Step 2: Pair up with your spouse or action partner. Identify where in your budget you could spend less, and write your ideas below.

**THE COMMISSION PREDICAMENT**

My husband gets paid on commission, so one paycheck is never the same as the last one. And sometimes there is a gap between receiving a paycheck at all! We've learned to just 'go in order': pay the most important bill first, then the next most important. Everyone has to decide what 'most important' means to them.

DISCUSS BUDGETING IN YOUR FAMILY COUNCIL

Read: Elder Robert D. Hales taught, “[One] important way we help our children learn to be provident providers is by establishing a family budget. We should regularly review our family income, savings, and spending plan in family council meetings. This will teach our children to recognize the difference between wants and needs and to plan ahead for meaningful use of family resources” (“Becoming Provident Providers Spiritually and Temporally,” *Ensign or Liahona*, May 2009, 9).

During your family council this week, work together with your spouse to create your family budget. If you are single, or if you would like additional help, counsel with a friend, parent, family member, mentor, or group member. You may want to use the “Sample Family Council Discussion” outline below.

SAMPLE FAMILY COUNCIL DISCUSSION

Be sure to begin and end with a prayer to invite the Spirit.

Part 1: Review

- How much do you spend in each category?
 - How is budgeting an act of faith?
-

Part 2: Plan

- Create a budget using the instructions in this chapter. Fill out the “My Budget” table on page 67.
- Are you being realistic about each budget category?
- If needed, where can you spend less in your budget so that it is balanced or so that your spending aligns more closely with your needs or values?



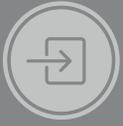
PONDER—Maximum Time: 5 Minutes

Individually think about what you have learned today and consider what the Lord would have you do. Read the scripture or quote below and write responses to the questions.

“Organize yourselves; prepare every needful thing” (D&C 88:119).

What are the most meaningful things I learned today?

What will I do as a result of what I learned today?



COMMIT—Maximum Time: 10 Minutes

Read each commitment aloud to your action partner. Promise to keep your commitments and then sign below.

MY COMMITMENTS

Ⓐ I will practice and share this week's My Foundation principle.

Ⓑ I will create a budget using the "My Budget" table on page 67.

Ⓒ I will discuss my budget during family council.

Ⓓ I will contact and support my action partner.

My signature

Action partner's signature



RESOURCES

CONTINUE IN PATIENCE

President Dieter F. Uchtdorf shared the following counsel:

“In the 1960s, a professor at Stanford University began a modest experiment testing the willpower of four-year-old children. He placed before them a large marshmallow and then told them they could eat it right away or, if they waited for 15 minutes, they could have two marshmallows.

“He then left the children alone and watched what happened behind a two-way mirror. Some of the children ate the marshmallow immediately; some could wait only a few minutes before giving in to temptation. Only 30 percent were able to wait. . . .

“What started as a simple experiment with children and marshmallows became a landmark study suggesting that the ability to wait—to be patient—was a key character trait that might predict later success in life. . . .

“. . . God's promises are not always fulfilled as quickly or in the way we might hope. . . .

“Patience means staying with something until the end. It means delaying immediate gratification for future blessings. . . .

“. . . The work of patience boils down to this: keep the commandments; trust in God, our Heavenly Father; serve Him with meekness and Christ-like love; exercise faith and hope in the Savior; and never give up.”

(“Continue in Patience,” *Ensign* or *Liahona*, May 2010, 56, 58, 59)

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