

BUDGETING ACTIVITY

A **budget** is an estimation of revenue and expenses over a specified future period of time and is usually compiled and re-evaluated on a periodic basis. **Budgets** can be made for a person, a group of people, a business, a government, or just about anything else that makes and spends money.

Why is Budgeting so Important?

Since budgeting allows you to create a spending plan for your money, **it ensures that you will always have enough money for the things you need** and the things that are important to you. Following a budget or spending plan will also keep you out of debt or help you work your way out of debt if you are currently in debt.

What about Budget Forecasting and Planning?

Once you create your first budget, begin to use it and get a good feel for how it can **keep your finances on track**, you may want to map out your spending plan or budget for 6 months to a year down the road. By doing this you can easily forecast which months your finances may be tight and which ones you'll have extra money. You can then [look for ways to even out the highs and lows in your finances](#) so that things can be more manageable and pleasant.

Extending your budget out into the future also allows you to forecast how much money you will be able to [save for important things like your vacation](#), a new vehicle, [your first home](#) or home renovations, an [emergency savings account](#) or your retirement. Using a realistic budget to forecast your spending for the year can really help you with your long term financial planning. You can then make realistic assumptions about your annual income and expense and plan for long term financial goals like starting your own business, buying an investment or [recreation property](#) or retiring.

Create a budget together. You can use the template that is provided or one of your own.

