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YOUTHCENTS

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2. Budgeting

Managing money well is one of the most important life skills a young person can develop. Budgeting and financial planning are not just about saving coins or tracking spending—they are about setting goals, making informed decisions, and creating a clear path toward the future you want. As a young person today, you may already be navigating part-time jobs, study costs, digital subscriptions, travel plans, or business ideas. At the same time, you are facing real challenges: unpredictable job markets, the rising cost of living, peer pressure to spend, and limited access to financial education. Without the right tools, it becomes easy to overspend, fall into debt, or delay personal goals. This information is designed to help you take control. By learning how to budget your income and expenses, and how to plan financially for both short-term needs and long-term goals, you gain more than numbers on a page—you gain independence, confidence, and peace of mind. Whether you are saving up for a course, planning to travel, launching a creative project, or simply trying to manage your money better from week to week, budgeting and financial planning give you the structure and strategy to succeed. You do not need to have a high income to build a strong financial foundation. What you do need is knowledge, clarity, and a plan. And that starts here.

Key Concepts

By the end of this module, you will be able to:

- 1 **Understand what a budget is**, track expenditure and take control of your money.
- 2 Identify and list all your sources of income, even if they are small or irregular.
- 3 Track daily and weekly spending to discover patterns and areas for improvement.
- 4 Recognise the difference between needs and wants, and make conscious choices based on your priorities.
- 5 Create a simple monthly budget that reflects your goals, habits, and responsibilities.
- 6 Set clear limits for spending in different categories to avoid debt and stress.
- 7 Start saving consistently—even small amounts—to build towards goals or emergencies.
- 8 Define financial goals that are personal, meaningful, and achievable.
- 9 Use the SMART framework to turn vague ideas into realistic financial plans.
- 10 Build habits of reviewing your progress, adjusting goals, and celebrating small wins on your financial journey.

What is a Budget?

A budget is more than just a table of numbers—it is your personal money plan. It helps you decide how and when to use your money, rather than guessing where it disappeared. Think of it like a map: if you want to reach a goal—such as buying a laptop, saving for a trip, or just making your money last—you need clear directions.

A budget is a written or digital plan that outlines how a person expects to manage their income over a set time period (typically one month), including how much to spend, how much to save, and what to prioritise.

Why Budgeting is Important

As a young person, you may receive money in small or irregular amounts—from part-time work, weekend jobs, gifts, or student grants. But no matter how much you earn, the skill of budgeting will help you:

Avoid Debt

Avoid unnecessary debt and stay in control

Stretch Your Money

Stretch your money so it lasts until your next income

Build Habits

Build healthy financial habits for adulthood

Plan Goals

Plan for meaningful goals, like buying course materials, attending an event, or starting a creative project

Make Choices

Make independent choices about spending without depending on others

Budgeting is not about restricting fun—it is about being intentional. When you know where your money is going, you are in charge of it, not the other way around.


Step-by-Step Guide to Creating a Budget

Step 1: Identify All Sources of Income

Before you can plan how to use money, you need to know exactly how much is coming in. List everything you receive, regularly or occasionally.

Examples of youth income sources:

- Wages from part-time work (e.g. working in a café, tutoring younger students)
- Weekly or monthly allowance from parents or guardians
- Payment for helping in a family business, babysitting, or dog walking
- Educational grants or scholarships
- Earnings from digital work (e.g. designing posters, editing videos, selling handmade items online)

 **Action Tip:** Use a notebook, budgeting app, or spreadsheet to track every time you receive money –even small amounts. This builds awareness and helps prevent overspending.

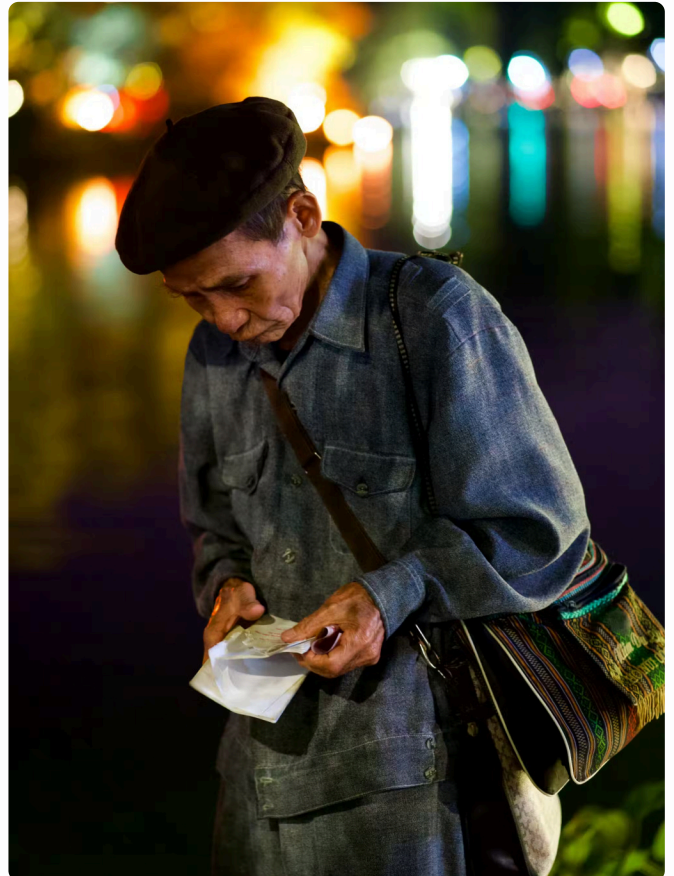
Recording and Categorising Expenses

Step 2: Record All Expenses

Next, track everything you spend. This includes both planned and spontaneous spending. You might be surprised by how much you spend on small daily items.

Common youth expenses:

- School or university supplies
- Mobile phone credit or internet data
- Lunches or snacks at school
- Streaming subscriptions, games, or apps
- Public transport or fuel
- Clothes, accessories, and personal care items
- Weekend activities or gifts for friends



Action Tip: Start keeping receipts or take 5 minutes each evening to list what you spent. Over a week or month, this will reveal spending patterns.

Step 3: Categorise and Compare Income vs. Expenses

Once you have tracked your income and expenses, total each amount and compare them. Ask yourself:

- Am I spending more than I earn?
- Am I consistently using my savings to cover regular costs?
- Are there items I buy regularly that are not essential?
- Can I reduce spending in one area and increase savings?

Seeing your money in categories helps you make informed adjustments

Setting Limits and Building Savings

Step 4: Set Spending Limits and Prioritise Needs Over Wants

A strong budget does not tell you what you cannot do—it helps you decide what is most important right now.

Understanding Priorities:

| Priority | Examples |
|----------|--|
| Needs | Food, rent, school transport, supplies |
| Wants | Fast food, accessories, new gadgets |

If your income is limited, needs must come first. That does not mean you cannot enjoy fun purchases—but you should plan for them, not make them impulsively.

Action Tip: Give yourself a weekly or monthly limit for wants. For example, "I will only spend €10 per week on entertainment."

Step 5: Build a Simple, Consistent Saving Habit

Saving money—even small amounts—creates freedom and peace of mind. It can protect you in emergencies and help you reach your goals faster.

Ways to Start Saving:

- Save a fixed amount every time you receive income (e.g. 10% of all money you earn)
- Label a jar or envelope with your savings goal (e.g. "Driving Lessons Fund") and add to it regularly
- Use a savings feature in your banking app or join a youth savings group at school or in your community

Realistic Tip: Even €2 a week adds up to over €100 a year. That could cover exam fees, festival tickets, or help launch a youth-led project.

Activity: Create Your First Budget

Case Example – David, a Student and Amateur Photographer

David is 17 years old and earns money through an after-school job and by selling photos online. He is saving up to buy a second-hand DSLR camera.

| Category | Amount (€) |
|------------------------|------------|
| Income | |
| After-school job | 80 |
| Selling photos | 20 |
| Total Income | 100 |
| Expenses | |
| Transport | 20 |
| Mobile Data | 10 |
| Lunch at School | 30 |
| Subscriptions | 10 |
| Printing Photos | 10 |
| Total Expenses | 80 |
| Monthly Savings | 20 |



David sticks to his budget, tracks his spending, and places the €20 savings into a separate fund labelled "Camera Fund." After 5 months, he has saved €100—enough to buy the used camera he found online.

Final Tips for Successful Budgeting

Review Monthly

Review your budget every month—your needs and income can change

Pause and Plan

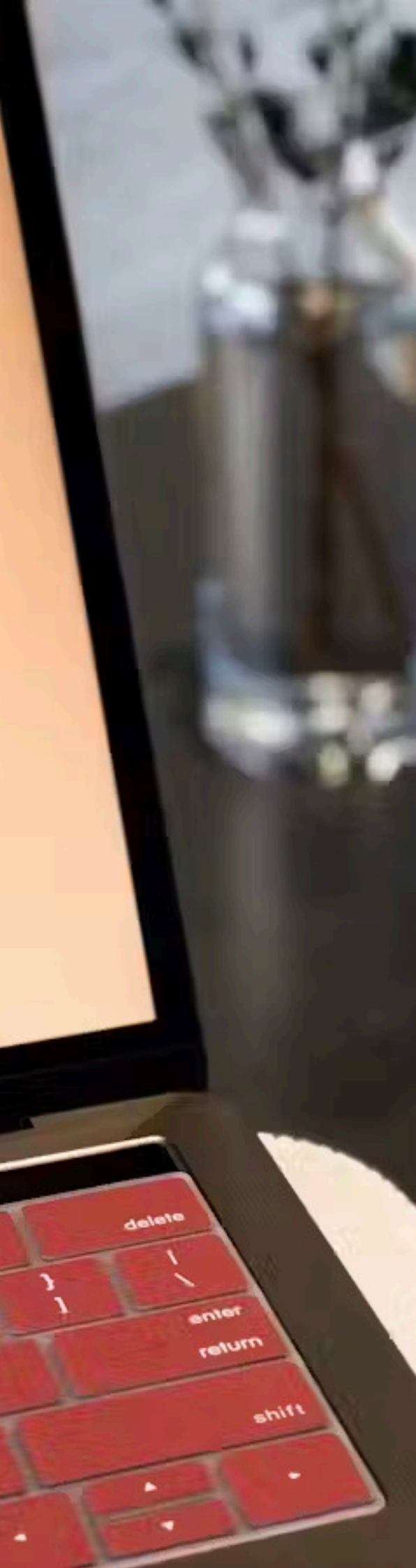
Avoid spending money as soon as you receive it—pause and plan first

Automate Savings

Make saving automatic by treating it as an essential "expense"

Celebrate Wins

Celebrate small wins—budgeting is a skill, and it gets easier with practice



Financial Planning and Goal Setting – Turning Ideas Into Action

What is Financial Planning?

Financial planning is the process of thinking carefully about your personal goals and creating a step-by-step strategy for how to use your money to achieve them. It is not just about reacting to what is happening in your wallet today—it is about preparing for tomorrow with purpose.

Whereas budgeting helps you track your money in the short term, financial planning helps you connect your spending habits with your future dreams. It brings structure and intention to your decisions, whether you are trying to save €10 or €1,000.

Why Financial Planning is Important

You might think that financial planning is something only adults with full-time jobs do. But in reality, young people can benefit even more from learning how to plan early. It gives you:



Clear Direction

A clear sense of direction when making financial decisions



Greater Success

A greater chance of success in achieving academic, creative, or personal goals



Safety Net

A protective safety net when unexpected costs arise



Confidence

Confidence in managing money without depending on others

Examples of how youth use financial planning:

- Saving up for a university course, short internship, or training programme
- Preparing to travel to another city or country for a youth event or educational exchange
- Buying tools, equipment, or software to support a hobby, skill, or small business idea
- Putting aside money for future expenses like driving lessons or application fees
- Building an emergency reserve for medical needs, transport repairs, or unexpected school costs

Without a plan, money tends to disappear. With a plan, money works for you.

Understanding the Two Types of Financial Goals

Before you can plan effectively, you need to understand the difference between short-term and long-term goals. This will help you decide how much money you need, when you need it, and how urgently you must act.

| Type | Description | Example |
|-------------------|---|--|
| Short-Term | Goals that can be achieved in 1 to 6 months | Saving €60 to buy a concert ticket next month |
| Long-Term | Goals that take more than 6 months to achieve | Saving €1700 to buy a gaming laptop over the next year |

Short-term goals help you take immediate action. Long-term goals help you develop discipline and vision. Both are essential for a balanced financial plan.

SMART Goal Framework – Making Goals Work

Setting goals is important—but not all goals are effective. To improve your chances of success, use the SMART method, a practical framework that turns vague wishes into focused, achievable plans.

| SMART Element | What to Ask Yourself |
|-------------------|--|
| Specific | What exactly do I want to achieve? (Be clear and detailed.) |
| Measurable | How will I know I have achieved it? (Choose a number or deadline.) |
| Achievable | Is this goal realistic given my current income and time frame? |
| Relevant | Why does this goal matter to me personally or for my future? |
| Time-bound | When do I want to achieve this goal? (Set a clear target date.) |

Example SMART Goal

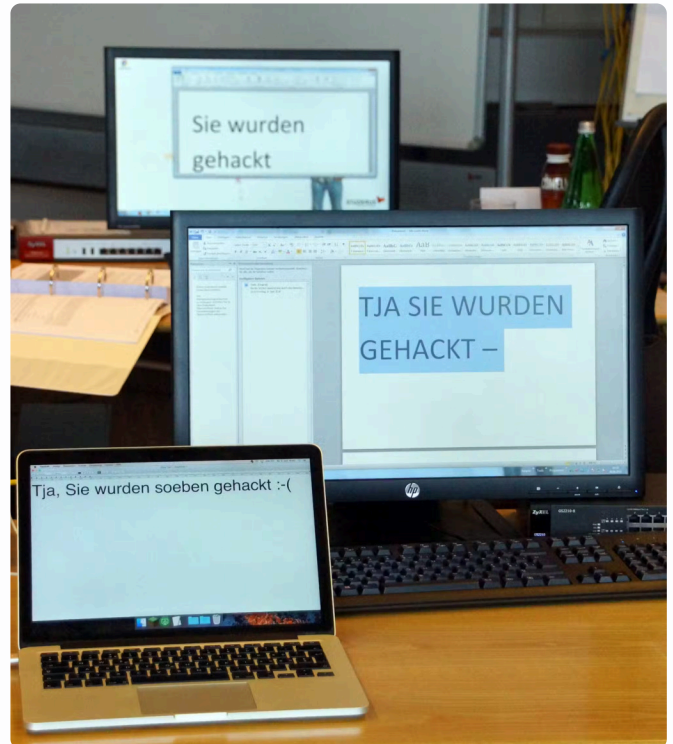
Let us look at how one young person can transform a vague idea into a clear SMART goal.

Vague Goal:

"I want to learn graphic design."

SMART Goal:

"I want to save €100 over the next 4 months to pay for an online course in graphic design."



Specific

Enrol in a particular online course



Measurable

Course costs €100



Achievable

Save €25 per month



Relevant

Learning design will help me build a freelance portfolio



Time-bound

Reach goal in 4 months

Activity: Create Your Own SMART Goals

To apply what you have learned, complete the following exercise.

Step 1

Write down one short-term financial goal (Something you want to achieve in the next 1–6 months)

Step 2

Write down one long-term financial goal (Something that will take longer than 6 months to reach)

Step 3

Use the SMART Goal Template below to plan each one:

SMART Goal Template

| Element | Your Answer |
|------------|---|
| Specific | What exactly do I want to achieve? |
| Measurable | How will I know I have succeeded? |
| Achievable | Is this goal realistic with my current resources? |
| Relevant | Why is this important to me or my future? |
| Time-bound | When do I want to achieve this by? |

Examples of Youth SMART Goals

| Name | Goal |
|-------|---|
| Lara | "I will save €10 per week for 5 weeks to buy art supplies for my school exhibition." |
| Tomas | "I want to save €300 in 8 months to attend a youth leadership camp abroad." |
| Emma | "I plan to raise €150 in 3 months by offering piano lessons to help fund a new keyboard." |

These goals are clear, actionable, and tied to meaningful outcomes. SMART goals give young people a sense of control and progress.

Tips for Reaching Your Financial Goals

Case Study: Marlena – Building a Future through Budgeting and SMART Goals



Profile

- **Name:** Marlena Nowak
- **Age:** 21
- **Location:** Gdańsk, Poland
- **Status:** Works part-time in a clothing store; studies graphic design at a local vocational school
- **Income:** Approx. €300/month from part-time job + occasional freelance design commissions
- **Financial Situation:** Struggles with saving consistently; often runs out of money before the end of the month

Marlena is ambitious, creative, and dreams of starting her own digital design business in the future. However, she finds it difficult to manage her limited income. She often spends spontaneously on food delivery, clothes, and digital subscriptions, which leaves her unable to invest in her goals—such as upgrading her design software or taking an online branding course.

After attending a financial literacy workshop hosted by a local youth organisation, Marlena decided to make a change. She wanted to stop the cycle of overspending and start saving with purpose.

Step 1: Understanding the Problem

Marlena realised:

- She had no clear budget—she only tracked her money after it was gone.
- She confused wants (trendy clothing, fast food) with needs (transport to school, software upgrades).
- She had goals, but they were vague and without structure—she would say, "I want to be a freelance designer," but had no timeline or plan.

Step 2: Creating Her First Budget

Income Tracking (Monthly)

| Source | Frequency | Estimated Amount (€) | Notes |
|-----------------------|------------|----------------------|-----------------------------------|
| Clothing Store Job | Weekly | €250 | Paid every Friday |
| Freelance Commissions | Occasional | €50 | Depends on demand, not guaranteed |

Marlena's SMART Goals

Step 3: Setting SMART Goals

Marlena wanted to take her vague idea "I want to learn more about branding and become a freelancer" and turn it into a concrete plan using the SMART framework.

Short-Term SMART Goal

| SMART Element | Response |
|-------------------|---|
| Specific | Enrol in an online course on branding for graphic designers |
| Measurable | Course fee is €100 |
| Achievable | Save €25/month for 4 months |
| Relevant | Enhances her skills for freelance jobs and personal growth |
| Time-bound | Complete saving by the end of 4 months |

Result: Marlena created a savings jar at home labelled "Branding Course Fund" and tracked her progress weekly. She committed to bringing lunch from home 3 days a week, saving €10–€15 monthly to redirect into her course fund.

Long-Term SMART Goal

| SMART Element | Response |
|-------------------|---|
| Specific | Buy a licensed version of Adobe Creative Cloud software |
| Measurable | Needs €300 to pay for a 1-year student license |
| Achievable | Save €30/month for 10 months |
| Relevant | Professional software will enable her to do more freelance work |
| Time-bound | Reach this goal within 10 months |

Result: Marlena opened a sub-account on her mobile banking app and nicknamed it "Adobe Pro Fund." She now saves a portion of her freelance income and monthly job wages directly into it.

ANNEX – Budgeting Template

Income Tracking (Monthly Basis)

| Source of Income | Frequency | Estimated Amount (€) | Notes |
|------------------|-----------|----------------------|-------|
| | | | |
| | | | |
| | | | |

Total Monthly Income: €_____

Expense Tracker

| Category | Weekly (€) | Monthly (€) | Notes |
|----------|------------|-------------|-------|
| | | | |
| | | | |
| | | | |

Total Monthly Expenses: €_____

Savings and Emergency Fund Plan

| Saving Method | Frequency | Amount (€) | Notes |
|---------------|-----------|------------|-------|
| | | | |
| | | | |

Target Monthly Savings: €_____

Current Emergency Fund: €_____

Financial Goals – Short-Term & Long-Term

| Type | Description | Target Amount (€) | Timeline | Status |
|------|-------------|-------------------|----------|--------|
| | | | | |
| | | | | |

SMART Goal Planning Template

SMART Goal Planning (One Example)

Specific

(What do I want to achieve?)

Measurable

(How much do I need to save or earn?)

Achievable

(Is this goal realistic?)

Relevant

(Why is this important to me?)

Time-bound

(By when do I want to achieve it?)