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# Budgeting and Financial Planning for Young People

Managing money well is one of the most important life skills a young person can develop. This isn't just about saving coins or tracking spending—it's about setting goals, making informed decisions, and creating a clear path toward the future you want.

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# The Financial Challenges You Face Today

## Unpredictable Job Markets

Part-time work and gig economy create irregular income streams that make planning difficult.

## Rising Cost of Living

Everything from transport to digital subscriptions costs more, stretching limited budgets.

## Peer Pressure to Spend

Social expectations and FOMO can lead to impulsive purchases that derail financial goals.

## Limited Financial Education

Many young people lack access to practical money management skills and guidance.



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# Why Financial Control Matters

## Independence

Take control of your financial decisions without depending on others for support.

## Confidence

Know exactly where your money goes and feel secure about your financial choices.

## Peace of Mind

Reduce stress and anxiety about money by having a clear plan and emergency buffer.

Whether you're saving for a course, planning to travel, launching a creative project, or managing weekly expenses, budgeting gives you the structure to succeed. You don't need a high income—you need knowledge, clarity, and a plan.





# Learning Objectives

By the end of this module, you will master these essential financial skills:

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## Budget Fundamentals

Understand what a budget is, track expenditure, and take control of your money.

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## Income Identification

Identify all sources of income, even small or irregular amounts.

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## Spending Analysis

Track daily spending to discover patterns and improvement areas.

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## Priority Setting

Distinguish between needs and wants, making conscious priority-based choices.

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## Goal Achievement

Use SMART framework to turn vague ideas into realistic financial plans.



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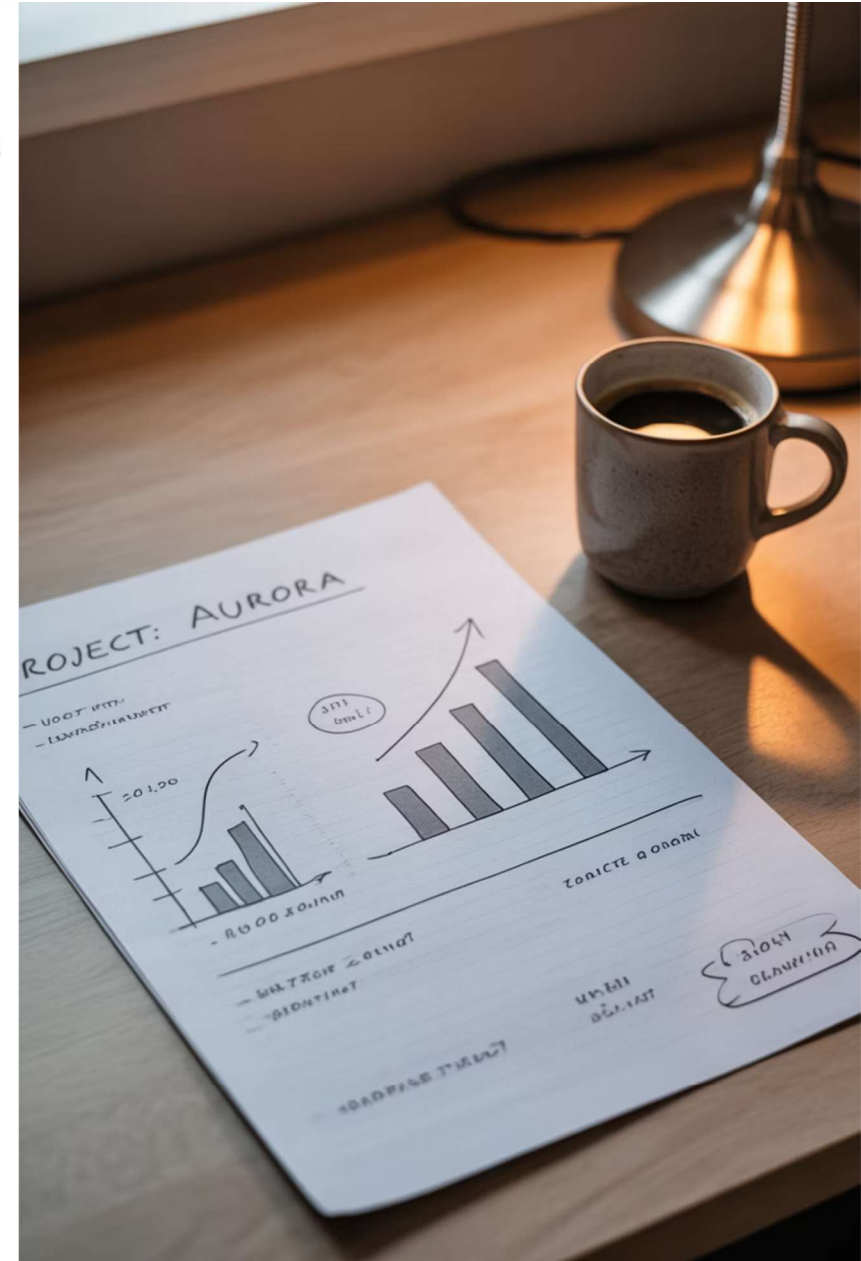


# What is a Budget?

A budget is more than just a table of numbers—it's 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 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, including how much to spend, save, and prioritise.



# Why Budgeting Transforms Your Financial Life



## Avoid Unnecessary Debt

Stay in control and prevent overspending that leads to financial stress and dependency.



## Stretch Your Money

Make your income last until the next payment, regardless of how small or irregular it is.



## Build Healthy Habits

Develop financial discipline and decision-making skills that serve you throughout adulthood.



## Plan for Goals

Save systematically for meaningful purchases like course materials, events, or creative projects.

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



# Step 1: Identify All Income Sources

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

## Employment Income

- Wages from part-time work (café, tutoring)
- Weekend jobs or seasonal work
- Family business assistance

## Regular Allowances

- Weekly or monthly allowance
- Educational grants or scholarships
- Support from parents or guardians

## Digital & Creative Work

- Freelance design or video editing
- Online sales of handmade items
- Babysitting or pet care services

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



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## Step 2: Record All Expenses

Track everything you spend, including both planned and spontaneous purchases. You might be surprised by how much goes to small daily items.

### Essential Expenses

- School or university supplies
- Mobile phone credit or data
- Public transport or fuel
- Lunches or snacks at school

### Lifestyle Expenses

- Streaming subscriptions and apps
- Clothes and personal care items
- Weekend activities with friends
- Gifts and entertainment

Start keeping receipts or take 5 minutes each evening to list what you spent. Over a week or month, this reveals spending patterns and helps identify areas for improvement.



## Step 3: Compare Income vs. Expenses

Once you've tracked income and expenses, total each amount and ask these critical questions:

- Am I spending more than I earn?  
This indicates you're dipping into savings or borrowing, which isn't sustainable long-term.
- Am I consistently using savings for regular costs?  
Your budget should cover routine expenses without touching emergency funds.
- Are there non-essential items I buy regularly?  
Identify patterns in discretionary spending that could be reduced or eliminated.
- Can I reduce spending in one area to increase savings?  
Look for opportunities to redirect money toward your financial goals.



## Step 4: Prioritise Needs Over Wants

A strong budget doesn't tell you what you cannot do—it helps you decide what's most important right now.

### Needs

Essential for survival and basic functioning


- Food and water
- Rent or accommodation
- School transport
- Required supplies

### Wants

Desirable but not essential for basic living

- Fast food and takeaways
- Fashion accessories
- New gadgets
- Entertainment subscriptions

If your income is limited, needs must come first. This doesn't 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 Euro10 per week on entertainment."



# Step 5: Build Consistent Saving Habits

Saving money—even small amounts—creates freedom and peace of mind. It protects you in emergencies and helps you reach goals faster.



## Fixed Percentage Method

Save a fixed amount every time you receive income (e.g., 10% of all money you earn).



## Goal-Specific Savings

Label a jar or envelope with your savings goal (e.g., "Driving Lessons Fund") and add to it regularly.



## Digital Automation

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.



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## Case Study: David's Photography Budget

David is 17 years old and earns money through an after-school job and selling photos online. He's saving for a second-hand DSLR camera.



■ Savings   ■ Transport   ■ School Lunch   ■ Mobile Data   ■ Subscriptions   ■ Photo Printing

David earns Euro100 monthly (Euro80 from his job, Euro 20 from photo sales) and saves Euro20 each month. After 5 months, he had Euro100—enough to buy his used camera. His success came from treating savings as an essential expense and tracking every purchase.



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# Final Tips for Successful Budgeting

## Review Monthly

Your needs and income can change, so review your budget every month and adjust accordingly.

## Pause Before Spending

Avoid spending money as soon as you receive it—pause and plan first to prevent impulsive decisions.

## Automate Savings

Make saving automatic by treating it as an essential "expense" that comes out first.

## Celebrate Progress

Budgeting is a skill that gets easier with practice—celebrate small wins along the way.



# 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.

Whereas budgeting helps you track money in the short term, financial planning connects your spending habits with your future dreams. It brings structure and intention to your decisions, whether you're saving Euro10 or Euro1,000.





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# Why Young People Need Financial Planning

You might think financial planning is only for adults with full-time jobs. In reality, young people benefit even more from learning to plan early.



## Clear Direction

Gain a clear sense of direction when making financial decisions, avoiding random spending.



## Greater Success

Increase your chances of achieving academic, creative, or personal goals through structured planning.



## Safety Net

Create a protective buffer when unexpected costs arise, reducing financial stress.



## Independence

Build confidence in managing money without depending on others for financial support.



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# Real-World Financial Planning Examples

## Education Investment

Saving for a university course, internship, or training programme that advances your career prospects.

## Travel & Experiences

Preparing to travel for youth events, educational exchanges, or personal growth opportunities.

## Creative Projects

Buying tools, equipment, or software to support hobbies, skills, or small business ideas.

## Emergency Preparation

Building a reserve for unexpected costs like medical needs, transport repairs, or school expenses.

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



# Short-Term vs. Long-Term Goals

Understanding the difference between short-term and long-term goals helps you decide how much money you need, when you need it, and how urgently you must act.

## Short-Term Goals

**Timeline:** 1 to 6 months

**Example:** Saving Euro 60 to buy a concert ticket next month

**Purpose:** Help you take immediate action and build momentum

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## Long-Term Goals

**Timeline:** More than 6 months

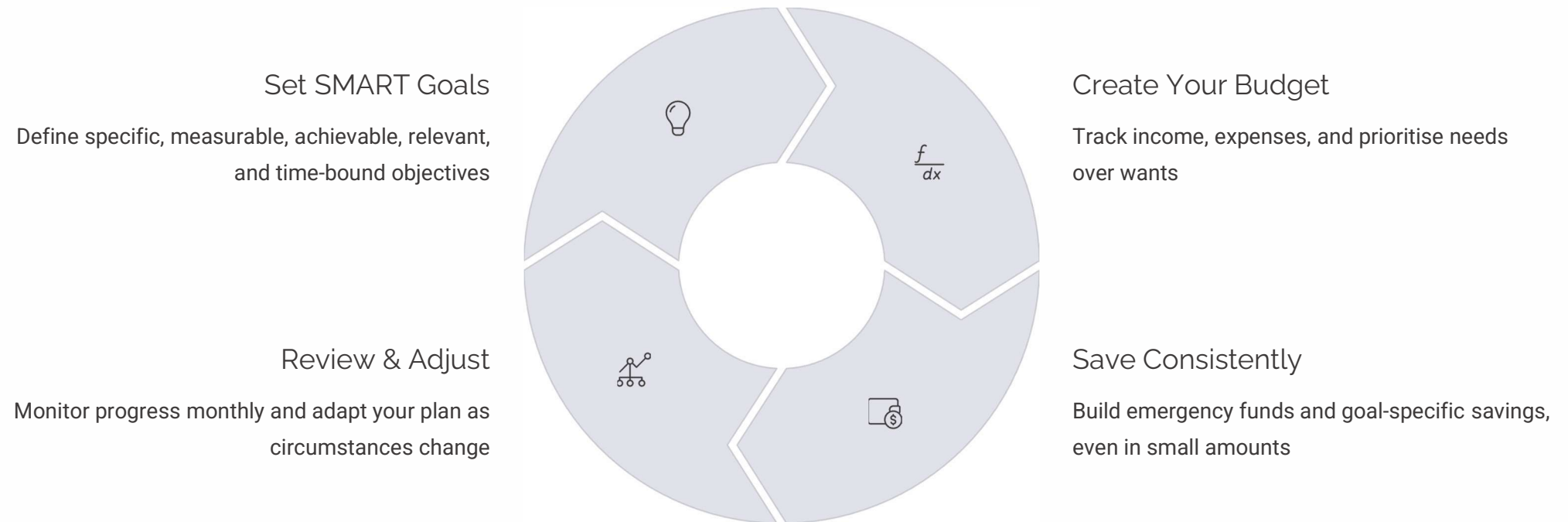
**Example:** Saving Euro 1,700 for a gaming laptop over the next year

**Purpose:** Develop discipline, vision, and sustained commitment

Short-term goals provide quick wins and motivation. Long-term goals build character and create significant life changes. Both are essential for a balanced financial plan.

# Your Financial Journey Starts Now

You now have the knowledge and tools to take control of your financial future. Remember, successful money management isn't about having a high income—it's about having a clear plan and the discipline to follow it.



Start today with one small step: track your spending for a week, set one SMART goal, or save Euro1. Your future self will thank you for the financial foundation you build now.



# SMART Goal Framework

Setting goals is important—but not all goals are effective. Use the SMART method to turn vague wishes into focused, achievable plans.



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## Specific

What exactly do I want to achieve? Be clear and detailed about your goal.



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## Measurable

How will I know I've achieved it? Choose a number or deadline to track progress.



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## Achievable

Is this goal realistic given my current income and time frame?



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## Relevant

Why does this goal matter to me personally or for my future?



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## Time-bound

When do I want to achieve this goal? Set a clear target date.



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# SMART Goal Transformation Example

## Vague Goal

"I want to learn graphic design."

This goal lacks specificity, measurement, and timeline. It's impossible to create an action plan or track progress.

## 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 builds freelance portfolio
- **Time-bound:** Reach goal in 4 months





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## Youth SMART Goals in Action

### Euro 10

Lara's Weekly Art Fund

"I will save Euro10 per week for 5 weeks to buy art supplies for my school exhibition."

### Euro 300

Tomas's Leadership Camp

"I want to save Euro 300 in 8 months to attend a youth leadership camp abroad."

### Euro150

Emma's Piano Teaching

"I plan to raise Euro150 in 3 months by offering piano lessons to fund a new keyboard."

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



# Tips for Reaching Your Financial Goals



## Break Down Large Goals

Divide big targets into smaller, manageable chunks (e.g., £10 per week instead of £100 in one go).



## Track Your Progress

Use a savings chart, notebook, or app to visualise your advancement toward the goal.



## Avoid Impulse Purchases

Resist spontaneous spending that may delay your goal achievement.



## Share Your Goals

Tell someone you trust—they can encourage you and keep you accountable.

**Celebrate Milestones:** Reward yourself (without breaking the budget) when you reach checkpoints. This maintains motivation throughout your journey.



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## Case Study: Marlena's Transformation

Marlena Nowak, 21, from Gdańsk, Poland, works part-time in a clothing store whilst studying graphic design. She earns approximately Euro300/month but struggled with consistent saving and often ran out of money before month-end.

### The Problem

No clear budget, confused wants with needs, had vague goals without structure or timeline.

### The Solution

Created her first budget, set SMART goals, and established dedicated savings funds for specific purposes.

### The Results

After 3 months: save dEuro75 for her course, reduced food spending by 20%, felt more confident about finances.



# Marlena's SMART Goals

## Short-Term Goal

**Specific:** Enrol in online branding course

**Measurable:** Course fee is Euro100

**Achievable:** Save Euro25/month for 4 months

**Relevant:** Enhances freelance skills

**Time-bound:** Complete in 4 months

**Method:** Created "Branding Course Fund" jar, brought lunch from home 3 days weekly

## Long-Term Goal

**Specific:** Buy Adobe Creative Cloud license

**Measurable:** Needs Euro300 for 1-year student license

**Achievable:** Save Euro30/month for 10 months

**Relevant:** Professional software enables more freelance work

**Time-bound:** Achieve within 10 months

**Method:** Opened "Adobe Pro Fund" sub-account, automated transfers



# Test Your Knowledge

Challenge yourself with these key questions about budgeting and financial planning:

- 1 What is budgeting primarily about?  
A) Restricting all spending B) Tracking only big expenses **C) Setting goals and making informed decisions** D) Avoiding fun purchases
- 2 Which is an example of income for young people?  
A) Weekly car payments **B) Earnings from digital work, like designing posters** C) Monthly utility bills D) Subscription fees
- 3 What should you prioritise in spending?  
A) Wants before needs B) Irregular expenses only **C) Needs like food, rent, and transport** D) Only entertainment costs
- 4 What does the SMART framework help you do?  
A) Memorise expenses **B) Turn vague ideas into clear, achievable goals** C) Create purchase lists D) Avoid all spending