# Application Activity: Managing Finances

**Name**: Tshedimoso Segona

**Part 1: Self-Reliance**

1. Give **at least two** reasons why the self-reliant approach to finances can lead to greater peace and stability for you. Use at least one specific example from the course reading or your own life to support each reason in your response.
2. Reason 1: This approach to finance can lead to greater peace because it encourages me to live a lifestyle that does not push me into debt. By being self-reliant, i take control of my finances and make decisions based on my own means, reducing unnecessary stress or worry about not being able to meet financial obligations.
3. Example from the course or your life to support this reason: For instance, when I decided to create a budget and stick to it, I found myself not relying on credit cards as much. This reduced the constant stress I had and allowed me to save money more effectively, which gave me peace of mind.
4. Reason 2: Being self-reliant financially builds resilience and gives you more control over your future. By managing your finances carefully, I am able to handle unexpected situations, such as emergencies or changes in income, without feeling panicked or unprepared.
5. Example from the course or your life to support this reason: Enter response here
6. Give one reason why interest can hurt your finances. Use at least one specific example from the course reading or your own life to support your response.
7. Reason: Interest can greatly increase the amount you end up paying, which makes it harder to save or invest in other areas of your life. Interest compounds over time, leading to now wanting more expensive things that can stretch your finances thin.
8. Example from the course or your life to support this reason: I once had an interest on nails and not just nails but really good looking nails and the better they look the more they cost This took away from my ability to save for other things, like emergencies or investments.

## Part 2: Open and Download Needed Files for the Budget

1. **Open** your Expense Tracker Excel file. You were instructed to track all expenses and income for two weeks.
   1. If you had access to a bank, you didn’t need to track expenses on the Expense Tracker file. It is now time to obtain a bank report of your recent account activity.
2. **Download** the [Budget Template](https://resourcecenter.byupathway.org/file/pc101/pc101-document-budgettemplate.xlsx) Excel file. You will not turn in your actual budget but use it to honestly answer the questions at the end of this document.
   1. If you do not have an income and you spend no money, you should still complete Parts 3, 4, and 5 of this assignment. Imagine an income and expenses. Use this as an opportunity to practice using a budget.

## Part 3: Enter Income Sources and Budget Categories

1. On the budget template, enter the start and end dates for your budget. This is typically the first of the month to the last day of the month or payday to payday. The budget needs to span one month.
2. In column A, starting in row 10, list all your income sources for the coming month.
3. Then in column B, give your best estimate of the amount of money you expect to earn from each source.
4. Consider the list of expense categories in column D, and the categories you used in your Expense Tracker. Modify the categories to best fit your situation.
5. Once you have listed your expense categories in column D, use column E to indicate whether each is a fixed or a variable expense. Your responses may differ from those in the example.
6. Now, look at the expenses you tracked for the last two weeks to help you create a budget for the coming month. Even though you have only tracked for two weeks, you can multiply some of these items by 2 to fill a month. Enter the amount you plan to spend in each category in the appropriate cells in column F.

## Part 4. Balance Your Budget

1. Review that the total income you expect to earn is given in cell B8 and the total expenses in cell F8. If the number in cell F8 is more than the number in B8, it means that your planned expenses exceed your total income. Your budget is not balanced.
2. Though there is likely not much you can do to adjust your fixed expenses, look over your variable expenses and make necessary adjustments until your Total Income expected (cell B8) is equal to or only slightly greater than the Total Expenses budgeted (cell F8).
   1. If you can’t balance your budget by adjusting the variable expenses, you will need to consider what fixed expenses you can adjust (i.e. – reducing or canceling services, subscriptions, etc.) or what other income you could acquire.
3. When you finish, your budget should look something like the following.

A screenshot of a cell phone

Description automatically generated

1. Notice this assignment did not ask you to put in any information into columns C and G. Those columns are for you to fill in later. The course will not ask about this, but if you stick to this budget, the actual amounts should generally be equal to or less than the budgeted or expected amounts. It is up to you to manage your finances!

### Part 5: Reflect

Answer the following questions.\*

1. Did you download and complete a budget?

\_\*\_\_Yes

\_\_\_No

1. Did you classify each of your expenses as fixed or variable?

\_\*\_\_Yes

\_\_\_No

1. Did you adjust the budget so your expenses did not exceed your income?

\_\_\_Yes

\_\*\_\_I didn’t need to

\_\_\_No

1. Describe at least one challenge to keeping a budget where your expenses do not exceed your income.

If I had cash on me , I just spend without thinking or considering my plan or the future.

1. Describe at least one way to overcome this challenge.

Pray and never carry cash.

# Submission Instructions

Just submit this document to the course for grading and feedback. You do not need to submit the budget that you completed.

\*For questions 15-17, if you already have a budget that tracks expenses as fixed or variable, you may use that for reporting responses.