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# MODULE 5: COMMON ERRORS IN BUDGET MANAGEMENT

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*„ANNUAL INCOME TWENTY POUNDS, ANNUAL EXPENDITURE NINETEEN SIX,  
RESULT HAPPINESS. ANNUAL INCOME TWENTY POUNDS, ANNUAL EXPENDITURE  
TWENTY POUND OUGHT AND SIX, RESULT MISERY”*

*CHARLES DICKENS*

**ACADEMY OF HOME ECONOMICS** AGREEMENT NO. 2019-I-PL01-KA204-065804



# WHAT WE ARE GOING TO LEARN?

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**To give the necessary tools and knowledge in the field of errors in the management of the family budget to avoid them. To give the necessary tools and knowledge in the field of errors in the management of the family budget to avoid them.**



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# TAKE A SEAT AND WATCH

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[Kids are funny about money - YouTube](#)



## WHY WE NEED A MONEY?

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- Human beings need money to pay for all the things that make your life possible, such as shelter, food, healthcare bills, and a good education.
- You don't necessarily need to be Bill Gates or have a lot of money to pay for these things, but you will need some money



# **COMMON ERRORS IN BUDGET MANAGEMENT**

## **I. NOT BUDGETING**

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- The greatest financial misstep you can make is to spend without a budget. If you don't establish a plan for how to spend your money every month, you are likely living in between financial crises, or at the very least, overspending in a way that could eventually put you in debt. In addition, you probably aren't saving for important financial goals, such as saving for a home or retirement**



# **COMMON ERRORS IN BUDGET MANAGEMENT**

## **2. NOT HAVING A CATEGORY FOR EMERGENCIES**

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- **Emergencies and the resulting surprise expenses are an unavoidable part of life. The only way to prepare for the unknown is to acknowledge that things happen and to build up of a financial cushion. Car or home repairs, etc.**



# COMMON ERRORS IN BUDGET MANAGEMENT

## 3. THINKING YOU CAN LIVE WITHOUT FUN

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- **Sure, you can save a ton of money if you only sit in a dark room and drink water. But how long can you keep that up? This budget will 100% fail. Besides, a budget is about taking control of your finances so you can spend your hard earned money on things that actually matter to you. It's about living the life you want to live. If you cut out fun then what's the point?**
- **A general rule of thumb is to budget between 5% and 10% of your paycheck for fun. This might change depending on emergencies or big saving goals, but the important lesson is to make sure that you factor in some number here.**



# COMMON ERRORS IN BUDGET MANAGEMENT

## 4. FAILING TO REVISIT YOUR BUDGET

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- **As your financial situation changes, so should your budget. Did you get a raise? Change the budget. Did you spend a lot of money on gifts? Change the budget. Sign up for a cool new service that delivers a fancy cheese to your doorstep once a month? I mean, cool, but change the budget.**





# COMMON ERRORS IN BUDGET MANAGEMENT

## 5. OVERCOMPLICATING YOUR BUDGET PROCESS

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- **Don't reinvent the wheel! There are a ton of cool tools out there to make budgeting easier. Use simple templates, for example those we are going to present later in our course.**



# COMMON ERRORS IN BUDGET MANAGEMENT

## 6. FAILING TO NEGOTIATE

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- **Before you cancel your cable service or skip out on a coffee, try negotiating down your bills or shopping around for better deal.**



# COMMON ERRORS IN BUDGET MANAGEMENT

## 7. FOCUSING TOO HEAVILY ON SAVING

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- **Here are two sides to every budget; what you spend and what you earn. Which is easier; cutting another EUR 100 from an already thin budget or figuring out how to earn an extra EUR 100 a month?**



# COMMON ERRORS IN BUDGET MANAGEMENT

## 8. MAKING UNINFORMED GUESSES

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- Imagine if you went to check your bank balance and the receipt said: "You have around 1,000EUR"
- Around? Not cutting it. You want to know exactly how much money you have. Heck, if banks allowed more than 2 decimal places, that's what I would want to see.
- When it comes to making our budget sometimes we let the rough guesses slide. "Electric bill is usually around this" or "I spend about that on food." These estimates can be wrong and the discrepancies can add up into being hundreds of dollars off from your expected expenses. The result: an avoidable budget crunch.



# BUDGET PLANNING

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- In this part we will learn How to make home budget



# TAKE A SEAT AND WATCH THE VIDEO

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- [How to Create a Household Budget 💰 - YouTube](#)



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# MARIA CASE STUDY

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- Read story of Maria



# MARIA CASE STUDY

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- Prepare her budget





# MARIA CASE STUDY

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- Answer the questions



# MARIA CASE STUDY

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- Prepare similar budget for yourself.
- Think about you monthly incomes and costs.



# MARIA CASE STUDY

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- Find on the Internet one good example and one bad example of home budget



# COMMON ERRORS IN BUDGET MANAGEMENT

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- Now you know Common Errors in Budget Management
- You know how to create a own budget and what you have to focus on
- You know a good and bad example of home budget



# THE END

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**If money is your hope for independence you will never have it. The only real security that a man will have in this world is a reserve of knowledge, experience, and ability**

Henry Ford