

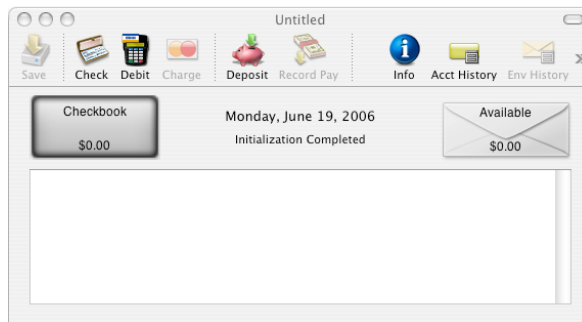
How a Teen can use "Budget" to manage their money

Parents, you can use "Budget" to teach your teen how to manage their allowance and/or part-time job income, and eventually to manage a checking account. As your teen works through this tutorial, they'll learn to think ahead and decide where they want to spend their money BEFORE they spend it.

For the first part of this tutorial, your actual money can reside anywhere -- in a bank account, in real envelopes, or in your pocket -- it doesn't matter. Later in the tutorial, you'll learn how to work with a "real world" checking account.

You will create "virtual" envelopes and distribute your existing money into these envelopes so that it is set aside for certain expenses or savings. When you spend and deposit money, you will record it in the appropriate envelope. On Budget's colorful main window, you will see at a glance the total amount of money they have and also how much is left in each of their expense and savings envelopes.

To start "Budget", double click on the Budget application icon. Click the "Cancel" button on the Budget "Setup Assistant" window, because we will not be using it. The main Window appears.



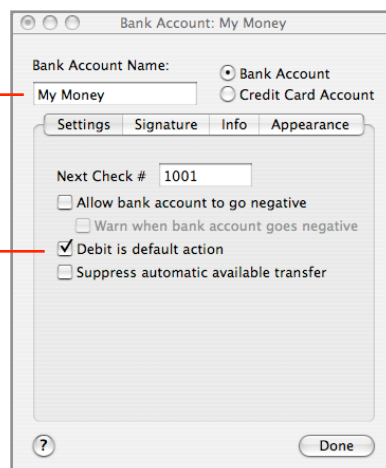
At the top left is an "Account" box, which defaults to "Checkbook". The lower section is currently empty, but it will hold the envelopes that you will create to set aside portions of your money for expenses. We'll explain the "Available" envelope later.

Setting up your "Account":

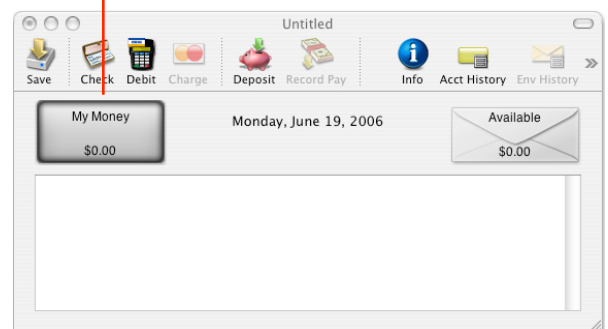
Since we are not using a "real world" bank account right now, the first thing to do is set up a "virtual account" by renaming the "Checkbook" account to something like "My Money" or "John's Income." Click the toolbar "Info" icon. The account information window appears.

Change "New Account" to "My Money".

Check the box next to "Debit is the default action."



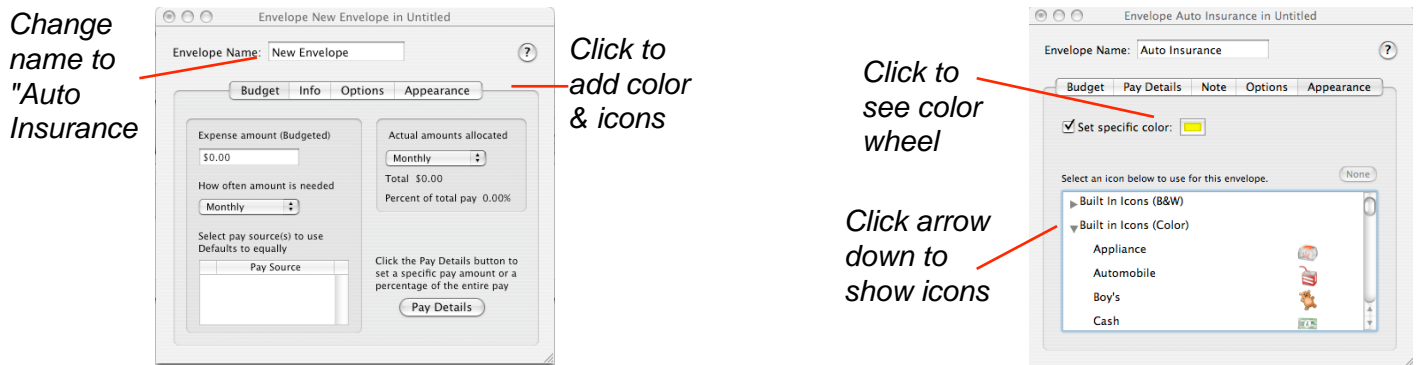
Notice that the account box on the main window changed to "My Money".



Creating Envelopes

You can create as many envelopes as you like. For this exercise we'll create 5 envelopes: Auto Insurance, Gas, Entertainment, Clothes, and Savings.

To create the first envelope, from the ENVELOPES menu, select "New Envelope." A "New Envelope" information window appears. Change the name of the envelope to "Auto Insurance". (Ignore the "Budget" tab info.)



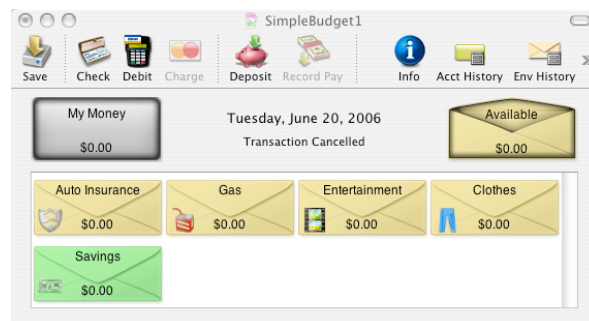
You may want to personalize your envelope by applying color and an icon (optional). Click on the "Appearance" tab, and on the "Appearance" window, check the box next to "Set specific color" and then click in the rectangle to bring up the color wheel and select a color for that envelope.

In the table at the bottom click the little black arrow next to "Built in Icons (Color)" so that it points down. A list of icons appear that can be placed on the envelope. Scroll down a bit and select "Insurance." Notice that the insurance icon appears on the "Auto Insurance" envelope on the main window.

Close the "Envelope Information" window by clicking on the red button on the top left.

Repeat this procedure for the remaining envelopes. You might use the Automobile icon for the "Gas" envelope, the Entertainment icon for the "Entertainment" envelope, the Clothes Icon for the "Clothes" envelope, and the cash icon for the "Savings" envelope.

Now all your personalized envelopes are on the main window just waiting to receive your money.



Distributing starting money to envelopes:

You will now enter the amount of "My Money" you currently have to start with and then distribute it into your envelopes.

Without selecting any envelopes, click the "Deposit" icon on the toolbar. The split deposit window will appear.

Fill out the top part of the form as shown below (for this exercise we'll use a starting amount of \$500). Next, distribute portions of the \$500 to the envelopes that are listed down the left side.

Double click on the amount next to "Car Insurance" and enter \$300. Notice as an amount is entered, a message on the lower part of the window relays the amount remaining to be distributed.

Next, distribute \$60 to the "Gas" envelope, \$50 to the "Entertainment" envelope, and \$50 to the "Savings" envelope in the same way. If you don't want to set aside all of your money for expenses, you should put the remaining \$40 into the "Available" envelope. After all the money has been put into envelopes (including the Available envelope), click "Record". (The Record button will stay dimmed until you have distributed the entire amount of \$500.)

Enter your starting information here

List of your envelopes

Tells you how much is left

Amount to place in each envelope

Envelope	Amount	From	For
Available	\$0.00		
Auto Insurance	\$300.00		
Gas	\$60.00		
Entertainment	\$50.00		
Clothes	\$0.00		
Savings	\$50.00		

Amount remaining to be distributed \$40.00 (Must be zero)

The main window now shows that there is a total of \$500 in the "My Money" account, and that amount includes \$460 that has been set aside for expenses & savings, and \$40 that is "available" for other uses.

Your total amount of money

\$40 Not set aside

\$460 set aside for expenses

Envelope	Amount
My Money	\$500.00
Available	\$40.00
Auto Insurance	\$300.00
Gas	\$60.00
Entertainment	\$50.00
Savings	\$50.00
Clothes	\$0.00

Depositing money:

You receive \$50 for your birthday and you want to save it to buy clothes.

First select the "Clothes" envelope and then click the "Deposit" icon on the toolbar. Enter the information in the Deposit window as shown and click RECORD.

*Total amount
increases*

*Envelope amount
increases*

Deposit for Untitled

My Money \$500.00

Clothes \$0.00

Received From: 2/21/2006

Grandmon \$50.00

For: Birthday Tax Item Remind

Record & Repeat Cancel Record

SimpleBudget1

Save Check Debit Charge Deposit Record Pay Info Acct History Env History

My Money \$550.00

Tuesday, June 20, 2006

Available \$40.00

Deposit made to My Money

Auto Insurance \$300.00 Gas \$60.00 Entertainment \$50.00 Clothes \$50.00

Savings \$50.00

The changes will be shown on the main window, and both the total of "My Money", and the "Clothes" envelope will be increased by the amount of the deposit.

To make a deposit to more than one envelope at the same time, such as when you receive your periodic allowance or a paycheck for a part-time job, use the same method as described in the previous section, "Distributing Starting Money to Envelopes". The split deposit window will appear, and you'll be able to distribute your income to all your envelopes at one time.

Spending money:

You go to the movies and spend \$12.00.

First select the "Entertainment" envelope by clicking it once, and then click the "Debit" icon on the toolbar. Enter the information in the Debit window as shown and click RECORD.

*Total amount
decreases*

*Envelope amount
decreases*

Debit for Untitled

My Money \$550.00

Available \$40.00 Entertainment \$50.00

Pay To: 2/21/2006

Regal Movie Theater \$12.00

For: Star Wars Tax Item Remind

Memo:

Record & Print Record & Repeat Cancel Record

SimpleBudget1

Save Check Debit Charge Deposit Record Pay Info Acct History Env History

My Money \$538.00

Tuesday, June 20, 2006

Available \$40.00

Debit written from Entertainment

Auto Insurance \$300.00 Gas \$60.00 Entertainment \$38.00 Clothes \$50.00

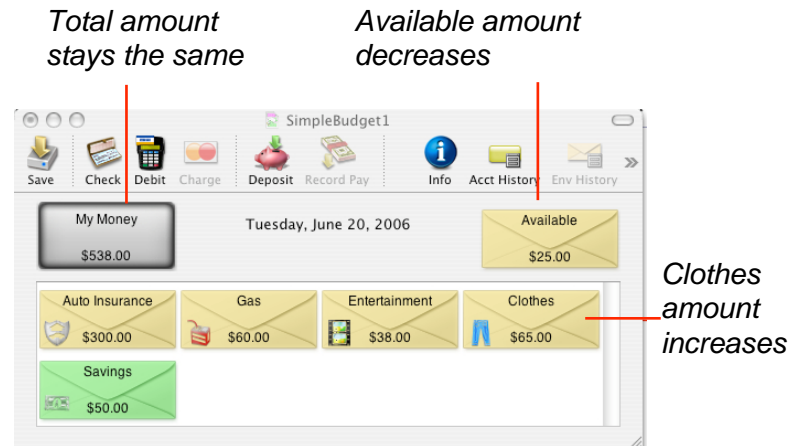
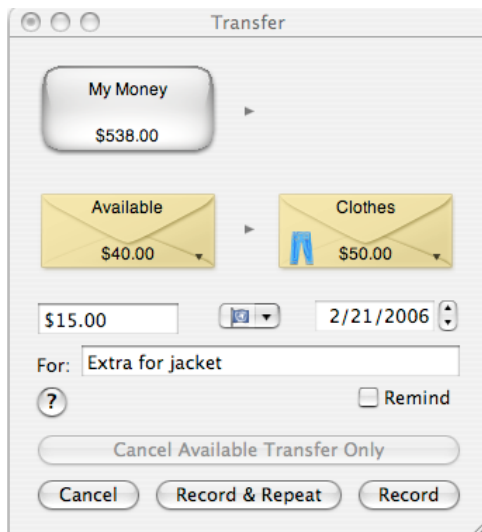
Savings \$50.00

The changes will be shown on the main window, and both the total of "My Money" and the "Entertainment" envelope will be reduced by the \$12.00 that was spent.

Transferring money:

Money can be transferred between any envelopes (including the "Available" envelope). For example, you want to buy a new jacket that costs \$15 more than the \$50 you have in your "Clothes" envelope. Since there is money in the "Available" envelope that is not set aside for anything else, you may decide to use it for clothes.

To do this, drag from the "Available" envelope to the "Clothes" envelope (Place the mouse over the "Available" envelope and while holding the mouse down, move the mouse to the "Clothes" envelope and release it). The Transfer window will be displayed. Fill out the Transfer as shown and click RECORD. The changes will be shown on the main window.



Total amount stays the same

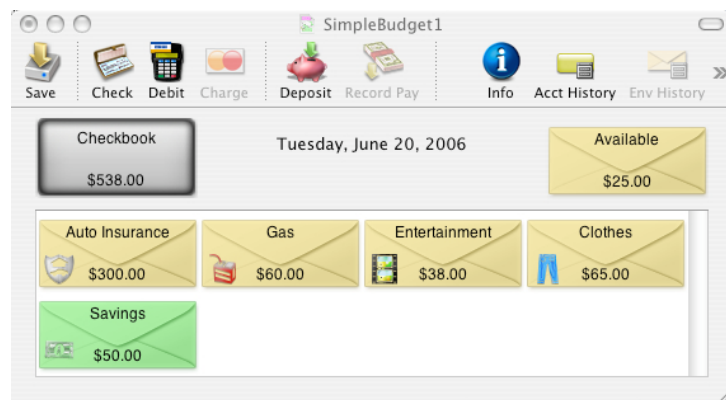
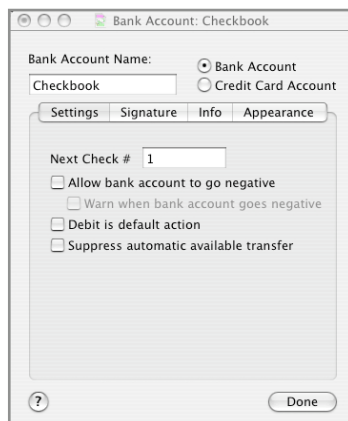
Available amount decreases

Clothes amount increases

Managing a Checking Account:

Now that you've learned how to create envelopes and work with a "virtual" account, the next step is to learn how to use "Budget" to manage a "real-world" checking account. Let's assume you go to the bank, open a checking account, and deposit your \$538.

The first thing to do in "Budget" is to change the name of your account. Click the toolbar "Info" icon to see the "bank account information" window. Change the name from "My Money" to "Checkbook" or the name of your bank. You will be writing checks from this bank account, so you should uncheck the "Debit is default action" checkbox. Set the number of your first check in the "next check" field (we'll use "1" for this exercise).



Notice that the account box on the main window changed to "Checkbook" and shows the balance of \$538. Close the Checkbook "Account Information window" by clicking "Done".

Entering Transactions

When you use "Budget" to track and manage your "real-world" checking account, you must accurately enter and record all transactions in the "Budget" program, just like you would have recorded all the transactions in your checkbook register. Then when you receive your bank statement at the end of the month, you'll be able to easily reconcile your checking account using "Budget's" balance function.

At the same time that you are managing your checking account, you will also be managing your budget. To enter and record deposits, checks, debits, and ATM withdrawals, FIRST SELECT the appropriate envelope and then from the "Transaction" menu, select the appropriate transaction or use the toolbar icons.

As an example, you spend \$20 to fill your car with gas and use your debit card. To record the transaction in "Budget", first select the "Gas" envelope, then click the debit icon on the toolbar, and fill out the "Debit" window as shown. Click RECORD when done.

Debit for SimpleBudget1

Checkbook \$538.00 Available \$25.00 Gas \$60.00

Pay To: 6/20/2006

Shell \$20.00

For: Gas Tax Item Remind

Memo:

? Record & Print Record & Repeat Cancel Record

Next, you purchase a new jacket and write a check for \$65. First select the "Clothes" envelope, then click the check icon on the toolbar, and fill out the "Check" window as shown. Click RECORD when done.

Check for SimpleBudget1

Checkbook \$518.00 Available \$25.00 Clothes \$65.00

Pay To: Eddie Bauer Ident: 1 6/20/2006 \$65.00

For: Jacket Tax Item Remind

Memo:

? Record & Print Record & Repeat Cancel Record

You withdraw \$15 from the ATM to go to a movie. First select the "Entertainment" envelope, from the "Transaction" menu, select "ATM" and fill out the ATM window as shown. Click RECORD when done.

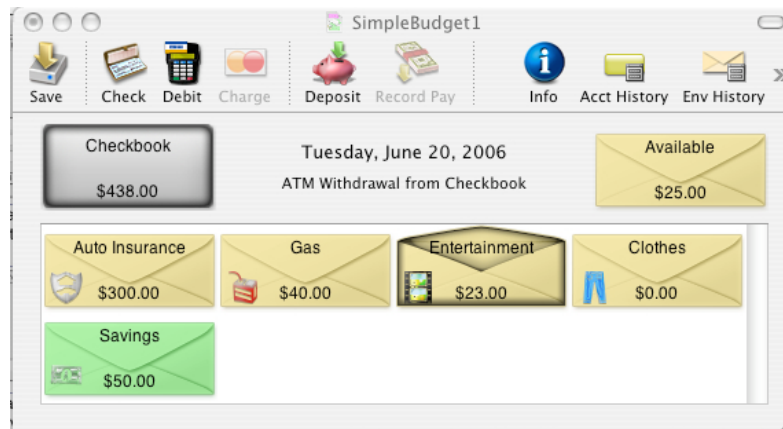
ATM for SimpleBudget1

Checkbook \$453.00 Available \$25.00 Entertainment \$38.00

Amount: \$15.00 6/20/2006 Cancel

For: Movie Remind ? Record

Now look at the main window -- the "Gas", "Clothes", & "Entertainment" envelopes have decreased by the amount of each transaction, and the Checkbook account has decreased \$100 --- the total of the 3 transactions. The money in the "Auto Insurance" and "Savings" envelopes is still the same.

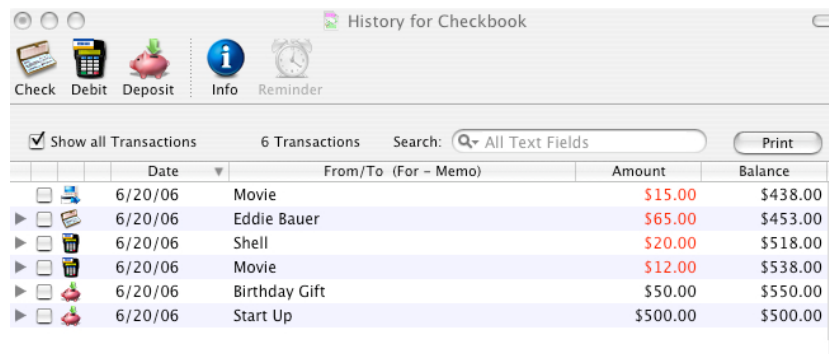


Account History (Checkbook Register)

Up until now, you have been adding transactions to Budget and watching how things change on the main window. But what about the transactions themselves, where are they, how can you see what you have done?

You can view all transactions in your Checkbook account -- this is similar to a checkbook register. On the toolbar, click the "Acct. History" icon, and make sure the "Show all Transactions" checkbox is checked.

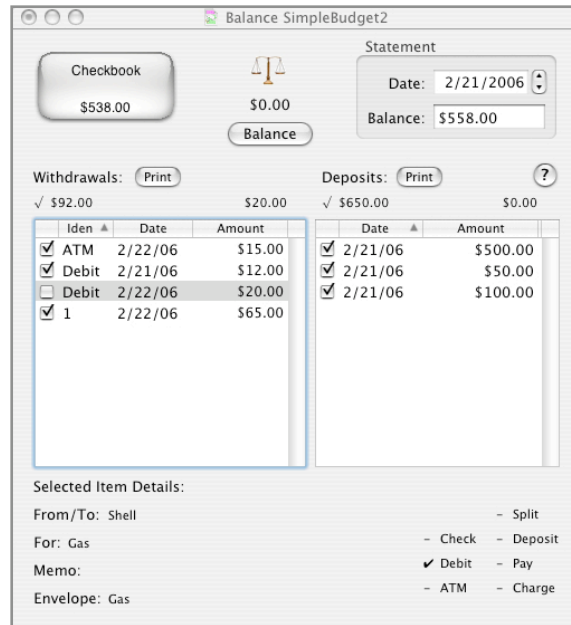
You can also view the history of any envelope -- just select the envelope, then click on the "Env. Hist icon on the toolbar.



Balancing your Account

Normally each month your bank will send you a statement showing your account activity during the month. The statement will show your current balance and the expenses (checks, debits, ATM, etc.) and deposits that have been processed by the bank (cleared).

You should balance your Checkbook account when you receive each bank statement to insure that there have not been any mistakes or omissions by either you or the bank. This process is called "reconciling your account", and its a lot easier when you use "Budget" to do it. on the Main window, click the "Balance" toolbar icon.



From the information on your bank statement, enter the statement date and ending balance in the box at the top right of the "Balance" window.

Check off each expense that is shown on the statement in the table on the left. Check off each deposit that is shown on the statement in the table on the right.

If both you and the bank have made no mistakes, then the "balance" icon should be level, the amount shown below it will be \$0.00 and the "Balance" button will be enabled. If that is the case, click the "Balance" button under the "balance" icon.

"Budget" will remove the balanced items from this window, mark all of the balanced transactions in your history windows with a "balanced" icon, place the log message in the account's history, and close the window.

But what if the "balance" icon is not level? Check each amount in the tables with each amount shown in your bank statement, are they all correct? If you made an error double click the transaction in the table to bring up the transaction editor to correct the amount. Are there any transactions shown on the bank statement that are not shown in the tables? Enter the transactions (in the proper envelope).

Why Use "Budget"?

The best place to teach budgeting concepts to your teen is at home, before they go to college or move away. Using "Budget" is a fun and visual way for teens to learn to "think before they spend" and to "live within their means." When they are ready to open their own checking account, "Budget" makes it easy & fun to record transactions and balance the account.

Saving the Budget File:

Once your teen has set up their own budget file, they should save their work. If they have made changes to their budget and try to quit, Budget will warn them and ask them if they want to save their changes. Click the "Save Changes" button, and give the file a name, and save it to an appropriate place or the Desktop.