

## How a Child can use "Budget" to manage their money

Parents, you can use "Budget" to teach your child how to manage their money. They'll learn to think ahead and decide where they want to spend their money BEFORE they spend it.

The actual money can reside anywhere -- in a bank account, in real envelopes, or in their pocket -- it doesn't matter. They will create "virtual" envelopes and distribute their existing money into these envelopes so that it is set aside for certain expenses or savings.

When they spend and deposit money, they will record it in the appropriate envelope. On Budget's colorful main window, they 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.



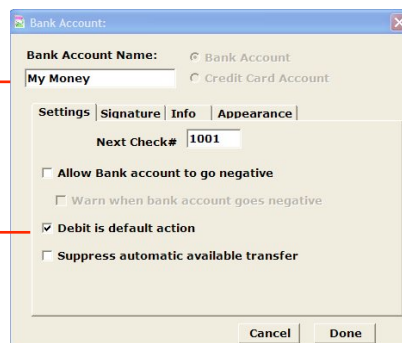
At the top left is an "Account" box, which defaults to "Checkbook". The lower section is currently empty, but it will hold the envelopes that your child will create to set aside portions of their money for expenses. We'll explain the "Available" envelope later.

### Setting up your "Account":

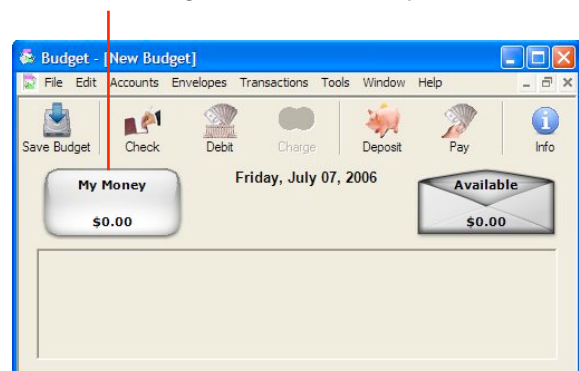
Since we are not using a bank account, the first thing to do is set up a "virtual account" by renaming the "Checkbook" account to something like "My Money" or "John's Allowance". Click the toolbar "Info" icon. The account information window appears.

Change "Checkbook" to "My Money".

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



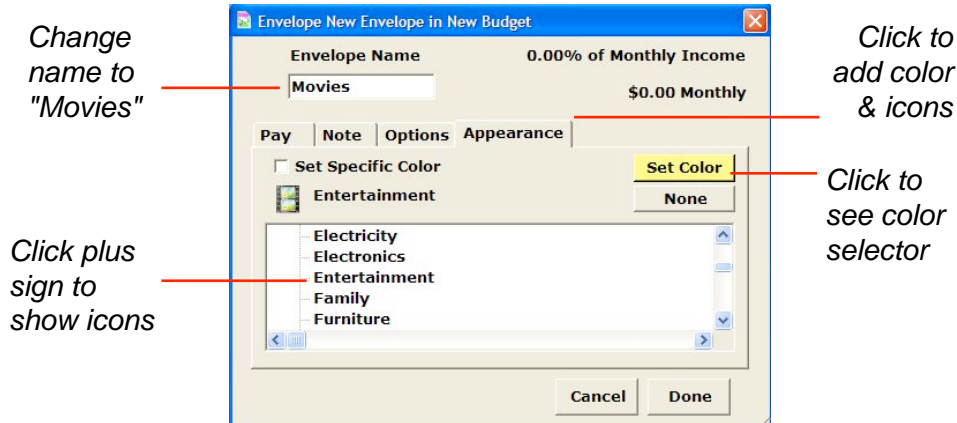
Notice that the account box on the main window changed to "MY Money"



## Creating envelopes

Your child can create as many envelopes as they like. For this exercise we'll create 5 envelopes: Movies, Toys/Games, DVD's, Pet Supplies, 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 "Movies".

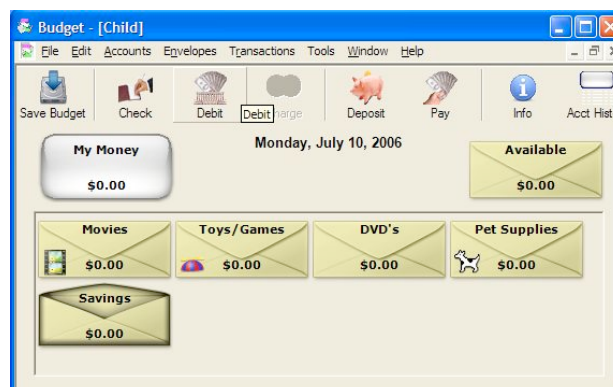


Your child may want to personalize their envelope by applying color and an icon (optional). Click on the "Appearance" tab, and on the "Appearance" window, check the box next to "Set specific color" and then click in the rectangle to bring up the color wheel and select a color for that envelope.

In the table at the bottom click the little black plus sign next to "Built in Icons (Color)". A list of icons appear that can be placed on the envelope. Scroll down a bit and select "Entertainment". Notice that the movie clip icon appears at the top of the table. Click the "Done" button and the icon will show in the envelope on the main window.

Repeat this procedure for the remaining envelopes. The Toys icon might be used for the "Toys/Games" envelope, the Cash icon for the "Savings" envelope, the Pet Icon for the "Pet Supplies" envelope, etc.

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



## Distributing starting money to envelopes:

Your child will now enter the amount of "My Money" they currently have to start with and then distribute it into their envelopes.

With no envelopes selected, 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 \$100). Next, distribute portions of the \$100 to the envelopes that are listed down the left side.

Double click on the amount next to "Movies" and enter \$15. Notice as an amount is entered, a message on the lower part of the window relays the amount remaining to be distributed.

Next, distribute \$20 to the "Toys/Games" envelope, and \$20 to the "Savings" envelope in the same way. If your child doesn't want to set aside all of their money for expenses, they should put the remaining amount 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 \$100.)

*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	\$45.00		
Movies	\$15.00		
Toys/Games	\$20.00		
DVD's	\$0.00		
Pet Supplies	\$0.00		
Savings	\$20.00		

Amount remaining to be distributed: \$0.00 (Must be zero)

The main window now shows that there is a total of \$100 in the "My Money" account, and that amount includes \$55 that has been set aside for expenses & savings, and \$45 that is "available" for other uses.

*Your total amount of money*

*\$45 not set aside*

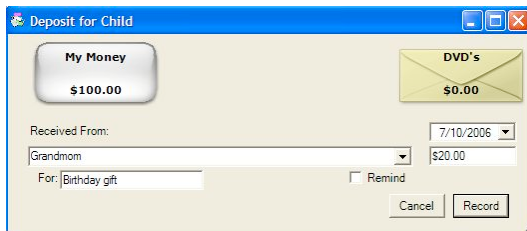
*\$55 set aside for expenses*

Envelope	Amount
My Money	\$100.00
Available	\$45.00
Movies	\$15.00
Toys/Games	\$20.00
DVD's	\$0.00
Pet Supplies	\$0.00
Savings	\$20.00

## Depositing money:

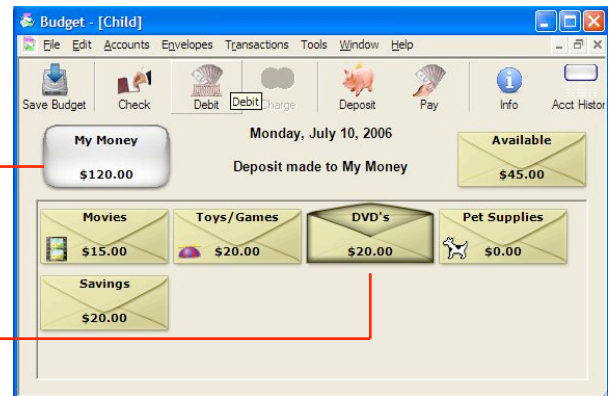
Your child receives \$20 for their birthday and wants to save it to buy some DVD's.

First select the "DVD" 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*



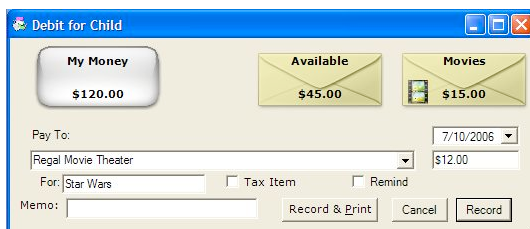
The changes will be shown on the main window, and both the total of "My Money", and the "DVD's" envelope will be increased by the amount of the deposit.

To make a deposit to more than one envelope at the same time, such as when the child receives their periodic allowance, use the same method as described in the previous section, "Distributing Starting Money to Envelopes". The split deposit window will appear, and the child will then be able to distribute their allowance to all their envelopes at one time.

## Spending money:

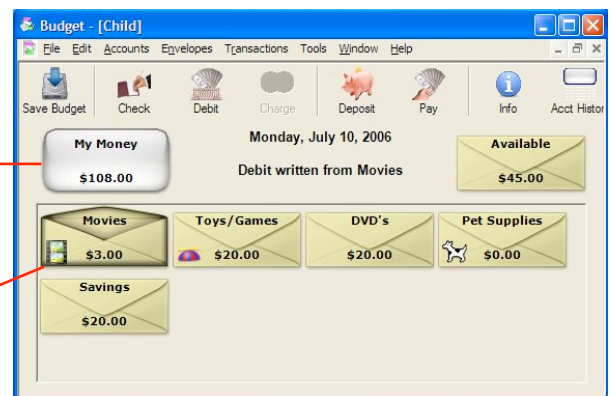
Your child goes to the movies and spends \$12.00.

First select the "Movies" 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*



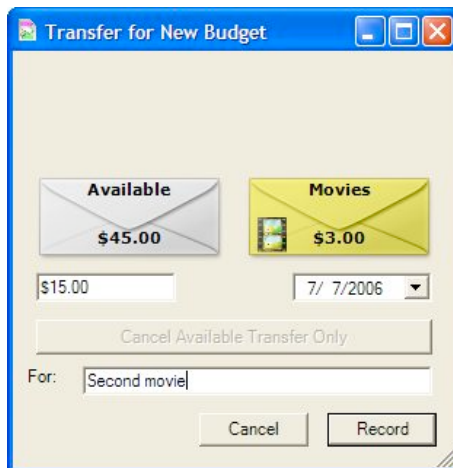
The changes will be shown on the main window, and both the total of "My Money" and the "Movies" envelope will be reduced by the \$12.00 that was spent.

## Transferring money:

Money can be transferred between any envelopes (including the "Available" envelope). For example, your child wants to see a movie, but doesn't have enough in the "movie" envelope. Since there is money in the "Available" envelope that is not set aside for anything else, your child may decide to use it to go to the movies.

To do this, drag from the "Available" envelope to the "Movies" envelope (Place the mouse over the "Available" envelope and while holding the mouse down, move the mouse to the "Movies" envelope and release it). The Transfer window will be displayed.

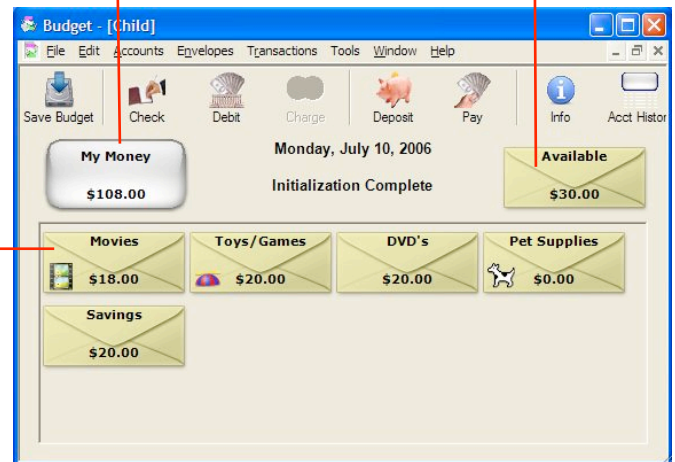
Fill out the Transfer as shown and click RECORD. The changes will be shown on the main window.



*Total amount stays the same*

*Available amount decreases*

*Movie amount increases*



## Why Use Budget?

The best place to teach budgeting concepts to a child is at home, and the best time to start is when they are young. Children who are "visual" and who enjoy using computers will have "fun" learning to "think before spending" and to live within their means. A child will enjoy having their own Budget file, especially if they also see their parents using "Budget" for the family budget.

## Saving the budget file:

Once your child 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.