

# Learning objectives

By the end of this lesson, you will be able to...

- 1. Understand the purpose of cash flow planning.
- 2. Explain the difference between a cash flow statement and a budget.
- 3. Write a check.

#### Key terms

: A written cash flow plan
: A summary that shows total income and spending
for a given time period
: An item that is bought without previous planning or
consideration of the long-term effects

### Cash flow vs budget

▶ What is the Difference Between a Cash Flow Statement and a Budget? A cash flow statement \_\_\_\_\_ all the income and spending over a certain time period. A budget is a \_\_\_\_\_ for saving, giving and spending. The cash flow statement shows what you have already spent, and a budget is a proactive plan of what will take place.

### Why are budgets important?

- ► A budget makes sure you have enough money each month to cover your expenses.
- ► They also makes sure you have enough money to cover your living expenses once you \_\_\_\_\_.
- ► It will also help you reach your \_\_\_\_\_ (either small or large purchases).
- A budget will help you to avoid making too many \_\_\_\_\_\_

TRANSPORTATION

Budgeted

Charity

Charity

Charity

Cher:

SAVING

College

Car & Repairs

Computer

Other:

SAVING TOTAL:

FOOD

Budgeted

Restaurants / Eating Out

School Lunch / Snacks

FOOD TOTAL:

FOOD TOTAL:

FOOD TOTAL:

Clothes

Sports Jerseys / Apparel

CLOTHING TOTAL:

Manifold Total:

FOOD Modgeted

Concerts

Sports Jerseys / Apparel

CLOTHING TOTAL:

Montibly Income

TRANSPORTATION

Budgeted

Car Insurance

Oil Changes

License & Taxes

TRANSPORTATION TOTAL:

PERSONAL

Budgeted

Cosmetics / Hair Care

Music / Technology

Gifts

Pocket Money

Cell Phone

Other:

Sports Jerseys / Apparel

Concerts

Sporting Events

Charity

TRANSPORTATION

Budgeted

Car Insurance

Oil Changes

License & Taxes

TRANSPORTATION

Budgeted

Cosmetics / Hair Care

Music / Technology

Gifts

Pocket Money

School Lunch / Snacks

FOOD TOTAL:

TRECREATION

Recreation TOTAL:

RECREATION TOTAL:

RECREATION TOTAL:

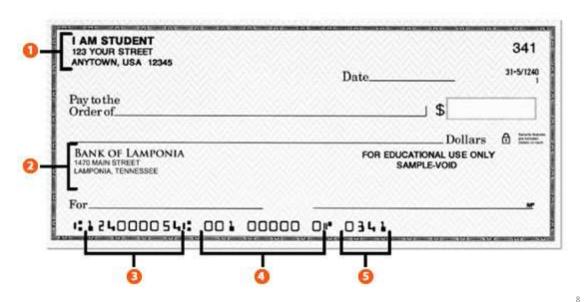
TRECREATION TOTAL:

5

## Writing a check

- ► Parts of a check
  - 1. Name and address of account holder
  - 2. Bank name and branch location
  - > 3. Nine-digit ABA (routing) number
  - ▶ 4. Account number
  - ▶ 5. Check number

## Writing a check



#### Writing a check

- **1.** \_\_\_\_\_: Write out the month, day, and year.
- 2. \_\_\_\_\_\_: This is the person or business to which you are writing the check.
- **3.** \_\_\_\_\_: This is the numerical amount of the check you are writing.
- **4.** \_\_\_\_\_: The written out amount of the check. For example, \$108.34 would be written as: One Hundred Eight Dollars and 34/100's.
- **5.** \_\_\_ (or "Memo"): Description of what the check is paying for, such as account numbers, "cable bill," "electric bill," "groceries," etc. (This is optional.)
- **6.** \_\_\_\_\_: Must match the name of the account holder listed at the top of the check.

#### Writing a check

I AM STUDENT 123 YOUR STREET ANYTOWN, USA 12345	Date March 13, 2013	341
Pay to the Popular Grocery Store	\$ 52.17	
FIFTY TWO dollars and 17/100——————————————————————————————————	FOR EDUCATIONAL USE ON	0.00
1470 MAIN STREET LAMPONIA, TENNESSEE	SAMPLE-VOID	
	John Student	

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#### At the bank

https://youtu.be/dIZWqIv\_flA

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# Learning check

- 1. What is the purpose of cash flow planning?
- 2. Explain the difference between a cash flow statement and a budget.
- 3. Can you write a check?

## journal

In your journal, please answer the following question:

1. What do you think is most challenging when it comes to keeping a monthly budget?

Activity: write a check