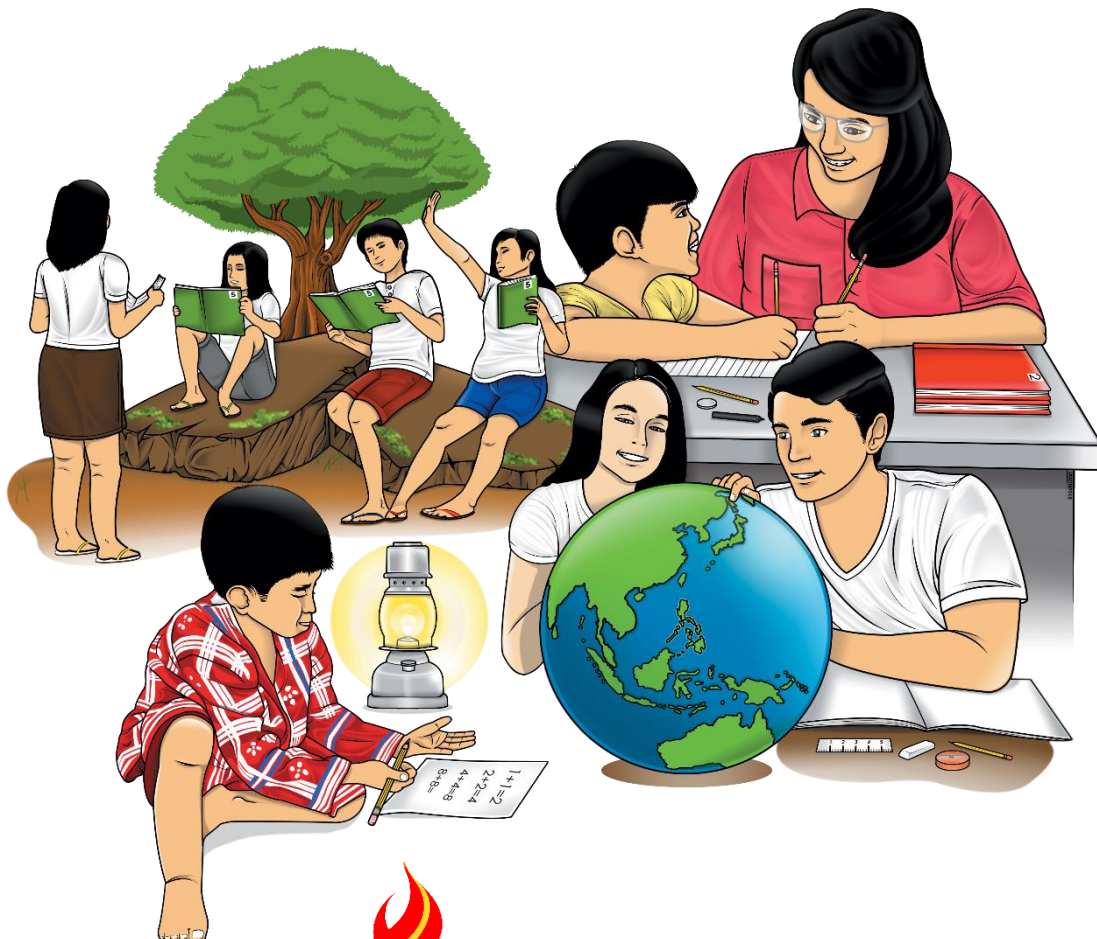


6

Technology and Livelihood Education

Home Economics

Module 3: Preparing and Allocating of Family Budget



TLE (HE) – Grade 6
Alternative Delivery Mode
Module 3: Preparing and Allocating of Family Budget
First Edition, 2020

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Development Team of the Module		
Writer:	Lotis V. Soriano	Armelyn T. Agustin
Editors:	Gorgonio A. Batilaran Jr. Jelyn Joy M. Avelino	Rhodaly G. Delcano, Robert V. Aguirre
Reviewers:	Marvic S. Martinez Joan C. Adoyogan	Jocelyn D. Sunsona
Illustrator:	Rolly A. Ditan	
Layout Artists:	Mark R. Delatina Lourdes Eleanor M. Miranda Ma. Dianne Joy R. dela Fuente	Jackielyn S. Cabangal, Dean Pierre H. Besana
Management Team:	Ramir B. Uytico, Elena P. Gonzaga, Celestino S. Dalumpines IV Jocelyn D. Sunsona	Pedro T. Escobarte Donald T. Genine Marvic S. Martinez Joan C. Adoyogan

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Department of Education – Region VI

Office Address: Duran Street, Iloilo City, 5000
Telefax: (033) 509-7653 (033) 336-2816
Email Address: region6@deped.gov.ph

6

Technology and Livelihood Education

Home Economics

**Module 3: Preparing and Allocating
Family Budget**

Introductory Message

This Self-Learning Module (SLM) is prepared so that you, our dear learners, can continue your studies and learn while at home. Activities, questions, directions, exercises, and discussions are carefully stated for you to understand each lesson.

Each SLM is composed of different parts. Each part shall guide you step-by-step as you discover and understand the lesson prepared for you.

Pre-tests are provided to measure your prior knowledge on lessons in each SLM. This will tell you if you need to proceed on completing this module or if you need to ask your facilitator or your teacher's assistance for better understanding of the lesson. At the end of each module, you need to answer the post-test to self-check your learning. Answer keys are provided for each activity and test. We trust that you will be honest in using these.

In addition to the material in the main text, notes to the Teacher are also provided to our facilitators and parents for strategies and reminders on how they can best help you on your home-based learning.

Please use this module with care. Do not put unnecessary marks on any part of this SLM. Use a separate sheet of paper in answering the exercises and tests. And read the instructions carefully before performing each task.

If you have any questions in using this SLM or any difficulty in answering the tasks in this module, do not hesitate to consult your teacher or facilitator.

Thank you.



What I Need to Know

Budget refers to the total amount intended for the expenses of the whole family. The budget of the family must be used wisely and carefully plan to determine how much money will be spent or allocated during a certain period.

This module was designed and written as an instructional material. It will help you master the most essential learning competencies that you should learn inside the classroom setting or home as part of the learner's assignment. It has specific lesson directed to the attainment of learning outcomes. It also follows the standard sequences of the course.

The lesson discusses on how to prepare and allocate budget for a family.

- 1.1.1 food and clothing
- 1.1.2 shelter and education
- 1.1.3 social needs: social and moral obligations (birthdays, baptisms etc.) family activities, school affairs savings/emergency budget (health, house repair)
- 1.2.1 manages family resources efficiently
- 1.2.2 prioritizes needs over wants



What I Know

Before you start, try to answer the following questions. This will help you find out what you already know about the topic discussed in this module.

Directions: Read the following statements carefully. Write **(T)** if the statement is correct and **(F)** if the statement is false. Do this on a separate sheet of paper.

- _____ 1. Small amount of savings should not always be included in the budget.
- _____ 2. Planning of expenses is important because it minimizes the chances of wasteful spending.
- _____ 3. Learn to share household work so that you can save on wages for helpers.
- _____ 4. Wants are more important than needs so limit your spending based on what you want only.

- _____5. Live simply and accordingly to your means.
- _____6. You can give even if you are poor.
- _____7. Always take advantage of discount sales.
- _____8. Follow your family budget religiously.
- _____9. The biggest amount of income is spent for food.
- _____10. Alternative ingredients can be used instead of expensive ones.

Lesson 1

Preparing and Allocating Family Budget

Managing family resources maximizes the best of the available resources of the family. The standard of the family members reflects the budget and distribute the expenditures, comfort and wants. This can be found in ourselves, homes and community. Proper management of resources is important to meet and improve the necessary needs of the family.



What's In

Study the given picture. Tell something about it!



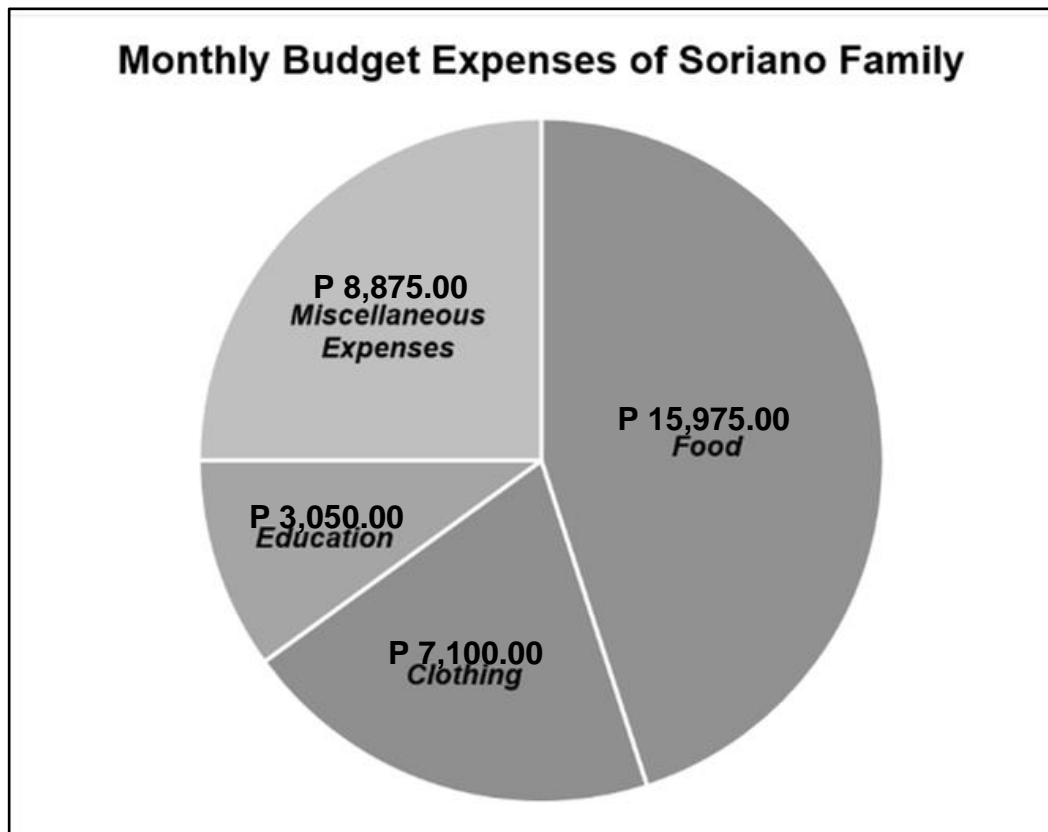
Guide Questions:

1. How many members are there in the family?
2. Why do you think they are happy?
3. Do you think the needs and wants of the children are provided by the parents? Why? or Why not?



What's New

Below is a sample of budget expenses of Soriano family with a monthly income of ₱ 35,000.00. Try to analyze and answer the following questions. Do this on a separate sheet of paper.



Guide Questions:

1. How much is the total income of the family?
2. How much is allotted to food? clothing? education?
3. Did the family spend their income wisely? Why or why not?
4. Which of these expenses are considered wants? needs?



What is It

Budgeting Family Resources

Family budgeting is a wise use of family resources. It is a practical skill which everyone should know and apply in life. Wise budgeting allocates primarily for basic needs. It also provides for emergency funds. This may include the expenses when one gets sick or other urgent needs. Every member should know how to prioritize their needs. He or she should know if what he/she is buying really a need or wants.

In budgeting, there is the 70 – 20 – 10 principle, where 70% of the income goes to family expenses, 20% for savings or investments, and 10% for emergency purposes. This can be monthly depending on the pay schedule of the members. The basic needs of the family include the following:

1. Food	The biggest portion of the family income is spent for food, including the other needs/things bought in the groceries and sari-sari store.
2. Housing	It includes rental fee, real estate taxes, premium on insurances, repair and maintenances.
3. Clothing	This includes all kinds of clothing being used by the family: shoes, socks, handkerchief and others.
4. Education	It refers to tuition fees, books, school supplies and allowances.
5. Payment for Services	It refers to electricity, water, and telephone bills and helper's salary.
6. Savings	It refers to the amount being set aside for emergency expenses or future plans.
7. Miscellaneous Expenses	It includes gifts, medicine and contributions.

Sample Computation of a Family Budget:

Mendoza family is composed of 4 members - the parents and the 2 daughters. Their combined net income is ₱ 24,000.00. Following the 70-20-10 principle of budgeting, their budget can be presented as shown below:

70% of ₱24,000.00 = ₱16,800.00 (Expenses)
20% of ₱24,000.00 = ₱ 4,800.00 (Savings)
10% of ₱24,000.00 = ₱ 2,400.00 (Emergency Fund)

Expenses of ₱16,800.00 are breakdown as follows;

- ₱11,300.00 - food allotment
- ₱3,500.00 - allowances or *baon*
- ₱500.00 - electric bill
- ₱300.00 - water consumption
- ₱1,200.00 - miscellaneous needs

The family wishes to provide priorities to their needs, thus, budget must be strictly observed. When anybody gets sick, the emergency fund may be used. The allotment for savings or investment should not be touched, as much as possible. Later on, the savings may be spent for bigger expenses like appliances, payment for children's tuition, special occasion to celebrate, and other similar purposes.

If the family needs cannot be met by the allotted figures, a little revision may be done. Expenditures may be reconsidered, and adjustments must be made.

Family Expenses

Expenses are things that you buy or pay for. There are different expenses that will satisfy the needs and wants of the family member. Below are the types of expenses you should consider in budgeting your family income.

1. Fixed Expenses	These are expenses which are obliged to pay regularly like monthly payments, insurance premiums, taxes due, or pledges to church or charitable institutions.
2. Variable or Flexibles Expenses	These are expenses that will vary in cost depending on the family's current needs. It varies on monthly expenses of the family.
3. Expenses that are paid for you by your employer	These are special expenses not listed in your budget and differ from one person to the other. It includes expenses from your pay check like withholding tax, GSIS or SSS and Pag-ibig Fund.
4. Emergency Expenses	This includes expenses of unexpected events then corresponding to or such for special occasions or monetary aid for bereaved family.

Factors to Consider in Effective Home Management

The following are some factors to consider in effective home management.

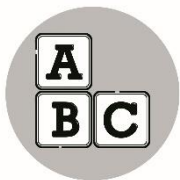
1. **Available family resources.** These are the human and material resources.
2. **Activities of the members of the family.** The choices/duties to be given to each member should fit the schedule of activities of these members so they can be successfully carried out with least conflict with regards to time, energy, and relationship with other members.
3. **Priorities of the family.** These include the goals and objectives in life. It also serves as guide of the family in the management of the activities and target.
4. **The values, attitudes and habits of the family.** It includes the best practices of the family in facing and overcoming problems or situations that may happen anytime at home.
5. **Conditions in the community.** The family is part of the community which include social interactions among the members of the community. It also includes planning and preparation for managing family resources.

Tips in Managing the Family Income Wisely

1. Have a simple living, needs and wants.
2. Prepare simple menu or dish with complete nutritional value requirement.
3. In going to the market or grocery store, bring money just enough to buy the things that are needed.
4. Taking good care of personal things will help you protect it from damaging and destroying things which prevents you from buying things again.
5. Use your creativity to make things functional out of garbage like plastic and metal.
6. Find ways to have fun, leisure and relaxation without spending too much.
7. Walk in going to nearby destination. It is good for your health.
8. Ride in public utility vehicles like *jeepneys* instead of using your own car. That way you can save money for fuel.

Let Us Talk About These!

1. What are to consider in preparing a family budget expenses?
2. What are the tips in managing the family income wisely?
3. How should a family manage their resources/budget income practically?



What's More

- A. Directions: Make a list of your family expenses then classify them as **Needs** or **Wants** using the table below. Do this on a separate sheet of paper.

NEEDS	WANTS
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

- B. Directions: Read and analyze the statement below. Think of ways that you can save in order to lessen the monthly expenses.

1. Gorge has a 1- meter space in their backyard, what can he do in order to cut down their food expenses?
2. The Degoma family lives beside the capitol building which is near the market. Everyday Mrs. Degoma goes to the market to buy. What is the best thing she can do in order to cut down her transportation expenses?
3. Luisa is in college. Her class schedule is only in the morning, what will she do in her free time?

4. Ali is in Grade 6. His family owns a sari-sari store. His mother hires a helper every weekend to look after the store, thus adding to the monthly expenses. In what way can Ali help her mother saves extra money

C. Directions: Answer the following situations below. Write the answer on a separate sheet of paper. Adopt the 70–20–10 principle of budgeting for the following families. Show the recommended breakdown of their expenses.

1. Besana’s Family (with 4 family members)

Combined Net Family Income: ₱70,000.00 a month

Breakdown of Expenses:

Expenses: (70%) _____

Savings: (20%) _____

Emergency Fund: (10%) _____

2. Tubongbanua’s Family (with 5 family members)

Combined Net Family Income: ₱30,500.00 a month

Breakdown of Expenses:

Expenses: (70%) _____

Savings: (20%) _____

Emergency Fund: (10%) _____

3. Binondo’s Family (with 4 family members)

Combined Net Family Income: ₱80,500.00 a month

Breakdown of Expenses:

Expenses: (70%) _____

Savings: (20%) _____

Emergency Fund: (10%) _____



What I Have Learned

Direction: Complete the paragraph below.

The factors to be considered in preparing feasible and practical budget are _____, _____, _____ and _____. In managing family resources the members of the family must learn to _____, _____, and prioritizes _____ and _____.



What I Can Do

Directions: Compute your family income and expenditures. This is confidential, and so do not verbalize or tell it to the class. While doing this you can ask for assistance from your teacher. Evaluate if your family does/does not practice wise spending.

1. How much is the combined income of your family?
2. Following the 70% - 20% - 10% rule, compute the supposed expenditures of your family.
3. Does your family expenses fall within the 70% allotment for family needs?
4. Do you have allotment for savings and emergency needs?
5. If your expenditures are far above the allotted 70%, what measures can you propose to cut down your expenses?



Assessment

Directions: Complete the table below. Prepare and allocate family budget with a monthly net income of Php 35,400.00. Use a separate sheet of paper.

Expenses (Item)	Amount Allocation
Food	₱
Education	₱
Shelter	₱
Utilities	₱
Household Operation	₱
Clothing	₱
Recreation	₱
Savings	₱
Emergency funds	
TOTAL EXPENSES	₱



Additional Activities

Direction: Make a list of tips on how you can help in proper management of family resources.



Answer Key

Assessment

Note: Answers of the learners may vary according to their understanding.

What's More

A. Needs or Wants
Note: Answers of the learners may vary according to their understanding.

B. Note: Answers of the learners may vary according to their understanding.

C. Using 70-20-10 Principle of Budgeting

1. Besana's Family
 Expenses = ₱49,000.00
 Savings = ₱14,000.00
 Emergency = ₱7,000.00

2. Besana's Family
 Expenses = ₱21,350.00
 Savings = ₱6,100.00
 Emergency = ₱3,050.00

3. Binondo's Family
 Expenses = ₱56,350.00
 Savings = ₱16,100.00
 Emergency = ₱8,050.00

What I Know

1. T
 2. T
 3. T
 4. T
 5. T
 6. T
 7. T
 8. T
 9. F
 10. T

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For inquiries or feedback, please write or call:

Department of Education - Bureau of Learning Resources (DepEd-BLR)

Ground Floor, Bonifacio Bldg., DepEd Complex
Meralco Avenue, Pasig City, Philippines 1600

Telefax: (632) 8634-1072; 8634-1054; 8631-4985

Email Address: blr.lrqad@deped.gov.ph * blr.lrpd@deped.gov.ph