

Budgeting

A budget is an essential tool that helps you determine what to do with your money. It gives you an idea of how much you're able to spend and save. Budgeting provides a way for you to track how your money is being spent and to reach your financial goals.

Vocabulary Terms

Budget: a plan for what to do with your money

Zero-Based Budgeting: a method of budgeting where every dollar is accounted for.

50/30/20 Rule: an easy and effective rule of thumb that suggests dividing a budget into three categories-needs, wants and savings.

1. Write down one of your financial goals:

Answers will vary.

2. How do you determine a want vs. a need?

Needs: essential things you cannot live without

Wants: fun things that aren't required for survival

3. According to the 50/30/20 rule, what percentage of your income should go towards each category?

Needs: 50%

Wants: 30%

Savings: 20%

4. How can budgeting help you reach your financial goals?

Prevents Overspending, Helps you reach savings goals

5. What's your biggest takeaway?

Answers will vary.