

50/30/20 Rule

Login to **Banzai**, click **Middle School Personal Finance**, and scroll down to the library section. Read the **50/30/20 Budgeting** article and use it to answer the questions.

1. The 50/30/20 rule states that your after-tax income should be divided this way:

50% to: Needs

30% to: Wants

20% to: Savings

2. What's the difference between routine bills and predictable goals?

Routine bills are expenses you pay regularly and predictable goals are expenses that you must anticipate and set money aside for.

3. Wants are subjective and personal.

- ☒ a. True
b. False

4. How can clothing be both a need and a want?

If you want to spend more on clothing than you need, it becomes a want.

5. One of the great secrets to saving is finding ways to make it...

- a. Hurt
☒ b. Automatic
c. Difficult
d. Easy

6. Should the 50/30/20 rule apply to every budget? Why or why not?

The 50/30/20 rule should be adjusted in some circumstances. For example, sometimes it makes sense to put more toward savings or spend less on wants than the rule suggests.