

Name _____

Creating a Budget

1. What is a budget?

2. What is a fixed expense?

3. What is a flexible (variable) expense?

4. When creating a budget, do you want to use your gross income or your net income? Why?

5. List any fixed expenses you may have (once you are living on your own):

6. List any flexible expenses you may have (once you are living on your own):

7. To create a budget, you would list and total up all of your expenses. You then compare this to your income.
 - a. Rebecca is creating a budget. Her net income is \$2,825/month, and her monthly expenses total \$1,826. Based on this information, would you say Rebecca is doing a good job with her finances?

 - b. Ty heard that it is always good to have a little money saved “just in case.” He figures that since his income has covered his expenses for the last six months that he doesn’t need to worry about saving a little extra money. Do you agree with Ty? Why or why not?

8. What do you think is the point of creating a budget? Why would people take the time to make one?