

Building a Monthly Budget

Name: _____ **Date:** _____

LEARNING OBJECTIVE

The student will create a complete, balanced monthly budget for a given income scenario using the 50/30/20 guideline.

MATERIALS NEEDED

- Paper
- pencil
- calculator
- play money or a printed budget worksheet template
- colored pencils

HANDS-ON ACTIVITY

1. Given a sample monthly take-home income (e.g., \$2,000), calculate 50% for needs, 30% for wants, and 20% for savings using the 50/30/20 budgeting guideline.
2. List specific needs expenses (rent, groceries, utilities, transportation) that fit within your 50% needs amount, adding them up to make sure they don't exceed the limit.
3. List specific wants expenses (entertainment, dining out, hobbies) that fit within your 30% wants amount.
4. Assign your 20% savings amount to a specific savings goal (emergency fund, a large purchase, etc.).
5. Use play money (or draw/write dollar amounts on paper 'bills') to physically divide the total income into three piles matching your 50/30/20 categories, then create a final written budget sheet summarizing all categories and amounts.

QUESTIONS

1. **Using your \$2,000 (or chosen) sample income, what dollar amount did you allocate to needs, wants, and savings under the 50/30/20 rule?**
-
2. **List the specific needs expenses you included and confirm they add up to your needs total.**
-

3. What savings goal did you assign your 20%, and how many months would it take to reach a \$2,000 goal at that savings rate?

4. Why do you think the 50/30/20 guideline suggests spending no more than 30% on wants, even though wants are enjoyable?
