

Name: _____ Date: _____ Class: _____

BUILDING BLOCKS STUDENT WORKSHEET

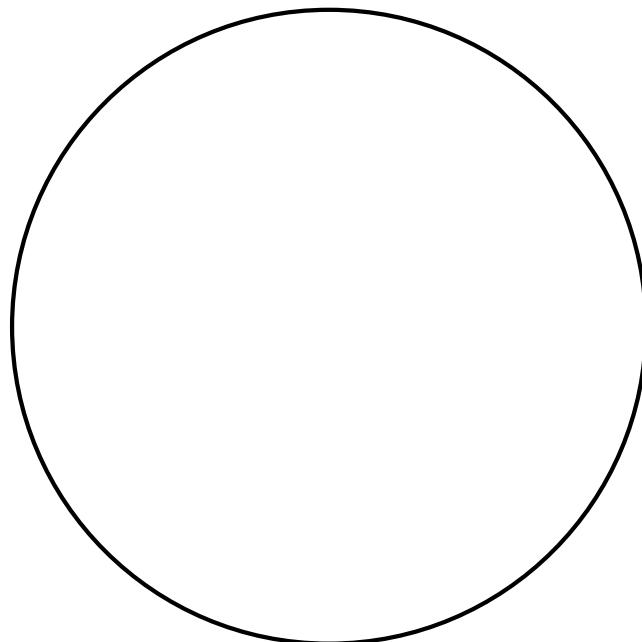
Analyzing budgets

One rule to live by when making a budget is to look at your monthly net income and plan to use 50 percent of it on needs, 30 percent on wants, and 20 percent on savings goals.

Instructions

- 1 Use the circle below to create a pie chart that shows the 50-30-20 rule of budgeting.
- 2 Review a scenario on the "Budget scenarios" handout and write the expenses in the appropriate categories on the next page.
- 3 Determine whether the monthly budget meets the 50-30-20 rule.
- 4 Write advice to help bring the scenario's budget closer to the 50-30-20 rule.

Create a 50-30-20 budgeting rule pie chart.



Categorize expenses into the 50-30-20 rule of budgeting

- As you read through a scenario on the “Budget scenarios” handout, list all expenses for each budget category in the appropriate cell below.
- Add them to get spending totals.
- Divide the category total by the monthly net income to determine the percentage.
- Analyze whether the current budgets are near, above, or below recommended percentages.

Monthly net income:

	Needs (50 percent)	Wants (30 percent)	Savings goals (20 percent)
List all expenses in this category (include cost for each)			
Category total	\$	\$	\$
Percentage of net income	%	%	%
How does this compare to the 50-30-20 rule?			

Explain your categorization

Explain why you categorized expenses the way you did.

Analyze the budget

Describe how this budget compares to the suggested 50-30-20 rule of budgeting.

Advice for improving the budget

What advice would you give to the individual(s) in this scenario to change their budget based on the 50-30-20 rule?