FREE PRACTICE | NEXTGEN

Beginner Monthly Budget

Benny the Planner says: a budget is a plan for the money coming in and the money going out. Income is money received. An expense is money spent. Savings is money set aside for later. A useful plan leaves room for a goal and for small surprises.

Worked example: a fictional $50 month

Purpose	Planned amount
Art-club supplies (need)	$12
Lunch treat (want)	$8
Gift for a friend (want)	$10
Savings goal	$15
Unassigned cushion	$5
Total	$50

Add the five amounts: 12 + 8 + 10 + 15 + 5 = 50. Income minus the total plan is $0. That does not mean the bank account is empty: the savings and cushion still belong to the learner.

Try your own revision

1. A required club fee rises by $4. Keep income at $50 and savings at $15. Write a revised plan that still totals $50.

2. A learner plans $20 supplies, $18 snacks, and $15 savings. Find the problem and one fair correction.

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BEGINNER MONTHLY BUDGET

Check, explain, and apply

Model answers and reasoning

1. One revision: supplies $16, treat $8, gift $10, savings $15, cushion $1. The total remains $50. Another valid choice reduces a want and keeps more cushion.

2. The second plan totals $53, which is $3 more than the $50 income. Reducing snacks from $18 to $15 balances it. Borrowing is not extra income that makes the original plan affordable.

Plan versus actual

Suppose the revised plan was $16 supplies, $8 treats, $10 gift, $15 savings, and $1 cushion. Actual supplies cost $14 and the treat cost $7. Spending was $31, savings was $15, and money left was $4. The unspent $3 plus the $1 cushion explains that balance.

Apply the habit

1. Choose a fictional future month with $60 income. Plan at least three expenses and $12 savings. Check the total, then explain which amount you would change first if a necessary cost rose.

A balanced budget is useful when it is realistic and revisited. Spending less than planned gives you choices; spending more means another part of the plan must change.

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