

What is a budget?

A budget is a spending plan. Budgeting is the process of managing your money.

Why budget?

Having a budget helps you to balance your income and outgoings. It helps you decide between needs and wants and can help you save as well as spend.

Having a budget helps you to **balance** your **income** and **outgoings**.

Income

This is the money that you receive in different ways. You can **earn** money, you may get **gifts** from friends or family or you could **sell** items you don't use anymore.

Outgoings

This is the money you **spend**, **give** away or **save**.

Having a budget helps you decide between **need** and **wants**.

Needs

- something you need to survive, including food, water and a place to live.

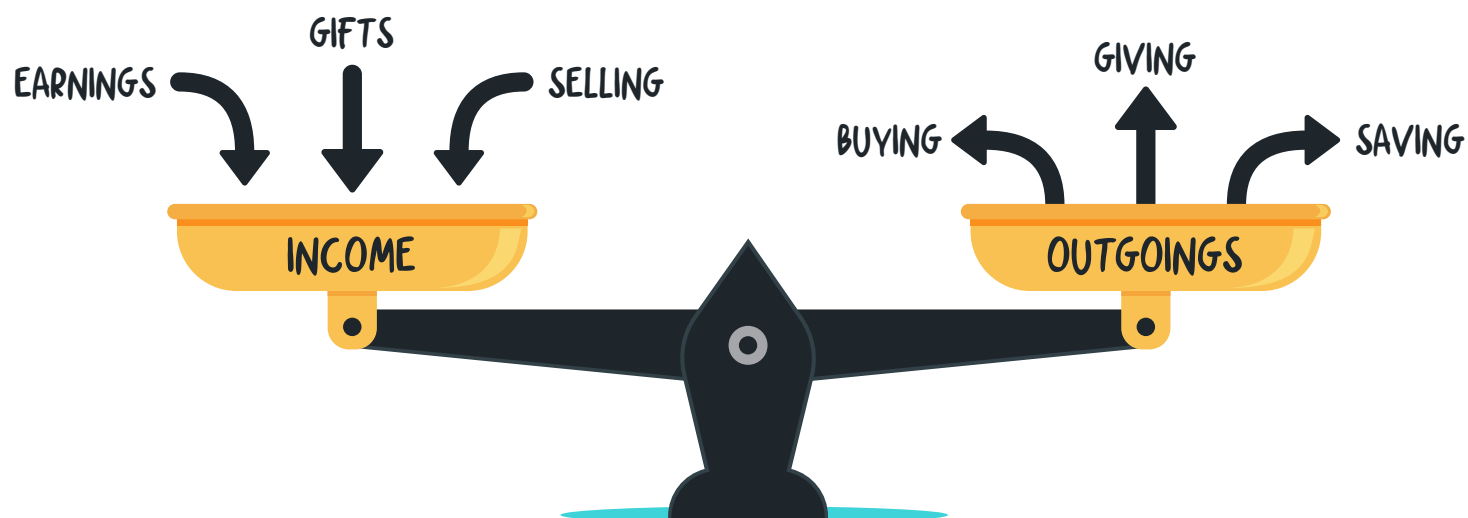
Wants

- something you really want but could live without such as fast food, expensive clothes or film subscription services.

Having a budget helps you to **save** for something you **want** to buy.

You can save some of your income to buy something you cannot afford immediately. It is very satisfying and rewarding when you have saved up to buy something special.

Using a simple budget to keep track of weekly income and outgoings



Isaac wants to buy new football boots that cost £60

However, he can't afford to buy them yet as he has no savings.

His income and outgoings for the current week are shown in the table.

How much money can he save toward the football boots?

$$\text{Income} - \text{Outgoings} = £41.40 - £19.20 = £22.20$$

If his total income and outgoings stay the same, how long will it take Isaac to save up enough money to buy the football boots?

$$\text{Three weeks because } 3 \times £22.20 = £66.60$$

INCOME		OUTGOINGS	
Washing cars	£18.00	Bus tickets	£7.20
Pocket money	£10.00	Lunches	£6.30
Selling old games	£13.40	Cinema	£5.70
TOTAL	£41.40	TOTAL	£19.20

Level 5

Make informed choices about personal budgeting and spending.