

Example of a Simple Budget

Facts: David's parents gave him an allowance of \$25 per week.

David has \$75 in birthday money in his bank account.

David goes to the movies two times each month at a cost of \$20 per movie.

David also has to buy a bus pass each month which costs \$30.

David's Budget		
Allowance income	(\$25 per week times four weeks per month)	<u>\$ 100.00</u>
Expenses:		
	Movies (2 movies times \$20)	\$ 40.00
	Bus pass	<u>\$ 30.00</u>
	Total Expenses	<u>\$ 70.00</u>
Savings per month		<u><u>\$ 30.00</u></u>

Question:

How many months will David have to save to purchase a \$225 Nintendo 3DS?

Bank balance	\$ 75.00
Savings (\$30.00 per month times 5 months)	<u>\$ 150.00</u>
Total savings after 5 months	<u><u>\$ 225.00</u></u>

David will have to save for 5 months to purchase his game.

A budget is a tool that can help young teenagers become financially responsible. Good planning helps people organize their expenses so they can avoid going into debt. Even with a budget, it still takes discipline and smart financial decisions to stay out of debt.