Start With Income

Use income first to make a realistic money plan.

SS8E3.a “Explain that income is the starting point for personal financial management.”

NAME ____________________ DATE ____________

1 READ AND MARK

Read it twice

YOUR JOB Underline sentences that explain why income comes first in a money plan. Circle each example of a way a person can receive income.

The First Number in a Plan

1 Personal financial management begins with income, the money a person receives. For many people, income comes from a job, such as wages paid for hours worked or a salary paid on a regular schedule. It can also come from work like babysitting, mowing lawns, or selling a product. Before someone can make a realistic plan for spending, saving, or giving, that person needs to know how much income is available and when it will arrive.

2 Income is the starting point because every later choice depends on it. A budget compares expected income with planned uses for that money. If Jordan expects to earn $120 this month, Jordan cannot responsibly plan to spend $160 unless money already saved is part of the plan. Knowing income helps a person set limits, decide how much to save, and avoid promising money that has not been earned. A plan based on guesses can lead to unpaid bills or debt.

3 Income may change from month to month. A student with a weekend job might receive fewer hours during exam week, while an adult may have overtime pay in a busy season. A careful manager updates a spending plan when income changes instead of treating one unusually large payment as normal. Expenses and goals matter, but they come after the income amount is identified. Starting with income creates a plan that matches real resources and supports wiser choices about needs, wants, saving, and borrowing.

2 ANSWER WITH EVIDENCE

Use the passage

1. What is income?

2. Why should a budget begin with expected income?

3. Jordan expects to earn $120 this month. What does the passage say Jordan cannot responsibly plan to do unless saved money is part of the plan?

4. What should a careful money manager do when income changes, and why?

3 YOUR TURN

Your own words

Create a one-month money plan in the table. Put an income source and amount in the first row, then use the remaining rows for choices that total no more than that income, including at least one saving choice and one spending choice.

PLAN ITEM	AMOUNT	WHY

Start With Income

PART 1 · READ AND MARK

Underline sentences that explain why income comes first in a money plan. Circle each example of a way a person can receive income. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What is income?	**Income is the money a person receives.**
2	Why should a budget begin with expected income?	**Later spending, saving, and giving choices depend on how much money is available. A budget compares expected income with planned uses for the money.**
3	Jordan expects to earn $120 this month. What does the passage say Jordan cannot responsibly plan to do unless saved money is part of the plan?	**Jordan cannot responsibly plan to spend $160.**
4	What should a careful money manager do when income changes, and why?	**The manager should update the spending plan so it matches real resources instead of relying on an unusually large payment as normal income.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

PLAN ITEM	AMOUNT	WHY
Income from dog walking	$90	Money available this month
Savings	$25	Build an emergency fund
School lunches	$30	Need
Bus fare	$20	Need
Movie ticket	$15	Want

Accept equivalent definitions and explanations that identify income as the amount available before financial choices are made. For the table, accept reasonable income sources and plans in which planned amounts do not exceed the stated income and include saving plus spending.