Money With Purpose

Read how a household budget guides spending decisions.

SS8E3.b "Describe the reasons for and the benefits of a household budget."

NAME ______________________ DATE ______________

1 READ AND MARK

Read it twice

YOUR JOB Underline each reason a household needs a budget, and circle each benefit a budget can provide. Number the actions people can take when planned expenses are greater than income.

Planning a Household Budget

1 A household budget is a plan for how people will use money during a set time, often a month. It begins with income, such as paychecks, benefits, or money earned from a side job. Then household members list expenses. Some expenses are needs, including rent, groceries, utilities, transportation, and insurance. Others are wants, such as streaming services or eating at restaurants. Seeing income and expenses together helps a household decide whether its planned spending is realistic before money is spent.

2 When expenses are greater than income, a budget gives people a reason to make choices. They may reduce a want, compare prices, delay a purchase, or find a way to increase income. A budget can also include savings as a planned expense. Setting aside even a small amount can help pay for future goals, such as school supplies, a car repair, or a family trip. Savings may also help a household handle an unexpected medical bill or job change without borrowing as much money.

3 A budget works best when household members check it regularly. They can record what they actually spend and compare it with the plan. If a utility bill rises or work hours change, they can adjust another category rather than ignore the problem. Budget talks can help people agree on priorities and avoid surprises or arguments about money. The main benefits are greater control over spending, progress toward goals, preparation for emergencies, and clearer decisions. A budget cannot create more income, but it can show where changes are possible.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why is it useful to see income and expenses together before money is spent?

2. If expenses are greater than income, name two actions a household could take.

3. How can planned savings help a household with both a future goal and an unexpected problem?

4. What are two benefits of checking and adjusting a budget regularly?

3 YOUR TURN

Your own words

Imagine a household has $1,200 to use this month. Fill all five rows with planned spending or savings categories, including at least two needs, one want, and savings. Keep the total at or below $1,200, and explain how each choice supports a household priority.

CATEGORY	PLANNED AMOUNT	NEED, WANT, OR SAVINGS	HOW THIS SUPPORTS A PRIORITY

Money With Purpose

PART 1 · READ AND MARK

Underline each reason a household needs a budget, and circle each benefit a budget can provide. Number the actions people can take when planned expenses are greater than income. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why is it useful to see income and expenses together before money is spent?	**It helps a household decide whether its planned spending is realistic.**
2	If expenses are greater than income, name two actions a household could take.	**Answers may include reducing a want, comparing prices, delaying a purchase, or finding a way to increase income.**
3	How can planned savings help a household with both a future goal and an unexpected problem?	**Savings can pay for future goals, such as school supplies or a car repair, and can help with unexpected costs or a job change without borrowing as much.**
4	What are two benefits of checking and adjusting a budget regularly?	**Answers may include responding to changed bills or work hours, gaining control over spending, making progress toward goals, preparing for emergencies, making clearer decisions, and avoiding surprises or arguments.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

CATEGORY	PLANNED AMOUNT	NEED, WANT, OR SAVINGS	HOW THIS SUPPORTS A PRIORITY
Rent	$500	Need	Keeps housing paid.
Groceries	$250	Need	Provides food for the month.
Transportation	$100	Need	Helps household members get to work or school.
Streaming service	$20	Want	Allows low-cost entertainment after needs are paid.
Savings	$200	Savings	Builds money for emergencies or a future goal.

Accept equivalent explanations that accurately distinguish reasons for budgeting from benefits of budgeting. For the table, accept any realistic categories and amounts totaling $1,200 or less when all required category types are included.