Plan Before Spending

Use a spending plan to make thoughtful money choices.

SS8E3 "Explain the principles of effective personal money management."

NAME ______________________ DATE ______________

1 READ AND MARK

Read it twice

YOUR JOB Underline three actions Nia uses to manage her money. Circle the nearby words that explain why each action helps her plan.

Nia's Money Plan

1. Effective money management begins with knowing what comes in and what goes out. Nia earns $60 each month walking a neighbor's dog. Before spending, she writes a plan that lists income, saving, and expenses. Income is money received. Expenses are money paid out. Nia separates needs, such as bus fare and school supplies, from wants, such as game downloads. She gives needs and savings a place in the plan before choosing how much to spend on wants.

2. Saving is not simply whatever remains at the end of the month. Nia moves $12 to a savings account as soon as she is paid. This pay yourself first habit makes saving a planned expense. Her account earns interest, which is money the bank pays for keeping money there. Nia also records each purchase in a notes app and compares the total with her plan each week. If bus fares rise, she can reduce a want or revise the plan before overspending.

3. Credit can help a person buy now and pay later, but it is not extra income. When Nia uses a credit card, she must repay the amount borrowed. If she does not pay the full balance by the due date, interest can increase the cost. She reads the annual percentage rate and fees before applying for credit. Nia protects her plan by avoiding purchases she cannot repay, checking account statements, and setting aside money for unexpected costs, such as a phone repair.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why does Nia put needs and savings in her plan before wants?

2. How does paying yourself first help Nia save money?

3. Why is credit not extra income?

4. Describe two ways Nia monitors or adjusts her spending plan.

3 YOUR TURN

Your own words

You have $60 for one month. Fill in all five rows to make a money plan that includes savings, at least one need, at least one want, and at least $5 for an unexpected cost. Your planned amounts may total no more than $60.

CATEGORY	AMOUNT ($)	WHY THIS BELONGS IN MY PLAN

ANSWER KEY **Plan Before Spending** GRADE 8 · SS8E3

PART 1 · READ AND MARK

Underline three actions Nia uses to manage her money. Circle the nearby words that explain why each action helps her plan. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why does Nia put needs and savings in her plan before wants?	**She makes sure important expenses and saving are covered before she decides how much to spend on wants.**
2	How does paying yourself first help Nia save money?	**She moves $12 into savings as soon as she is paid, so saving is planned instead of depending on money left at the end of the month.**
3	Why is credit not extra income?	**Credit is borrowed money that must be repaid. Interest can raise the cost if the full balance is not paid by the due date.**
4	Describe two ways Nia monitors or adjusts her spending plan.	**She records purchases in a notes app and compares the total with her plan each week. If bus fares rise, she can reduce a want or revise her plan.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

CATEGORY	AMOUNT ($)	WHY THIS BELONGS IN MY PLAN
Savings	$15	Builds money for a future goal
Bus fare	$12	Need for transportation
School lunch	$18	Need during the school month
Movie ticket	$8	Want that fits after needs
Unexpected cost fund	$7	Helps pay for a surprise expense

Accept equivalent explanations that accurately connect planning, saving, tracking expenses, or responsible credit use to effective money management. For the table, accept reasonable categories and reasons if the plan uses five rows, includes each required type, sets aside at least $5 for an unexpected cost, and totals $60 or less.