

# A Slice of the Pie

## Lesson: Budgeting

### Introduction

When you get a job and earn a paycheck, you will use your money to buy things you want and need. Your needs are necessary expenses like shelter, utilities and food. Covering your needs will take up a large portion of your paycheck. Your wants are goods and services that you desire, but don't need to survive. Chances are you will have more wants than income, so you will have to make choices based on their importance to you. Some financial experts recommend that you use the 50/30/20 rule to budget your money. With this rule, you divide up after-tax income to spend 50% on needs, 30% on wants and 20% on saving.

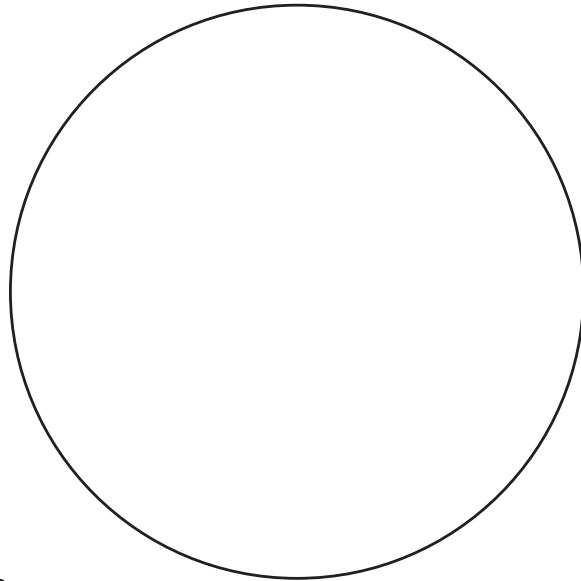
### Objective

Learn to budget income between needs and wants.

### Activity

Divide the pie chart into 50/30/20, and identify which of your expenses fall under needs and wants.

- Food
- Recreation
- Utilities
- Gifts
- Personal Spending
- Shelter
- Transportation
- Health
- Insurance
- Savings
- Gasoline



### Reflective Questions:

1. Are there any other expenses not listed above that should be added to your pie chart?
2. How much do you currently spend each month on needs and wants?
3. Do you think it will be difficult to save 20% of your take-home pay each month?
4. If you currently have a job, should you save 20%?