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What is Budgeting

Master Budgeting: Your Key to Smart Spending!

DEFINITION

> Budgeting is planning how to spend your money wisely. It helps you track income and expenses to achieve your financial goals.

KEY CONCEPTS

Income

This is the money you earn from jobs, allowances, or gifts.

Expenses

These are the costs of things you buy, like snacks or toys.

Savings

This is the money you set aside for future needs or wants.

Budget Plan

A budget plan outlines how much money you will spend and save each month.

Tracking

Keeping a record of your spending helps you stay within your budget.

EXAMPLES

→ Saving $5 a week for a new video game.

→ Spending $10 on snacks and $15 on a book.

→ Setting aside $20 for a special event.

MEMORY TIPS

★ Think 'I Save, I Spend' to remember the two main parts of budgeting.

★ Use the acronym 'ISEE' for Income, Savings, Expenses, and Evaluation.

★ Visualize a pie chart to remember how to divide your money.

COMMON MISTAKES

✗ Not tracking all expenses, leading to overspending.

✗ Underestimating costs, which can throw off the budget.

✗ Failing to adjust the budget when income changes.

QUICK RECAP

Budgeting is essential for managing money effectively. By understanding income, expenses, and savings, you can create a budget plan that helps you reach your financial goals.