Budgeting Basics

Life Literacy Project – High School Edition

What is a budget? A budget is a written plan for how you will earn, spend, save, and share your money. Budgeting is one of the most important life skills because it helps you make intentional decisions instead of wondering where your money went at the end of the month.

Why should high school students learn budgeting? Even if you do not pay rent or major bills yet, learning to budget now builds habits that will help when you begin college, work, or live independently. Budgeting can reduce stress, prevent impulse spending, and help you reach long-term goals.

Vocabulary:
Income: Money you receive.
Expense: Money you spend.
Fixed expense: Usually stays the same each month.
Variable expense: Changes month to month.
Savings: Money set aside for future goals.
Emergency fund: Money reserved for unexpected situations.

Needs vs. Wants
Needs are essential for daily life (food, transportation, school supplies). Wants improve enjoyment but are optional (new clothes, streaming services, eating out).

Reflection Questions

1. _____

2. _____

3. _____

4. _____

5. _____

Create Your Budget

Imagine you earn money from a part-time job, babysitting, gifts, or another source. Fill in your expected monthly income and decide where every dollar should go before you spend it.

Income

Source	Amount
Job	
Allowance	
Gifts	
Side Hustle	
Other	
Total	

Expenses

Category	Budget
Food	
Transportation	
Phone	
Entertainment	
Clothing	
School	
Savings	
Giving	
Other	
Total	

Budget Tips:

- Pay yourself first by saving before spending.
- Track every purchase for one week.
- Review your budget monthly.
- Avoid buying something immediately just because it is on sale.

Real-Life Practice & Financial Habits

Scenario: Mia earns $800 each month. She spends $150 on food, $80 on transportation, $50 on her phone, $120 on entertainment, $60 on clothing, and $100 on savings.

• Calculate Mia's total expenses.

_____

• How much money remains?

_____

• If Mia wants to save $200 each month, what changes could she make?

_____

• Identify two needs and two wants from the scenario.

_____

• Write three SMART financial goals for the next year.

_____

• List three ways a teenager can earn extra income.

_____

• Describe one purchase you regret making and what you learned (or imagine one).

_____

• Create one personal budgeting promise you will follow.

_____