

Chapter 28 Managing Personal Finances

Section 28.2 Money Management

Section Summary with Key Terms and Academic Vocabulary

Money Management A budget is a tool for getting the most from your income. With a budget, you can estimate your income and expenses and track your financial progress over time. Income and expenses often vary over time, so a part of budgeting is reviewing your goals, revising them, and adjusting your budget as needed. To create a budget, you need to set your financial goals; estimate your income; budget for unexpected expenses and savings; budget for fixed expenses; budget for variable expenses; record what you spend; and review your spending and saving patterns. Budgeting is an ongoing process.

Key Terms

money management A method of planning to get the most from one's money

budget A plan specifying how money will be issued or spent during a particular period

income The actual amount of money earned or received during a given period

gross pay The total amount of money a worker earns for a specific time

deductions Amounts that are taken from pay before a worker receives a paycheck

net pay Gross pay minus deductions

expense Amount of money used to buy or do something

fixed expenses Expenses that occur regularly and are regularly paid

variable expenses Expenses that change and can be controlled more easily than fixed expenses

budget variance Difference between the budgeted amount and the actual amount that is spent

surplus Extra money that can be spent or saved

deficit Situation that occurs when more money is spent than is earned or received

Academic Vocabulary

utilize To make use of

hence Because of a preceding fact or premise

intermediate Being or occurring at the middle place, stage, or degree between extremes

major Greater in dignity, rank, importance, or interest