



# LifeSmarts

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## Budgeting & Saving vocabulary – Worksheet Key

Use your knowledge of budgeting and saving to write a definition for each word.

Word	Definition
Balanced budget	A situation where income and expenses are equal
Budget	An organized plan for saving and spending based on your expected income and expenses
Disposable income	The money you have to spend or save as you wish after taxes, social security, and other required and optional deductions have been withheld from your gross pay
Emergency fund	An amount of money set aside to cover bills in case of emergency
Financial plan	A plan of action that allows a person to meet not only the immediate needs but also the long-term goals
Fixed expenses	Expenses that remain constant
Flexible expenses	Expenses that increase or decrease
Needs	Items you must have to live
Pay Yourself First	The concept of putting aside a sum of money into savings each month before paying other bills
Savings	The process of setting aside money until a future date instead of spending it today. The goal of saving is to provide funds for emergencies, short-term goals, and investments
Sharing	Using a portion of income to make charitable contributions
Spending habits	The ways in which a person typically uses money
Wants	The items people wish to have, but that are not necessary for survival

*This learning activity is from the LifeSmarts program. Visit <http://lifesmarts.org/> to see all of the free resources available to educators and students. LifeSmarts is a program of the National Consumers League, providing confidence and safety in the marketplace since 1899.*