Make a Budget: Key Terms

50/30/20 budget: a budgeting guideline where you spend 50% of your income on your needs, 30% on wants, and 20% on savings and debt

70/20/10 budget: a budgeting guideline where you spend 70% of your income on needs and wants, 20% on savings, and 10% on debt

80/20 budget: a budgeting guideline where you spend 80% of your income on wants and needs and 20% on savings and debt.

Balanced budget: when your expenses equal your income

Budget: a spending plan that tracks your income and expenses

Budget tracker: a notebook, spreadsheet, or online tool that helps you keep track of your income and expenses

Buffer fund: money set aside to use in case you go over budget

Expenses: money you spend

Fixed expenses: money you spend that's the same from month to month

Fixed income: a set income on a set schedule

Gross income: the money you make before taxes

Income: any money you make

Income sources: everywhere your money is coming from

Needs: things you have to have

Net income: the money you get to take home after taxes

Over budget: when your expenses are greater than your income

Under budget: when your expenses are less than your income

Variable expenses: money you spend that can change from month to month

Variable income: income that's different from month to month

Wants: non-necessary expenses that are still nice to have

Zero-based budgeting: a common budgeting strategy where you create a personalized budget every month so that your income - expenses always equals 0