

CASH COURSE QUIZ

What Is a Budget?



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1. Match the definition in Column A with the budgeting term in Column B.

Column A

- _____ Things that are absolutely necessary
- _____ Things that are enjoyed but not essential
- _____ Amount of money set aside for future expenses
- _____ Total of all money earned in a given period of time
- _____ Tool that helps a person use every dollar wisely

Column B

- a. Budget
- b. Income
- c. Needs
- d. Savings
- e. Wants

2. What is the most important reason to have a budget?

- a. To have enough money to spend on wants
- b. To never need to save money for the future
- c. To be prepared to achieve financial goals
- d. To have enough money to retire early

3. What is the name of a rule that a person can use to help determine what should be planned for needs, wants, and savings?

- a. 10% Rule
- b. 50-30-20 Rule
- c. Rule of 72
- d. 30-day Rule

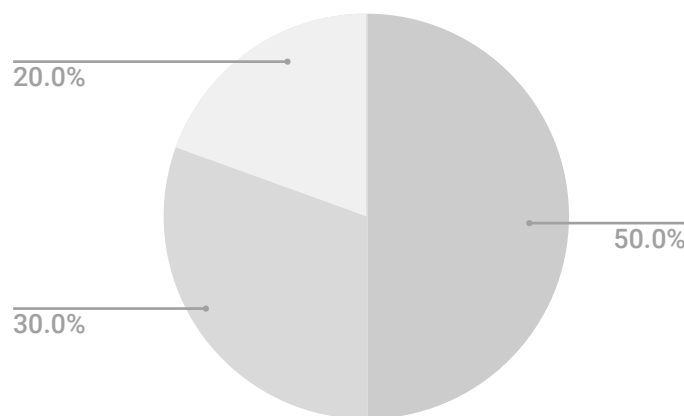
4. According to the rule you learned in the video, how much of your income should be put toward your "savings"?

- a. 10%
- b. 20%
- c. 30%
- d. 50%

5. Which of the following is an example of a "want" category in your budget?

- a. House payments
- b. Groceries
- c. Medical bills
- d. Going out with friends

Application: Figure out your total monthly income and fill in the pie chart using the budget rule you learned in the video. Label each section with the appropriate category (Needs, Wants, and Savings) and the dollar amount based on your income.



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What Is a Budget?

Answer Key

1. Match the definition in Column A with the budgeting term in Column B.

Column A

- c. Needs** _____ Things that are absolutely necessary
- e. Wants** _____ Things that are enjoyed but not essential
- d. Savings** _____ Amount of money set aside for future expenses
- b. Income** _____ Total of all money earned in a given period of time
- a. Budget** _____ Tool that helps a person use every dollar wisely

Column B

- a. Budget
- b. Income
- c. Needs
- d. Savings
- e. Wants

2. What is the most important reason to have a budget?

c. To be prepared to achieve financial goals

3. What is the name of a rule that a person can use to help determine what should be planned for needs, wants, and savings?

b. 50-30-20 Rule

4. According to the rule you learned in the video, how much of your income should be put toward your "savings"?

b. 20%

5. Which of the following is an example of a "want" category in your budget?

d. Going out with friends