

**PARENT TOPIC 3  
MONEY - KEEPING TRACK**

# What is a budget?

A household budget is a financial plan that includes income and the living expenses you must pay for. A budget helps you to organise your income to meet your needs and then shows you how much is left to save or spend on wants.

A budget involves adding up all your earnings each week (or fortnight or month) and subtracting the amount that you spend on essentials (the things that you need).

Examples of essentials include rent or mortgage payments, food and other household expenses, utilities such as gas and electricity, petrol or fares, phone, school expenses, clothing, etc.

The amount of money that is left once all the essentials have been paid for can be used to buy things that you want or to save for a long-term goal.

Some people choose to make regular contributions to charities or other organisations that provide community support; this contribution would be included in their budget.

A budget should also include any yearly expenses such as car registration. Divide the total of each of these yearly expenses by 52 for the amount to budget for each week (or divide by 26 for the amount to budget each fortnight or by 12 if your budget is calculated on a monthly income).

Most people find it necessary to reduce what they spend so they can save. This might mean making lunch each day instead of buying it, walking to school instead of driving and other less expensive options for a range of lifestyle choices.

People also consider many other factors when making lifestyle choices such as beliefs, interests, family, health, environment and community issues.

