FINANCIAL LITERACY & BUDGETING

Building Smart Money Habits for Life

A Lesson in Personal Finance

2 Why Financial Literacy Matters

Understanding money isn't just about numbers — it's about the freedom and confidence to make good life decisions.

Financial Security

Knowing how to budget and save helps you handle emergencies without falling into debt.

Reduced Stress

Financial worries are a major source of stress — a plan brings clarity and peace of mind.

Achieving Goals

Whether it's college, a home, or travel, smart money habits turn big goals into a plan.

3 What Is a Budget?

"A budget is a plan for how you will spend and save your money over a set period of time."

— A working definition used by financial educators

- It compares what you earn against what you spend and save.
- A good budget accounts for both fixed bills and flexible spending.
- Budgets work best when reviewed and adjusted regularly.

Plan Before You Spend

A budget puts you in control of your money, instead of wondering at the end of the month where it went.

4 Key Budgeting Concepts

Income

Money you receive, such as a paycheck, allowance, or side income.

Expenses

Money you spend, from rent and groceries to entertainment.

Savings

Money set aside for future goals or unexpected needs.

Debt

Money owed to others, such as loans or credit card balances.

Net Worth

What you own minus what you owe — a snapshot of financial health.

Emergency Fund

Savings set aside specifically for unexpected expenses.

5 The 50/30/20 Budgeting Rule

A simple, popular guideline for splitting your after-tax income into three categories.

50%

Needs

Rent, groceries, utilities, transportation — the essentials you must cover.

30%

Wants

Dining out, hobbies, entertainment — the things that make life enjoyable.

20%

Savings & Debt

Building your emergency fund, saving for goals, and paying down debt.

6 How to Build a Budget

1. Track Income

Add up all the money coming in each month.

2. List Expenses

Write down every fixed bill and flexible cost.

3. Set Savings Goals

Decide how much to set aside before you spend the rest.

4. Review & Adjust

Check in monthly and adjust as life changes.

7 Needs vs. Wants

Needs

Things you must have to live and work

- Housing and utilities
- Transportation to work or school

Ask: "Would I be okay without this?" If no, it's likely a need.

Wants

Things that improve life but aren't essential

- Streaming subscriptions and hobbies
- Dining out and upgraded gadgets

Wants aren't bad — they just belong in a smaller slice of the budget.

PART TWO

Saving, Debt & Credit

Building good habits with money you save, and money you owe.

9 Benefits of Smart Saving Habits

Financial Security

A cushion of savings protects you when the unexpected happens.

Freedom From Stress

Knowing your bills are covered brings real peace of mind.

Reaching Big Goals

Consistent saving turns college, a car, or a home into a plan, not a wish.

10 Common Budgeting Challenges

Impulse Spending
Unplanned purchases can quietly derail even a well-made budget.

Irregular Income
Variable paychecks make it harder to plan fixed monthly spending.

Lifestyle Creep
Spending naturally rises with income unless you consciously keep it in check.

11 Smart Saving vs. Managing Debt

Smart Saving

- Automate transfers so saving happens before you can spend it.
- Keep an emergency fund separate from everyday spending money.
- Let compound growth work in your favor over time.

Managing Debt

- Pay more than the minimum whenever possible to cut interest costs.
- Prioritize paying off the highest-interest debt first.
- A good credit score can mean lower interest rates in the future.

12 Key Personal Finance Facts

3–6	50/30/20	Rule of 72	3 Digits
months of expenses is a common emergency fund target	a popular rule for splitting income into needs, wants, and savings	a quick way to estimate how long savings take to double	credit scores are expressed as a single 3-digit number

These are general guidelines, not one-size-fits-all rules — the right numbers for you depend on your own income, goals, and circumstances.

13 What Can You Do?

Track Every Expense

Write down or use an app to log spending for at least one month.

Start an Emergency Fund

Even small, regular amounts add up to real protection over time.

Start Saving Early

The sooner you start, the more time compound growth has to work.

Take Control of Your Money

A budget isn't a limit on your life — it's a plan that helps you build the one you want.

Thank You