SESSION 2 OF 4 · BUDGETING

A budget tells your money where to go.

Most people wonder where their money went. People with a budget **decide where it goes** — on purpose, before they spend it. A budget isn't about having less fun. It's a simple plan that makes sure the things you care about most actually happen.

The three jobs every dollar can do

Any money you get — allowance, a gift, a part-time job — can do one of three things. A good budget uses all three.

SPEND · SAVE · GIVE

Spend on the things you need and enjoy now. **Save** for something bigger later. **Give** some to help others if you can. The exact split is yours — the habit is deciding it in advance.

Income minus expenses

A budget has two sides. **Income** is money coming in. **Expenses** are money going out. The whole game is simple: **keep your expenses below your income**, and put the difference toward a goal. If expenses are higher than income, you're heading into debt — borrowing to cover the gap.

SAM'S MONTH	AMOUNT
Income — allowance + dog-walking	$60
Spend — snacks, one movie	−$25
Give — school fundraiser	−$5
Save — toward new headphones	−$30
Left over	**$0**

A good budget often lands at **zero left over** — not because the money's gone, but because every dollar has a *job*. The $30 "save" isn't spent; it's working toward the headphones.

Saving for a goal (the part that actually works)

"I'll save whatever's left" almost never works — there's rarely anything left. The trick the pros use is to flip it: **save first, spend second.** Decide your savings amount, set it aside the moment money comes in, then live on the rest.

Break a big goal into small steps. Want $120 headphones and you can save $30 a month? That's a **4-month plan** — not an impossible dream. A goal with a number and a deadline is a goal you'll actually hit.

CHECKPOINT

You earn $50 a month. You want to save for a $200 bike. You decide to give $5 and spend $25 each month on other things.

How much can you save each month, and how many months until you can buy the bike? Build a quick budget table like Sam's to show it.

Next up: how money grows by itself

Saving is powerful — but here's the amazing part: money you save can **earn more money on its own**. The next session is about the closest thing to magic in all of finance: **compound interest**.