Budgeting Vocabulary

Using note cards, write the definition on one side and the word on the other. Leave space for a picture above the vocabulary word.
Budget

• a spending-and-savings plan
• based on estimated income and expenses
• for individuals or an organization
• covers a specific time period
fixed expenses

• expense which are the same month after month

Car Payment
variable expenses

- expenses that vary (or change) over time

Electric and Water bills
Costs

- the price paid to get a good or service
Interest

Money charged for the use of money
benefits

• an advantage or something that helps you
Credit

• buy now, pay later
credit cards

- a card allowing someone to make a purchase on borrowed money. (credit)
lines of credit

• Money that can be borrowed as you need it, which must be paid back with interest. Often secured by property.

Home Improvements
mortgages

• Money borrowed against a home or land. It must be paid back with interest
Advantages – Disadvantages of CREDIT!

**Advantages**
- Expenses are easily tracked
- Credit history is established
- Money is available when needed

**Disadvantages**
- debt is created
- interest is owed
personal investments

- A person sets his/her money aside for future income to meet long term goals
stocks

- individuals purchase part of the corporation
mutual funds

- People pool their money together to buy a variety of stocks.
- An investment expert makes all of the buy and sell decisions.
resources

• as source of supply, support, or aid. One that can be called on when needed
scarcity

• shortness of supplies. Less than needed
opportunity costs

• the next best choice you could have taken

(Because there are never enough resources to produce all the goods and services people want there must be trade-offs. An opportunity cost is next best choice you could have taken.)
trade offs

• Things you have to give up when you make a particular choice.
Budgeting

• to plan your money, and how much will be used and how much will be invested compared to how much you plan on earning
investing

• to put money to use by buying a part of something, so that you may have profitable returns such as interest, or income.
stock market

• a market where stocks and bonds are traded.
financial planning

• the making of a program to manage finances through budgeting and investment.

“Don’t put all of your eggs in one basket”