



1

### Budgets

People get jobs to earn money for things they want and need. One of the responsibilities of people that work is to create a budget. A budget is a plan for how money will be spent and saved. Making a plan ahead of time for how needs will be paid for will help a person estimate how much money they will have for things they want.

Most jobs have a set wage<sup>1</sup> and required hours of work, so people know how much they are expected to make in a month. It's important to have a job that pays more than the cost of one's expenses<sup>2</sup>. When a person receives money for work, or even as a gift, it is called their income.

To make a budget, first write down all your expenses and their cost. Examples of expenses are food, clothing, shelter, utilities like water and electricity, and transportation. Next, subtract all of your expenses from your income. This will tell you how much money you will have left to spend on other things that you want. It's also important to save some of your leftover income. This will help you buy something you don't have the money for at the time. It might even be for something expensive like a car, or to help pay for college.

Individuals aren't the only ones who keep a budget. It is very important for companies to maintain a budget, too. They need to know if they are earning more money than they are spending to manufacture a good. This is called profit. One example of an expense of a company that an individual won't have is advertising. It is important for companies to spend money on advertising their products so people know about them and want to buy them. Ads in magazines, on commercials, on billboards, and even in movies cost a lot of money, so a company hopes that it will sell a lot of that product in order to make its money back. If a company has more expenses than profits, this is called a loss. It is bad news for a business if it has losses rather than profits because it might not be able to continue.

<sup>1</sup>wage: fixed regular payment  
<sup>2</sup>expenses: required things that must be bought

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2

### October Budget

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INCOME	ESTIMATE	ACTUAL
walking to work	\$0	\$0
part-time job	\$400	\$400
<b>TOTAL INCOME</b>	<b>\$400</b>	<b>\$400</b>
REQUIRED EXPENSES		
rent	\$100	\$100
utilities	\$80	\$80
gas	\$75	\$75
groceries	\$150	\$150
clothing	\$100	\$100
other	\$100	\$100
<b>TOTAL EXPENSES</b>	<b>\$505</b>	<b>\$505</b>
OTHER EXPENSES		
credit card	\$0	\$0
phone	\$0	\$0
other	\$0	\$0
<b>TOTAL OTHER EXPENSES</b>	<b>\$0</b>	<b>\$0</b>
<b>NET INCOME</b>	<b>-\$105</b>	<b>-\$105</b>

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# BUDGETS

## Budgets Paired Texts Assessment

\* Required

Email address \*

Your email

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6. In Budgets, why is it important for a company to have a budget? \*

1 point

- Companies need to make sure they aren't spending more money than they are making.
- Companies can't advertise without a budget.
- Companies make profits from their budgets.
- Companies have to save for expensive things.

7. Why did Jonathan's net income estimate and actual amounts differ in October Budget? \*

1 point

- He received birthday money.
- He spent more money on his cell phone and less on clothing than he expected.
- He had other expenses he spent money on.
- all of the above

What do you think would have happened if Jonathan had gotten sick and not been able to work as much? \*

3 points

Support your answer to the question with evidence from both texts.