

Budgeting and the 50/30/20 rule

Where does the money go, and how can you make it stretch?

Name _____ Class _____ Date _____ Score: / 45

I can...

- [ ] I can tell income from expenditure.
- [ ] I can split pay into needs, wants and savings using percentages.
- [ ] I can fix a budget that overspends.

Key words

Income: money coming in.

Expenditure: money going out.

Take-home pay: your pay after tax is taken off.

Budget: a plan for your money.

1 The rule in a nutshell

6 points

Use the words in the box to finish the sentences. Use each word once.

expenditure · needs · budget · income · savings · tax · luck · wants

Amara, 22, has just started her first full-time job. Money coming in is called _____.

Money going out is called _____. The 50/30/20 rule is one simple way to plan a _____. About 50% of take-home pay goes on _____, such as rent, food and bills. About 30% goes on _____, such as takeaways and streaming. The last 20% goes into _____ or paying off debt.

2 Need, want or saving?

9 points

Amara lists where her money could go. Write each one in the right box.

Food shopping · Gig tickets · Electricity bill · Bus pass for work · New video game · Emergency fund · Savings account · Takeaway pizza · Rent

Needs (50%)	Wants (30%)	Savings (20%)

3 Split the pay

8 points

Amara's take-home pay is **£1,600** a month. Use the 50/30/20 rule. Show your working.



Penny says: The rule is a guide, not a law. When money is tight, needs come first.

a) How much is 50% for needs?

Working

Answer: _____

b) How much is 30% for wants?

Working

Answer: _____

c) How much is 20% for savings?

Working

Answer: _____

d) If Amara saves that 20% every month, how much will she save in a year?

Working

Answer: _____

4 Month one: complete it, then fix it

10 points

Here is Amara's real spending in month one. Fill in the total, then answer the questions.

Amara's spending	Group	Amount
Rent and bills	Need	£560
Food shopping	Need	£170
Bus pass for work	Need	£60
Takeaways and eating out	Want	£230
Clothes and trainers	Want	£280
Streaming, games and gigs	Want	£180
Paid into savings	Saving	£200
Total money out		_____

a) Add up each group: needs, wants and savings. 3 marks

b) Amara's take-home pay is £1,600. By how much has she overspent? 2 marks

c) Which group is over its 50/30/20 amount, and by how much? 2 marks

d) Suggest two changes that would make next month's budget balance. 2 marks

5 What would you do? 4 points

Read the story, then answer the questions.



It is the last week of month two. Amara has stuck to her plan. She has **£40** of her wants money left and has already put **£320** into savings. Then her friend Dev messages: a ticket has come up for a festival this weekend. It costs **£95**.

a) How much more than her leftover wants money does the ticket cost? 1 mark

b) What would you do if you were Amara, and why? 3 marks

6 Show it in a picture 3 points

Draw a pie chart or a bar to show the 50/30/20 rule. Label each part in pounds.

7 Unscramble the money words

5 points

The letters are mixed up. Use the clue to work out each word.

E U G B D T	A plan for your money	☐☐☐☐☐☐
N C E M I O	Money coming in	☐☐☐☐☐☐
I V S G A S N	Money put aside for later	☐☐☐☐☐☐☐
W T N A S	Nice to have, but you could live without them	☐☐☐☐☐
A B A C E N L	What a budget does when money out matches money in	☐☐☐☐☐☐☐

8 Before you go

One thing I learned today

_____

_____

One question I still have

_____

_____

How sure do I feel?

☹ Not yet 😐 Getting there ☺ Got it



Take it home

Ask someone at home which bills are the hardest to cut. Then look at one thing you spent money on this week: was it a **need** or a **want**?

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