

Name _____

Home Sweet Budget: How to Determine Your Home Buying Budget

Open-Ended Response Answer Key

1. Setting financial goals is essential because it helps you determine how much you can allocate to housing expenses. For example, a financial goal could be saving for a child's college education, which might influence your budget by ensuring you have enough to save for education while covering housing costs.
2. Future financial goals, like saving for education or retirement, can impact the budget by influencing how much you allocate to housing expenses. If saving for education is a priority, you may need to budget carefully to balance your home expenses with education savings.
3. A person might need to adjust their home buying budget if they have plans to start a family. They may need a larger home, which could impact their budget by requiring a higher mortgage payment and more significant expenses.
4. Striking a balance is important because while owning a home is a significant milestone, it shouldn't jeopardize other financial priorities. By carefully budgeting and considering long-term goals, individuals can ensure they have both a comfortable home and a secure financial future.

