

Name _____

Budgeting Magic: The 50/30/20 Rule Unveiled

Multiple Choice Questions

1. What is the 50/30/20 budgeting rule?
 - a) A rule for spending 50% on wants and 50% on needs
 - b) A rule for spending 30% on needs and 70% on wants
 - c) A rule for dividing income into three categories: needs, wants, and savings/debt
 - d) A rule for dividing income equally into three categories

2. How much of your income should be allocated to needs in the 50/30/20 rule?
 - a) 10%
 - b) 30%
 - c) 50%
 - d) 70%

3. What falls under the "wants" category in the 50/30/20 rule?
 - a) Groceries and transportation
 - b) Rent and utilities
 - c) Dining out and entertainment
 - d) Savings and investments

4. What is the purpose of the 20% allocation in the 50/30/20 rule?
 - a) To cover essential expenses
 - b) To enjoy non-essential purchases
 - c) To secure your financial future through savings and debt repayment
 - d) To invest in stocks and bonds

5. What should you do to make the 50/30/20 rule work effectively?
 - a) Ignore your budget
 - b) Spend all your income on wants
 - c) Track your spending and stick to your allocated percentages
 - d) Use credit cards for all expenses

