

Name _____

Budgeting Magic: The 50/30/20 Rule Unveiled

Open-Ended Response Answer Key

1. To allocate the income using the 50/30/20 rule:

- Needs: \$500 (50% of \$1,000)
- Wants: \$300 (30% of \$1,000)
- Savings/Debt: \$200 (20% of \$1,000)

Explanation should include each step of the allocation.

2. Personal experiences will vary.

3. A scenario for adjusting the budget could be a decrease in income due to a job change. To adapt, you might prioritize essential needs and temporarily reduce spending on wants and savings/debt until your financial situation stabilizes.

4. It's important for young people to learn about budgeting rules like 50/30/20 because they provide a simple framework for managing finances, making informed spending decisions, and achieving financial goals.

