# Understand that a basic principle of effective personal money management

Same money rule as 6th grade, one year wiser: income is limited, budgets are the plan, saving pays off, and credit has costs.

Name: _____ Date: _____

**OBJECTIVE**

Understand that a basic principle of effective personal money management is to live within one's income.

| What this standard covers | Your notes |
|---|---|
| Understand that income is received from work and is limited. | |
| Understand that a budget is a tool to plan the spending and saving of income. | |
| Understand the reasons and benefits of saving. | |
| Understand the uses and costs of credit. | |

**IN PLAIN WORDS**

Same money rule as 6th grade, one year wiser: income is limited, budgets are the plan, saving pays off, and credit has costs.

| If you earned $100 this month… | Planned amount |
|---|---|
| Saving | |
| Spending | |
| Sharing / giving | |

*Why might borrowing money (using credit) end up costing more than the price tag on the item? Use the word "interest" in your answer.*