

Paychecks and budgets

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Learning objectives

- Describe major items on a paycheck
- Classify types of paycheck deductions
- Identify major spending categories
- Explain the basic budgeting process

Money flows

Inflows

-Outflows

=Surplus/shortfall



Sample paycheck

Spending

Bureau of Labor Statistics, Consumer
Expenditure Survey

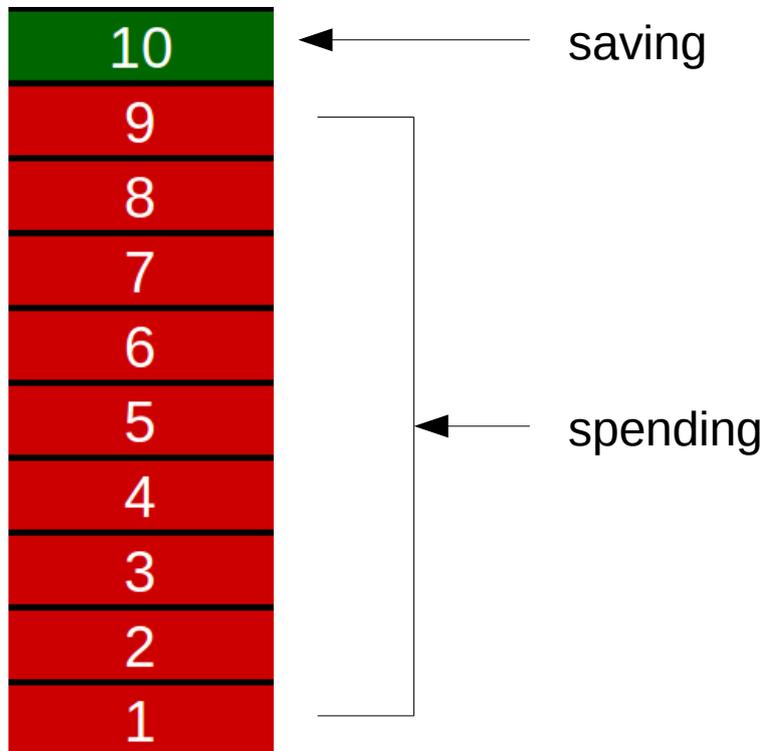
<http://www.bls.gov/cex/csxccombined.htm>

<http://www.bls.gov/cex/2013/combined/income.pdf>

<http://www.bls.gov/cex/csxgloss.htm>

Quiz 1

If you are saving 10% of your after-tax income, how many years will it take you to save up for one year's worth of expenses?



Effective budgeting

1. Gather information
2. Create a written budget
3. Cut discretionary expenses
4. Stay organized
5. Review and revise

Additional reading

Financial Literacy and Education Commission

Budgeting worksheets and planning tools:

<http://www.mymoney.gov/tools/Pages/tools.aspx>

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