

# Chapter 28 Managing Personal Finances

## Section 28.2 Money Management

### Section Summary with Key Terms and Academic Vocabulary

**Money Management** A budget is a tool for getting the most from your income. With a budget, you can estimate your income and expenses and track your financial progress over time. Income and expenses often vary over time, so a part of budgeting is reviewing your goals, revising them, and adjusting your budget as needed. To create a budget, you need to set your financial goals; estimate your income; budget for unexpected expenses and savings; budget for fixed expenses; budget for variable expenses; record what you spend; and review your spending and saving patterns. Budgeting is an ongoing process.

#### Key Terms

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**money management** A method of planning to get the most from one's money

**budget** A plan specifying how money will be issued or spent during a particular period

**income** The actual amount of money earned or received during a given period

**gross pay** The total amount of money a worker earns for a specific time

**deductions** Amounts that are taken from pay before a worker receives a paycheck

**net pay** Gross pay minus deductions

**expense** Amount of money used to buy or do something

**fixed expenses** Expenses that occur regularly and are regularly paid

**variable expenses** Expenses that change and can be controlled more easily than fixed expenses

**budget variance** Difference between the budgeted amount and the actual amount that is spent

**surplus** Extra money that can be spent or saved

**deficit** Situation that occurs when more money is spent than is earned or received

#### Academic Vocabulary

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**utilize** To make use of

**hence** Because of a preceding fact or premise

**intermediate** Being or occurring at the middle place, stage, or degree between extremes

**major** Greater in dignity, rank, importance, or interest