

UNIT 7

Words like *first*, *second*, and *finally* often introduce the order in which you should do something. Look for those words in the article. Think about them as you read.

A Penny Saved Is a Penny Earned

Susan has a great job as a nursing assistant, but she has a problem. She is thinking about buying a used car. However, she doesn't have any money in a savings account, and she is afraid of getting into debt. She doesn't spend much on expensive clothes or entertainment, but she never seems to have enough money.

"I worry about paying my bills," Susan says. "I use my credit card a lot, and I usually make only the minimum payment. Unfortunately, my credit card has a high interest rate. What can I do?"

Many people have the same problem. The solution is simple. Susan needs a personal budget – a plan for spending her money. Making a budget is not difficult. All it takes is three easy steps. Here is financial advice for people like Susan.

First, you should make a list of all your daily expenses for one month. Keep a piece of paper in your wallet, and write down everything you buy. Don't forget small expenses, like a cup of coffee or a magazine.

Second, at the end of the month, you should look at your expenses. Combine them into categories, or groups, such as clothing and entertainment. Then, make a list of your other expenses – monthly bills like rent and electricity. Add up the numbers. How much money did you spend last month? It may surprise you.

Finally, think about changing your spending habits, especially if you want to save for something special. You should look at your biggest expenses first. For example, maybe you spend \$200 a month for food. Try changing your shopping habits so that you save \$10 a month on grocery bills. You should also look at the small things that you buy every day. "I buy a \$3 snack at work every afternoon," says Susan. "If I bring a snack from home, I can save \$60 every month and use that money to buy a car sooner."

If you make a budget and follow it carefully, you will have more money for the important things in your life. After all, a penny saved is a penny earned.

UNIT 7

1 Check your understanding

1. What is a budget?
2. What are the three steps of making a budget?
3. What does “a penny saved is a penny earned” mean?

2 Build your vocabulary

A Find and underline these two-word combinations in the reading.

used car personal budget financial advice daily expenses monthly bills

B Circle the correct answers.

1. Look at the words in Exercise 2A. In each of the two-word combinations, the first word is:
 - a. a noun
 - b. an adjective
2. Look again. The second word is:
 - a. a noun
 - b. an adjective

C Match each two-word combination with its meaning.

- | | |
|---------------------------|---|
| 1. used car _____ | a. help with how to spend your money |
| 2. financial advice _____ | b. bills that you pay every month |
| 3. personal budget _____ | c. the things you spend money on every day |
| 4. monthly bills _____ | d. a car that is not new |
| 5. daily expenses _____ | e. a spending plan that you make for yourself |

D Complete the sentences. Use the two-word combinations above.

1. Lisa prefers to buy a new car rather than a _____.
2. Some Web sites offer _____ for saving money.
3. My _____ for snacks and unnecessary items are more than I expected.
4. Todd and I are making a _____ so that we can buy a house in two years.
5. Rent and electricity bills are _____.

3 Think about it

1. Write down your expenses for one week. List them together in categories. What were your biggest expenses?
2. Choose one category of expenses that you want to spend less money on. Think of three ways to help you spend less.