LESSON PLAN

Budgeting

IT'S A MONEY THING®

INCLUDED IN THIS PACKAGE

- **LESSON PLAN** *(2 pages)*
- **ACTIVITY A** *(1 page)*
- **ACTIVITY B** *(3 pages)*
- **QUIZ** *(1 page)*
- **ACTIVITY A ANSWER KEY** *(1 page)*
- **ACTIVITY B ANSWER KEY** *(2 pages)*
- **QUIZ ANSWER KEY** *(1 page)*

COLLECT FROM YOUR LIBRARY

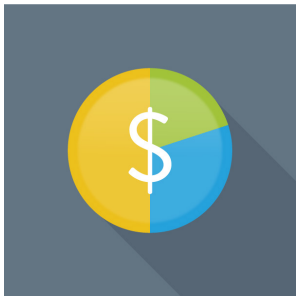
- **VIDEO 05** *(Budgeting Basics)*
- **VIDEO 40** *(Building a Budget)*
- **HANDOUT 05** *(Budgeting Basics)*
- **HANDOUT 40** *(Building a Budget)*
- **PRESENTATION 05** *(Budgeting Basics)*

LESSON PLAN

Budgeting

GRADES
7 to 12

TIME
45 minutes



OVERVIEW

When it comes to building a budget, priorities play a key role. By identifying and categorizing common expenses, young people can learn to look after their essential needs, stay on top of savings, and prepare themselves to handle unexpected expenses. With the help of a solid budgeting strategy, youths can build a future of financial stability while enjoying any disposable income guilt-free.

GOALS

- Introduce students to the concept of budgeting and why a good budget is important
- Identify common budget items and learn to categorize and prioritize them
- Provide students with the knowledge to form better spending habits

OBJECTIVES

- Define a budget and identify the items included
- Demonstrate the basics of budget hierarchy
- Define the 50/30/20 budgeting system
- Demonstrate examples of needs, wants and savings

ASSESSMENT

Activities A and B can be used to gauge student understanding. An optional quiz has been provided with this lesson plan (the quiz is not factored into the lesson's 45-minute runtime).

Did you know? *This lesson plan explores concepts from Standard 3 (Saving) from the* ***Council for Economic Education's National Standards for Financial Literacy****.*

MATERIALS

- ☐ **VIDEO 05**—*Budgeting Basics*
- ☐ **VIDEO 40**—*Building a Budget*
- ☐ **HANDOUT 05**—*Budgeting Basics*
- ☐ **HANDOUT 40**—*Building a Budget*
- ☐ **PRESENTATION 05**—*Budgeting Basics*
- ☐ **ACTIVITY A**—*Budget Pyramid and Answer Key*
- ☐ **ACTIVITY B**—*Needs, Wants or Savings and Answer Key*
- ☐ **QUIZ**—*Budgeting and Answer Key*

PREPARATION

- *Gather digital materials (videos and presentation)*
- *Print* **HANDOUT 05** *and* **HANDOUT 40** *for each student*
- *(Optional) Print* **QUIZ** *(Budgeting) for each student*
- *Prepare* **ACTIVITY A** *by either printing out physical copies for students or by preparing a copy for in-class display*
- *Print and cut out cards for* **ACTIVITY B**

LESSON PLAN

Budgeting

TIMELINE

5 minutes	Introduce topic and show **VIDEO 05** *(Budgeting Basics)*
10 minutes	Go over **PRESENTATION 05**
10 minutes	Divide students into small groups and distribute **ACTIVITY A**; go over correct answers together as a class
5 minutes	Show **VIDEO 40** *(Building a Budget)*
10 minutes	Distribute **ACTIVITY B**; go over results
5 minutes	Wrap up and distribute **HANDOUT 05** and **HANDOUT 40**
(Optional)	Assessment: **QUIZ** *(Budgeting)*

INSTRUCTIONS

1. Introduce and determine students' familiarity with the topic by asking:
   - What is a budget?
   - How is a budget built?
2. Show **VIDEO 05**
3. Go over **PRESENTATION 05**
4. Distribute **ACTIVITY A**
   - Have students break into small groups and give each group a copy of the provided budgeting pyramid
   - Allow students time to fill out their activity sheets
   - Go over the answers together as a class
5. Show **VIDEO 40**
6. Distribute **ACTIVITY B**
   - Hand out cards with different budget items to students
   - Create a Needs, Wants and Savings pile and have students place their cards in the pile they deem appropriate
   - Go over each card and confirm whether it was placed in the appropriate pile; discuss any misplaced cards with the class before moving them to the correct pile
7. Wrap up by sharing the following:
   - Budgeting is one of the most important aspects of your personal financial skills
   - A budget helps you stay on top of essentials while making optional purchases, but without accumulating high-interest debt
   - Everyone has a different situation and different budget priorities; with a solid budgeting foundation, you can create a tailor-made plan that will lead to long-term financial well-being
8. Distribute **HANDOUT 05** and **HANDOUT 40** as take-home materials
9. (Optional) Distribute **QUIZ** for individual assessment, or answer the questions together as a class

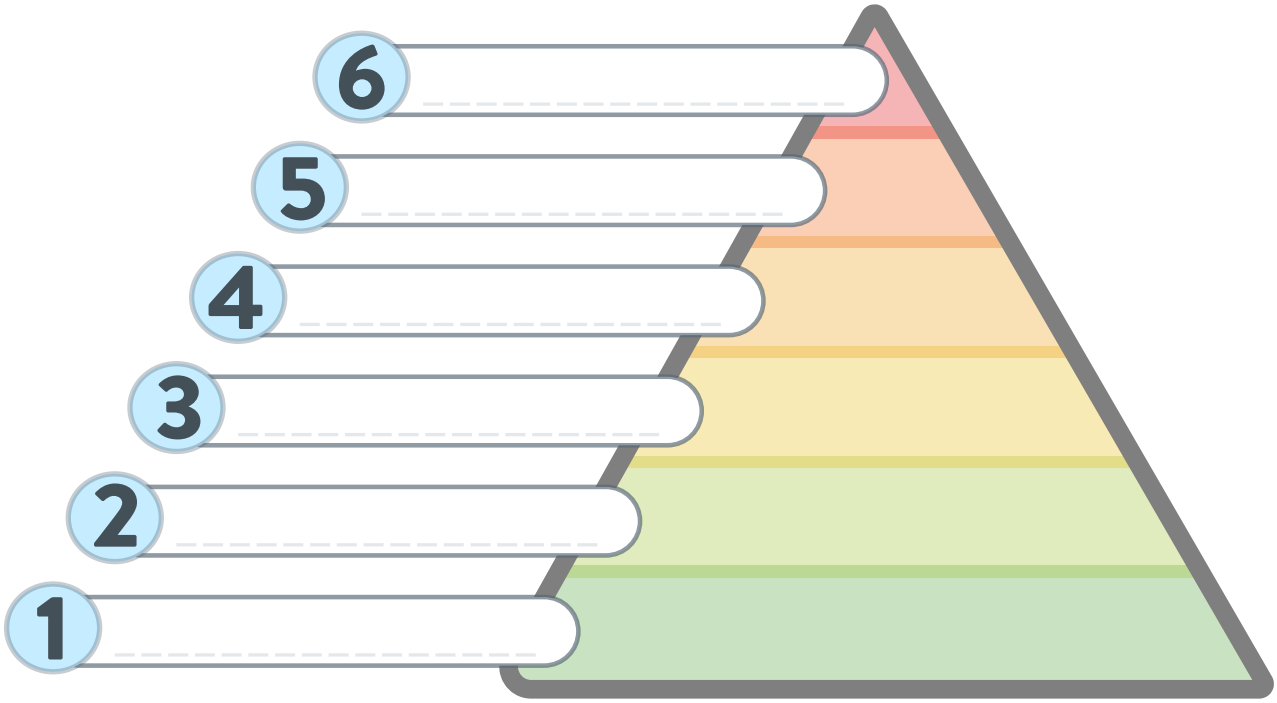
NOTES

ACTIVITY A

Budgeting

BUDGET PYRAMID

Directions: Arrange the six items below in order of their importance, with 1 being the most essential spending, and 6 being the least essential.



GROCERY BILL	CREDIT CARD PAYMENT
EMERGENCY FUND CONTRIBUTION	RENT PAYMENT
HOME TV UPGRADE	SAVINGS ACCOUNT CONTRIBUTION

ACTIVITY B

Budgeting

NEEDS, WANTS OR SAVINGS

Directions: Place cards in Needs, Wants and Savings piles.

01 GROCERIES FOR COOKING AT HOME	02 UTILITIES BILL	03 PUTTING SPARE CHANGE INTO A JAR TO USE LATER
04 VIDEO STREAMING SUBSCRIPTION	05 CONCERT TICKETS	06 HOME INTERNET BILL
07 CAR INSURANCE PAYMENT	08 DINING OUT AT A FANCY RESTAURANT	09 MONTHLY RENT PAYMENT

NEEDS, WANTS OR SAVINGS

Directions: Place cards in Needs, Wants and Savings piles.

10
EMERGENCY FUND CONTRIBUTION

11
REPLACING WORN-OUT CLOTHES

12
MONTHLY BUS PASS

13
HIGH-END CELLPHONE WITH AN UNLIMITED EVERYTHING PLAN

14
AUTOMATIC MONTHLY CONTRIBUTION TO ONLINE SAVINGS ACCOUNT

15
SPORTING EVENT TICKETS

16
PUTTING ASIDE A BIT EACH MONTH FOR A NEEDED COMPUTER UPGRADE

17
MUSIC STREAMING SUBSCRIPTION

18
AFFORDABLE CELLPHONE WITH GOOD VALUE PLAN

19
BRAND-NEW VIDEO GAME CONSOLE

20
CAR REPAIRS

21
MOVIE TICKETS

NEEDS, WANTS OR SAVINGS

Directions: Place cards in Needs, Wants and Savings piles.

22
EMPLOYEE CONTRIBUTION TO RETIREMENT FUND

23
FANCY NEW LUXURY VEHICLE

24
PUTTING MONEY ASIDE FOR AN UPCOMING ANNUAL PAYMENT

25
MORTGAGE PAYMENT

26
ROLL OF COINS FOR THE LAUNDROMAT

27
NEW FASHIONABLE DESIGNER JACKET

28
SPONTANEOUS RESORT VACATION

29
CHARGING A BIG IMPULSE PURCHASE TO A CREDIT CARD

30
CAR DETAILING

31
RENTERS INSURANCE PAYMENT

32
PET FOOD

33
PUTTING MONEY ASIDE ALL WINTER FOR A SUMMER VACATION

QUIZ
Budgeting

NAME: _____

TOTAL
/ 5 pts

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer from the given options.

1. What is a budget?
   a. An estimate of income and expenses for a set period of time
   b. Total after-tax income in a given pay period
   c. The act of living frugally

2. Why are digital subscriptions for things like movies, music and ebooks considered sneaky expenses?
   a. You can often be charged extra without your consent
   b. The total cost can add up quickly if you're subscribed to several services at once
   c. Service providers can sign you up and start charging your credit card without you even knowing it

3. In the 50/30/20 budgeting system, what's the ideal percentage breakdown?
   a. 50% wants, 30% needs and 20% savings
   b. 50% savings, 30% needs and 20% wants
   c. 50% needs, 30% wants and 20% savings

4. If your spending isn't matching up with the 50/30/20 guidelines, what should you do?
   a. Reduce your spending
   b. Increase your income
   c. Modify your percentages
   d. Any combination of the above

/4 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

5. TRUE or FALSE Budgeting means giving up everything you love and converting to a super-frugal lifestyle

/1 pt

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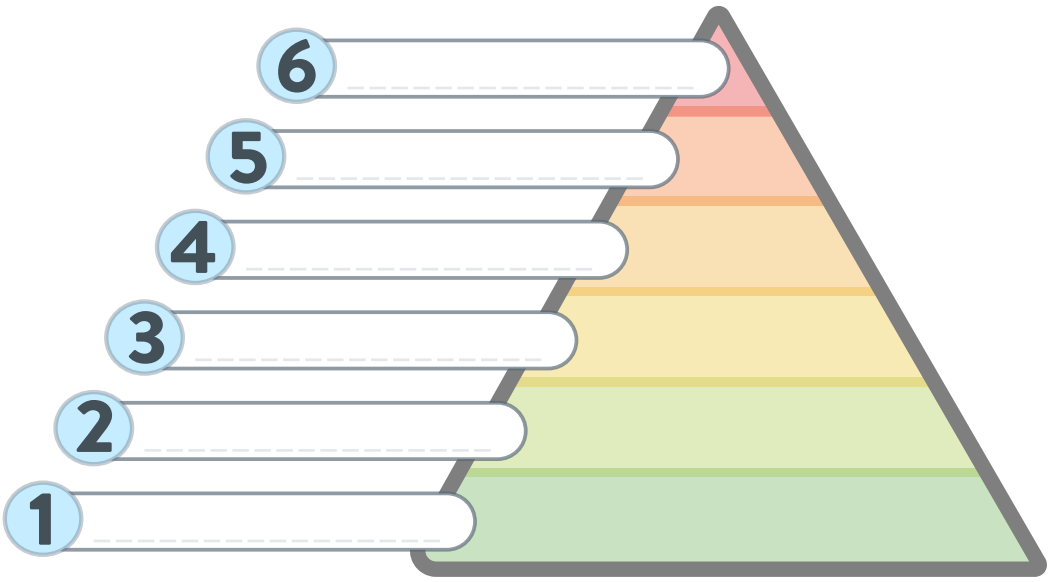
ACTIVITY B ANSWER KEY

Budgeting

BUDGET PYRAMID

Directions: Arrange the six items below in order of their importance, with 1 being the most essential spending, and 6 being the least essential.



1	GROCERY BILL	3	CREDIT CARD PAYMENT
4	EMERGENCY FUND CONTRIBUTION	2	RENT PAYMENT
6	HOME TV UPGRADE	5	SAVINGS ACCOUNT CONTRIBUTION

1. GROCERY BILL—Food and water are the most essential needs; you can't survive without them
2. RENT PAYMENT—Shelter comes next; everyone needs somewhere to live
3. CREDIT CARD PAYMENT—Once food and shelter are taken care of, your next priority should be paying off high-interest debt
4. EMERGENCY FUND CONTRIBUTION—An emergency fund is key for handling unexpected expenses
5. SAVINGS ACCOUNT CONTRIBUTION—Always make sure you're putting some of your budget toward savings, if possible
6. HOME TV UPGRADE—Optional purchases are the least important for a budget, and can lead to budget woes if they aren't planned and saved for in advance

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ACTIVITY B ANSWER KEY

Budgeting

NEEDS, WANTS OR SAVINGS

Directions: Go through the Needs, Wants and Savings piles of game cards and confirm the cards that are in the correct pile while correcting the cards that are placed in the wrong pile.

CARD	NEEDS, WANTS OR SAVINGS	REASON
01	NEEDS/WANTS	*Everyone has to eat, so groceries are a need; however, they can turn into wants if you buy too many expensive treats instead of staples*
02	NEEDS	*Got to keep the lights on, the water running, etc.*
03	SAVINGS	*At its most basic, saving is just putting money somewhere, and waiting to spend it later*
04	WANTS	*You don't need subscription video services to get by, so choose your subscriptions wisely and make sure they aren't adding up to too much*
05	WANTS	*Concerts are fun, and generally activities just for fun are considered wants*
06	NEEDS	*Home internet service is essential for many; just make sure you choose service that fulfils your basic needs without paying too much*
07	NEEDS	*It's legally required to have car insurance if you drive, and if you do drive, this is one of your most essential expenses*
08	WANTS	*Although good for special occasions, too much fine dining can blow up your budget; try to keep it minimal, and find cheaper options if needed*
09	NEEDS	*Got to keep a roof over your head; shelter is one of the most essential human needs*
10	SAVINGS/NEEDS	*An emergency fund is one of the most important types of savings to have; it will help with unexpected future needs*
11	NEEDS	*Clothing is a required expense, so it's a need; if your clothes are worn out or not functional, you should have a budget to replace them*
12	NEEDS	*If you take the bus to get around, then a monthly bus pass can be considered a need*
13	WANTS	*While having a cellphone could be considered a need, springing for the fanciest phone and most expensive plan are examples of wants*
14	SAVINGS	*Putting away a bit each month through an automatic transfer is a good way to accumulate savings*
15	WANTS	*Going to the big game can be fun, but sporting event tickets are an optional purchase, and fall under wants*
16	SAVINGS	*Sometimes upgrading a piece of technology can be important for both work and fun, so it's best to save up for this, rather than taking on debt*
17	WANTS	*Personal subscription services almost always fall under wants*

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ACTIVITY B ANSWER KEY

Budgeting

NEEDS, WANTS OR SAVINGS

Directions: Go through the Needs, Wants and Savings piles of game cards and confirm the cards that are in the correct pile while correcting the cards that are placed in the wrong pile.

CARD	NEEDS, WANTS OR SAVINGS	REASON
18	NEEDS	*In this day and age, most everyone needs a cellphone; just make sure both the phone and the plan fit within your budget*
19	WANTS	*Entertainment is a want, not a need*
20	NEEDS	*If a car is your primary mode of transport, necessary repairs are a need*
21	WANTS	*Going out to see that brand-new film can be a great time, but should be budgeted as a want*
22	SAVINGS	*One of the longest term and most important types of savings is a retirement fund; sometimes employers match your contributions*
23	WANTS	*Choosing luxury over practicality is a want; if a new vehicle is needed, choosing value over image is the budget-friendly approach*
24	SAVINGS	*When you have payments due on an annual basis, saving up throughout the year will make the payment easier to manage and less burdensome*
25	NEEDS	*If you purchase a home, your mortgage payment will become one of your most essential expenses*
26	NEEDS	*If you need to use a laundromat, coins are a needed expense*
27	WANTS	*Everyone wants to look good, but pricey high-fashion items are a want*
28	WANTS	*An unplanned vacation might seem exciting, but it's a want, and could saddle you with high-interest debt*
29	WANTS	*Credit cards should be used responsibly, and within your means; if you charge big purchases you can't afford, it will cost you in interest*
30	WANTS	*Paying to have your car detailed is optional, so it's a want*
31	NEEDS	*It's incredibly important to protect your valuables with insurance to avoid an impact on your finances from a bad turn of events*
32	NEEDS/WANTS	*If you have a pet, buying pet food is a must; if you are thinking of getting a pet, make sure the expenses fit within your budget*
33	SAVINGS	*Saving up in a vacation fund is a great idea; while exploring the world, you'll be able to relax, knowing that your debt and finances are under control*

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QUIZ ANSWER KEY

Budgeting

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer from the given options.

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   - (b.) The total cost can add up quickly if you're subscribed to several services at once
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3. In the 50/30/20 budgeting system, what's the ideal percentage breakdown?
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   - b. 50% savings, 30% needs and 20% wants
   - (c.) 50% needs, 30% wants and 20% savings

4. If your spending isn't matching up with the 50/30/20 guidelines, what should you do?
   - a. Reduce your spending
   - b. Increase your income
   - c. Modify your percentages
   - (d.) Any combination of the above

/4 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

5. TRUE or (FALSE) Budgeting means giving up everything you love and converting to a super-frugal lifestyle

/1 pt