

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)

CLICK BELOW TO DOWNLOAD RESOURCES

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





LESSON PLAN

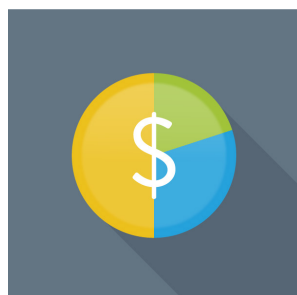
Budgeting

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**

Budgeting

5 minutes	Introduce topic and show VIDEO 05 (<i>Budgeting Basics</i>)
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 (<i>Building a Budget</i>)
10 minutes	Distribute ACTIVITY B ; go over results
5 minutes	Wrap up and distribute HANDOUT 05 and HANDOUT 40
(Optional)	Assessment: QUIZ (<i>Budgeting</i>)

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

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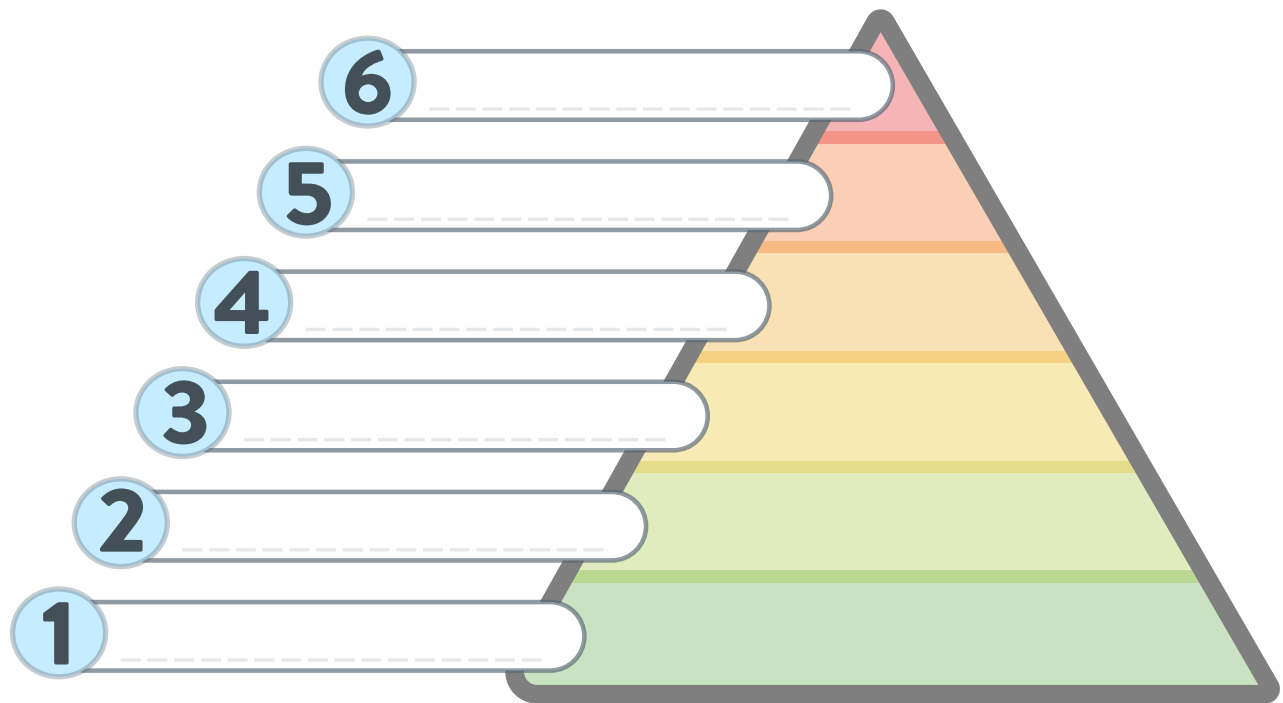


ACTIVITY A

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

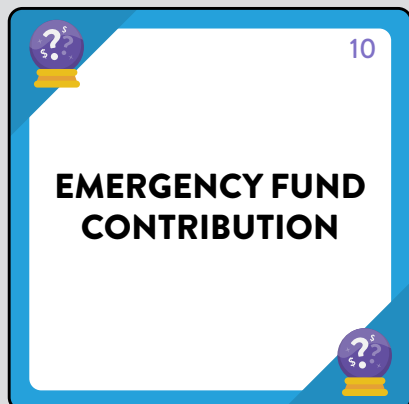
DINING OUT AT A FANCY RESTAURANT

09

MONTHLY RENT PAYMENT

NEEDS, WANTS OR SAVINGS

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



10

**EMERGENCY FUND
CONTRIBUTION**

This card is numbered 10 in the top right corner. It features a purple question mark icon in the top left and bottom right corners, each with a small dollar sign.



11

**REPLACING
WORN-OUT
CLOTHES**

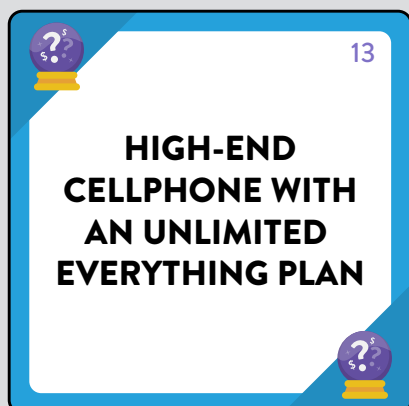
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12

**MONTHLY
BUS PASS**

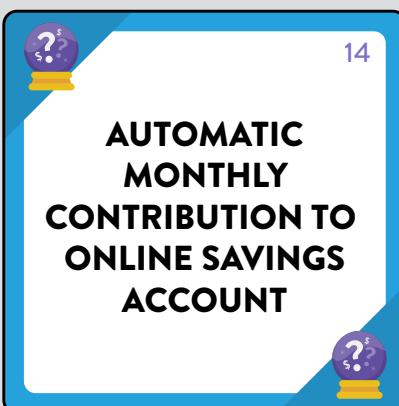
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13

**HIGH-END
CELLPHONE WITH
AN UNLIMITED
EVERYTHING PLAN**

This card is numbered 13 in the top right corner. It features a purple question mark icon in the top left and bottom right corners, each with a small dollar sign.



14

**AUTOMATIC
MONTHLY
CONTRIBUTION TO
ONLINE SAVINGS
ACCOUNT**

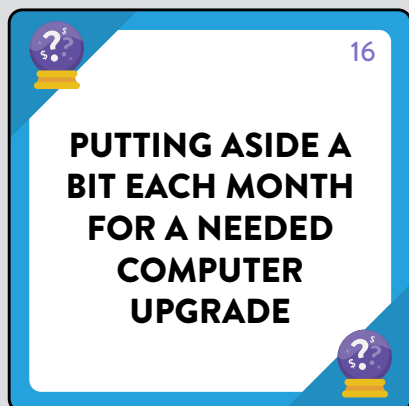
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15

**SPORTING EVENT
TICKETS**

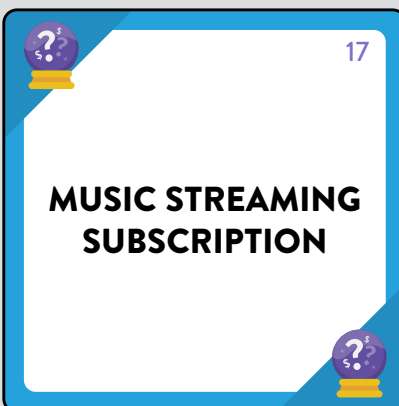
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16

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

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17

**MUSIC STREAMING
SUBSCRIPTION**

This card is numbered 17 in the top right corner. It features a purple question mark icon in the top left and bottom right corners, each with a small dollar sign.



18

**AFFORDABLE
CELLPHONE WITH
GOOD VALUE PLAN**

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19

**BRAND-NEW
VIDEO GAME
CONSOLE**

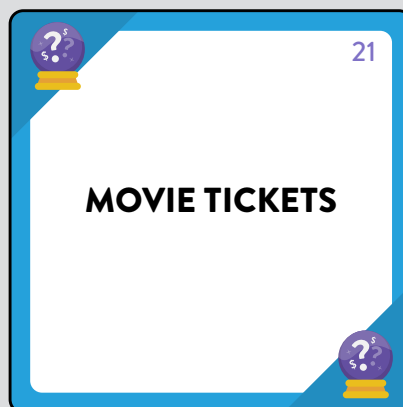
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20

CAR REPAIRS

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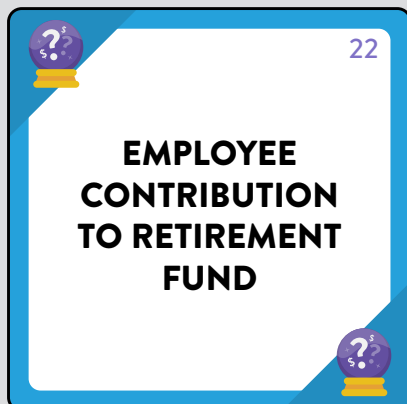
21

MOVIE TICKETS

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NEEDS, WANTS OR SAVINGS

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



22

**EMPLOYEE
CONTRIBUTION
TO RETIREMENT
FUND**

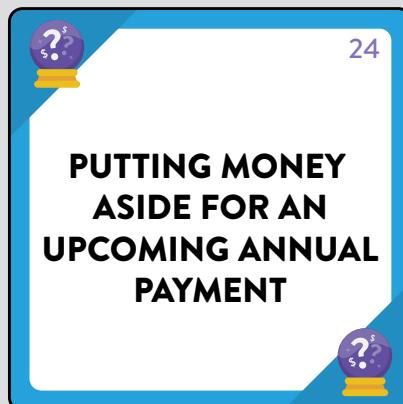
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23

**FANCY NEW
LUXURY VEHICLE**

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24

**PUTTING MONEY
ASIDE FOR AN
UPCOMING ANNUAL
PAYMENT**

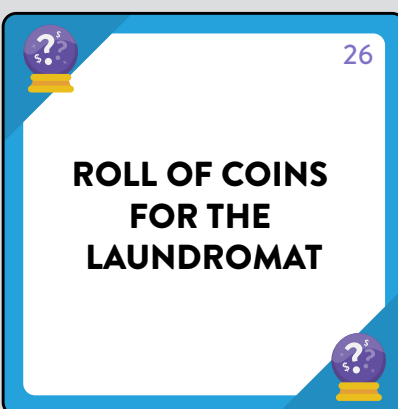
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25

**MORTGAGE
PAYMENT**

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26

**ROLL OF COINS
FOR THE
LAUNDROMAT**

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27

**NEW
FASHIONABLE
DESIGNER JACKET**

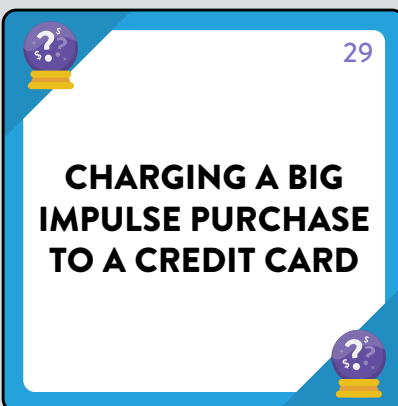
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28

**SPONTANEOUS
RESORT
VACATION**

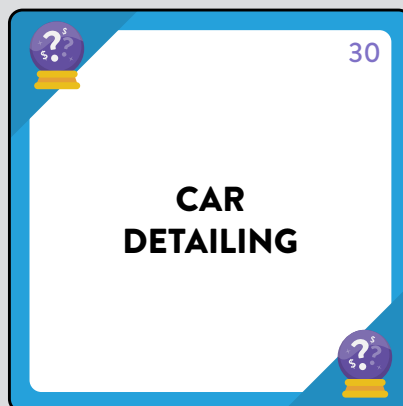
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29

**CHARGING A BIG
IMPULSE PURCHASE
TO A CREDIT CARD**

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30

**CAR
DETAILING**

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31

**RENTERS
INSURANCE
PAYMENT**

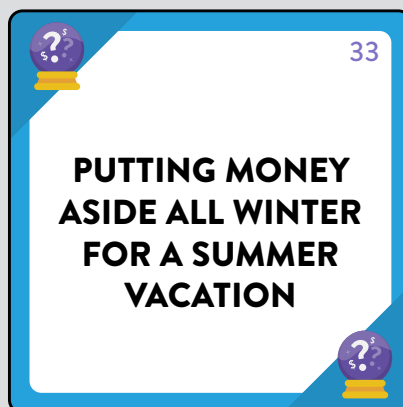
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32

PET FOOD

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33

**PUTTING MONEY
ASIDE ALL WINTER
FOR A SUMMER
VACATION**

This card is white with a blue border. It features a purple question mark icon in the top-left corner and a purple question mark icon in the bottom-right corner.



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

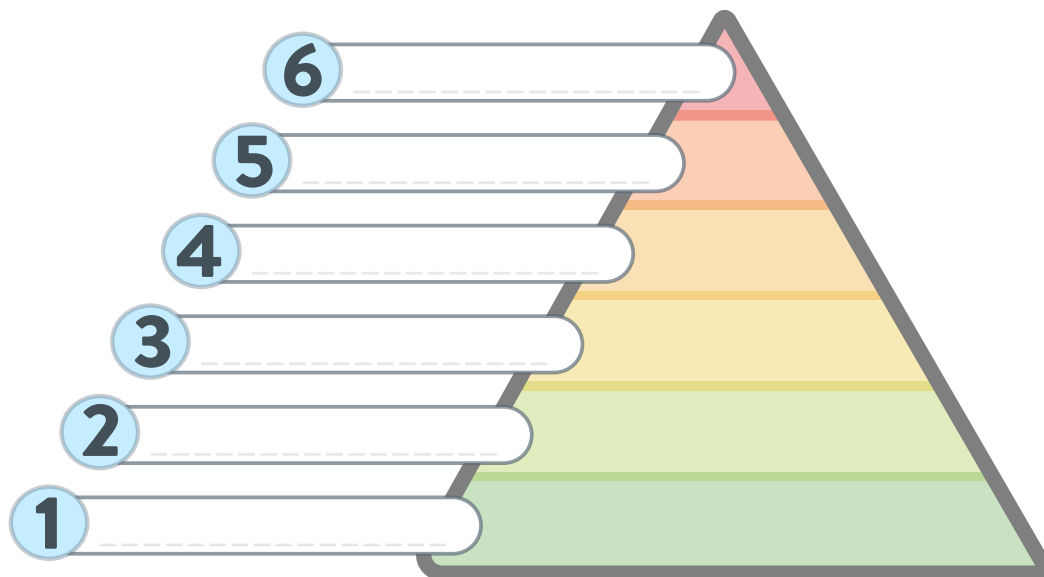
/1 pt

ACTIVITY A 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

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 fulfills 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

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



QUIZ ANSWER KEY

Budgeting

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
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 - 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
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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