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BUDGETING 101

Personal Finance

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MATERIALS

- Budgeting 101 Presentation
- Budgeting 101 Notetaker (1 per student)
- [Monthly Personal Budget Google Sheet](#)
- 1 to 1 Internet Enabled Devices per student.

INTRODUCTION

In this lesson, students will be introduced to the concept of creating and managing a personal budget. Over the course of **one to two classes**, students will learn about the process of budgeting through direct instruction, create their ideal budget, and investigate expected salaries and educational costs for their desired profession. This lesson works in a 1 – 1 internet enabled device classroom. Notetakers and personal budgets can be collected for assessment.

OBJECTIVE

Students will demonstrate fiscal responsibility that accurately reflects their expected spending and income by composing a personal budget.

PROCEDURES

Step One: Direct Instruction – Budgeting 101 Presentation.

Approximately 20 Minutes.

Provide each student with either a physical or digital copy of the **Budgeting 101 Notetaker**. Afford students a few minutes to write a response to the warmup question on the first slide. Work through the Budgeting 101 presentation taking time to answer questions or hold classroom discussion where appropriate.

- When introducing **Income** and **Expenses**, invite students to share examples of each to assist them with completing the second question on the notetaker. There is a similar requirement when introducing **luxuries** and **necessities**.
- When prompted in the presentation, students will need to write down three of their own financial goals. This is a good opportunity to discuss with students how to create measurable and obtainable financial goals.

Step Two: Student Practice - Income.

Approximately 15 Minutes.

After working through the presentation, inform students they will be creating their own budget based on their expected earnings in their desired career. Students will begin by creating a copy of the [Monthly Personal Budget Google Sheet](#). They will then independently research the income range for their desired careers. Once done, they will need to calculate their net pay using a [paycheck calculator](#) and enter their monthly net income into their copy of the Monthly Personal Budget Google Sheet.

- It would be beneficial to walk students through the process of calculating their take home pay by working through an example.
- The [Bureau of Labor Statistic Wage Directory](#) has a lot of quality information to help student research wages. Students should use the median hourly/salary wage information.
- Encourage students to research multiple professions prior to deciding on one.

Step Three: Student Practice - Expenses.

Approximately 30 minutes.

Students will estimate their monthly expenses by researching the price of rent, utilities, and other necessities/luxuries for the city they desire to live in. Students should be encouraged to look for the costs within the city or state they wish to live in as well as calculate items like educational costs for their specific career. As costs are identified, they should be entered into the student's copy of the Monthly Personal Budget Google Sheet. The Google Sheet will automatically calculate the totals for the students.

- [Zillow.com](#) can be used to research rent costs, the [Smart Asset Student Loan Calculator](#) can help estimate educational costs, the [Auto Loan calculator](#) can be used for vehicles, and [Wallet Hub](#) collects useful information on energy costs.
- Working through examples whole group is recommended.
- Some categories may be difficult to find up to date information on and therefore require estimates.
- The **Budgeting 101 Discussion Questions** can be used as an extension either whole group or in smaller groups.

Name _____

WARM UP

If a distant relative left you \$10,000, what would you spend it on?

1. Define **BUDGET**.
2. List three examples of **INCOME** and three examples of **EXPENSES**.

INCOME	EXPENSES
1.	1.
2.	2.
3.	3.

3. In your own words, why is creating a *personal* budget a good idea?
4. What are three different ways to create and maintain a personal budget?
5. Identify and briefly describe each of the four steps in planning your first budget.



1.



2.



3.



4.

QUICK WRITE

What are **THREE** financial goals you have?

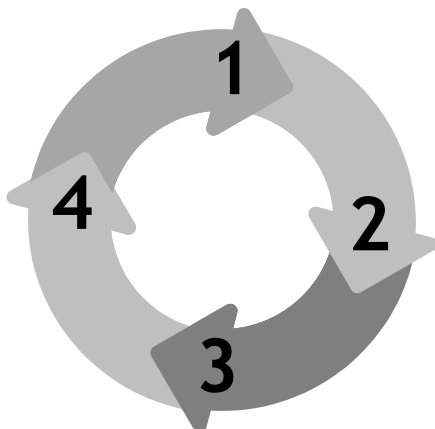
6. What is the difference between **SALARY** and **HOURLY** wages?

7. List three examples of **NECESSITIES** and three examples of **LUXURIES**.

NECESSITIES	LUXURIES
1.	1.
2.	2.
3.	3.

8. Why is it important to budget for **UNEXPECTED EXPENSES**?

9. Identify and briefly describe each of the four phases of the **PERSONAL BUDGET CYCLE**.



1.

2.

3.

4.

DISCUSSION QUESTIONS

1. What are your financial goals?
2. Did creating a budget make you feel your financial goals are more attainable? Why or why not?
3. If you were to redo this activity, would you change your financial goals? How?
4. What was your annual/monthly income for the career you selected?
5. Was the income for your chosen career about what you expected? Are people in this profession underpaid? Overpaid?
6. What was the difference between your gross income and your net income? Do you think people earning your level of income are paying their “fair share” in taxes?
7. What was the biggest expense you had in your budget?
8. What expense surprised you the most? Why?
9. Were your expenses less than or more than your income?
10. What luxuries did you include in your budget? Why couldn't you cut them out?
11. How do you think the average American budget looks? Are most Americans good at managing their money?
12. What advice would you give to someone that is struggling to manage their expenses? What about someone that has a lot of credit card debt they want to pay down?