



# Financial Literacy Lesson:

Budgeting Lesson 1

## Grade Levels:

9 - 12th

### Topic:

Expenses + Intro to Budgeting

### Lesson Purpose:

To introduce students to various types of expenses they will encounter and how to budget for those expenses.

### Objective:

Students will use a choice boards to practice identifying expenses and practice decision making around budgeting.



## Teacher Lesson Outline:

### Intro / Hook :

- 5-7 min Intro:** Write Prompt on the Board or Display  
Bills Parents/Guardian Pay or You pay: List as many as you can think of - ones that come every month and ones that are occasional or come as a surprise.
- 5-7 min:** Have students share and reiterate that being responsible with your money requires that you have an idea of your expenses so you can plan to pay for them.
- 5 min Content Intro:**  
Define the different types of expenses and provide examples
  - Fixed
    - Expenses that cost the same amount on a routine basis
    - Examples: Mortgage or Rent, Car Note, Netflix Subscription
  - Variable
    - Expenses that change in cost and occurrence
    - Examples: Going out to eat, shopping, utility bill
  - Unexpected
    - expenses that come as a total surprise
    - Examples: Emergency room, flat tire
- 5 min** Intro Budgeting Activity: Imagine you make \$2,500 a month.
- 20 min** Look at the items on your choice boards and the price they each cost. Choose all of the items that you would purchase in a month. \*Remember you can't go over your allotted amount AND you must choose at least one from each of the Must Choose Categories.
- 10 min** Discuss how hard it was for students to make their choices. (Be sure to let them know that it is normal and part of the decision-making process they'll use for the rest of their lives).
- Discuss the responsibility it takes to account for both the things you need and want in order to be financially stable. Reiterate the importance of not living above one's means.

## START: Essential Question(s)

- Q : Why is creating a budget important?
- Creating a budget or a plan for how you will spend your money is one of the most important steps you can take to manage your money properly for financial stability.
- Q : What are the three categories of expenses?
- **Fixed** – expenses that cost the same amount on a routine basis  
Examples: Mortgage or Rent, Car Note, Netflix Subscription
  - **Variable** – expenses that change in cost and occurrence  
Examples: Going out to eat, shopping, utility bill
  - **Unexpected** – expenses that come as a total surprise  
Examples: Emergency room, flat tire

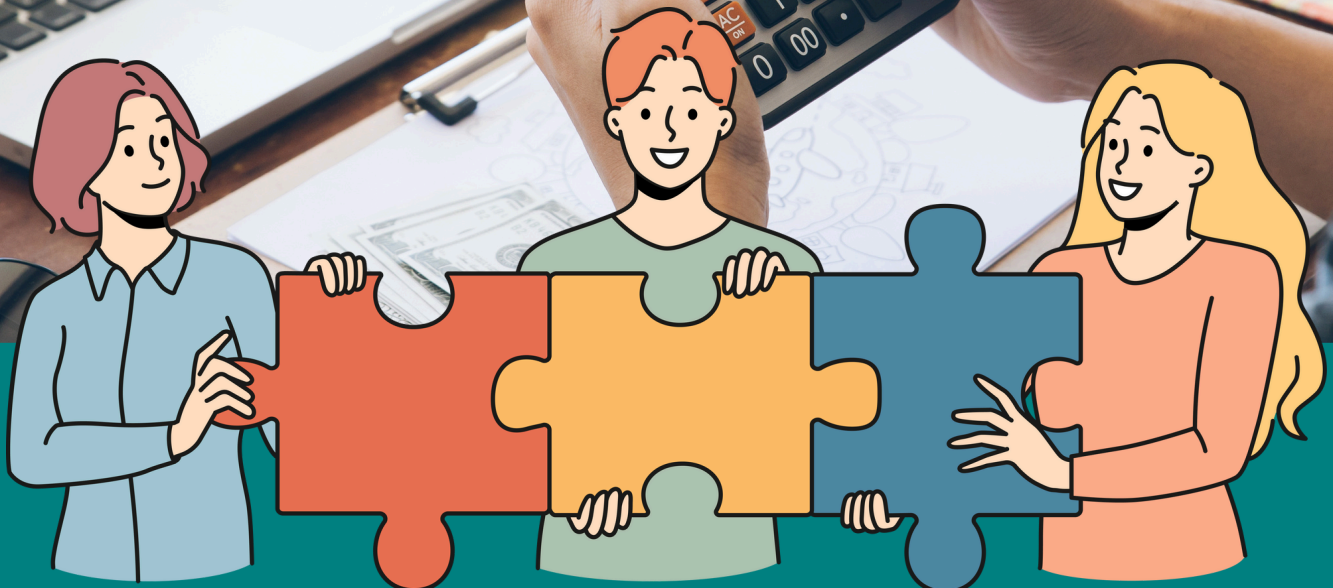
## Education Standards Addressed:

**SSPFL2 Describe how budgeting and actively reviewing finances can be used to allocate scarce income.**

- a. Explain the importance of setting short-term, medium-term, and long-term savings goals.

## Additional Lesson Materials:

**Choice Boards**



# Budget MUST CHOOSE Options

## Directions:

Make a choice from each essential needs expenses category. You must choose one from each category!

### Housing

1. 2 Bedroom Apartment rent - \$850/month
2. 3 Bedroom Townhome mortgage - \$1,000/month

### Electric / Utilities

1. For the 2 Bedroom Apartment - \$175/ month
2. For the 3 Bedroom Townhome - \$235/ month

### Food

1. Groceries/ cooking - \$300 / month
2. Groceries and Some Eating Out - \$375/ month
3. Mainly Eating Out - \$450 / month

### Transportation

1. Honda Accord - \$200/month
2. BMW - \$350/ month
2. Tesla - \$425 / month

### Car Insurance

1. For the Honda Accord - \$125 / month
2. For the BMW - \$185 / month
2. For the Tesla - \$275 / month

### Health Insurance

1. Bronze Basic Plan Health Only - \$125
2. Silver Health Plan + Dental - \$145
3. Gold Health Plan + Dental + Vision - \$165

### Transportation Fuel

1. For the Honda 87 regular gas - \$95 / month
2. For the BMW 93 premium gas - \$215 / month
3. For the Tesla charging station - \$50 /month

### Essentials

(Toiletries, Hygiene, Household items etc)

1. Walmart - \$100 / month
2. Target - \$150 / month
3. Walmart + Target - \$200 / month

### Cell Phone Bill

1. AT&T - \$70 / month
2. Verizon - \$80 / month
3. T-mobile - \$85 / month

# Budget OPTIONAL Choices

## Directions:

Choose one item from each of the categories that you desire. You do not have to choose any but can choose up to how many you really want and can afford.

### Music Subscription

1. Pandora - \$10 / month
2. Apple Music - \$11 / month
3. Tidal - \$11 / month
4. Spotify - \$11 / month

### TV Subscription

1. Hulu - \$ 9 / month
2. Amazon Prime - \$15 / month
3. Netflix - \$16 / month

### New Clothes / Shoes

1. New Shoes - \$125
2. New Clothing - \$150
3. New Shoes + Clothing - \$275

### Electronics

1. New Video Game - \$70
2. New Laptop Computer - \$500
3. New Cell Phone - \$ 800

### Hang Out With Friends

1. Bowling & Snacks - \$ 25
2. Movies & Snacks - \$ 35
3. Concert or Pro Sports Game - \$75

### Travel

1. WkEnd getaway FL - \$350
2. WkEnd getaway California - \$750
3. 5 day Island Trip - \$1,200



# Budgeting Video Note-Taking Guide

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The first step in creating a budget is

Evaluating your \_\_\_\_\_

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The **10 - 10 - 80 Budget** breaks your income into categories:

10%

10%

80%

Let's follow the example. Ex. \$2,900. Monthly pay

How do you calculate 10% of net pay?

\*Move the decimal point one space to the left.

10% of \$2,900. = \_\_\_\_\_

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How much money was left for "play money"?

# Intro Budgeting Activity

**Directions:**

Imagine that you just graduated from college and got your first entry level job making \$2,500 a month. Use both Choice Boards (MUST CHOOSE) and (OPTIONAL) to make your decision on how you will spend your money. Record your choices below:

<b>MUST CHOOSE</b>	<b>COST:</b>
Housing :	
Electric :	
Food :	
Transportation :	
Transportation Fuel :	
Car Insurance :	
Health Insurance :	
Essentials :	
Cell Phone :	
<b>OPTIONAL</b>	
Music Subscription :	
TV Subscription :	
New Clothes / Shoes :	
Electronics :	
Hang Out w/ Friends :	
Travel :	
<b>TOTAL COST</b>	

## Reflection Questions:

1. Which choices were the most difficult to make?

2. Were you surprised at how much any of the things you/want need cost?

3. How close to your budget did you come? Was there any money left for saving and/or investing?