

Budget to Save—Developing a Budget

Lesson Overview

Description

Prior to the start of the lesson, students track their consumption during a one-to-two-week period.

This lesson begins brainstorming ways students can earn an “A” in class. Students then practice writing SMART goals, which culminates in a goal-writing assessment. Students will further distinguish between needs and wants and marginal decision-making and explore different sample budgets. The lesson concludes with students using marginal decision-making to adjust a sample budget.

Standards

- [National Standard in K-12 Personal Finance Education](#)
- [Texas State Social Studies Standards](#)
- [Texas State CTE Standards](#)

Instructional Objectives

- Analyze personal goals to determine related and necessary financial goals.
- Create personal goals for a variety of time frames and develop related financial goals.
- Gather data and then analyze personal spending.
- Develop a budget that allows for personal saving.

Time Required

- One 90-minute class period
- Two 45-minute class periods

Materials Required

- PowerPoint/PDF slides
- Copies of Handout 1: Consumption Log
- Copies of Handout 2: Guided Notes
- Copies of Handout 3: Day-to-Day Spending Logs
- Copies of Assessment 1: Where Am I Going? A Goal-Setting Exercise
- Copies of Assessment 2: Budget Worksheet

Lesson Procedures

1. Prior to the start of the lesson, Distribute Handout 1: Consumption Log to students. Have students record all their consumption for one to two weeks. Since parents/guardians pay for many high school students' expenses, encourage students to record all consumption whether they paid for the items or not.
 - Alternative recording option: Ask students to take pictures on their cellphone of everything they consume for one to two weeks. Then have students transfer the pictures to their consumption log in class.
2. **Display slide 1.** Distribute Handout 2: Guided Notes. Tell students that today they will start a lesson about setting goals, budgeting and saving.
3. **Display slide 2.** Review the instructional objectives for the lesson.
4. **Display slides 3-4.** Introduce goal setting by asking students to brainstorm steps they need to take to earn an "A." Answers will vary but might include:
 - Set aside time for studying.
 - Turn in all homework.
 - Limit cellphone use.
 - Attend class every day.

Classroom response strategy:

- Have students write brainstorm ideas in their guided notes.
 - Have students transfer each brainstorm idea on a sticky note and place them on the whiteboard. If sticky notes are used, you can re-sort them in the next two steps.
 - Have students share their ideas and type them into the fillable text box on the slide.
5. **Display slide 5.** Explain to students that their plans for earning an "A" should be specific and action oriented. Then have students sort their previous steps to earn an "A" into the following categories:
 - **General** (General plans are not only harder to follow; they are more likely to fail.)
 - **Specific** (Specific plans focus on actions that can be controlled.)

Classroom response strategy:

- Have students sort their steps into specific or general in their guided notes.
- If you used sticky notes in the previous steps, ask students to come to the board and re-sort sticky notes.
- Have students share their ideas and type them into the fillable text box on the slide.

6. **Display slides 6-7.** Use the information below and the keywords on the slide to introduce SMART Goals. SMART is the acronym used to help set high quality goals. Use each of the words and the examples provided on slide 7 to demonstrate the difference between goals that meet each of the requirements and goals that do not.

- **Goal:** I would like to work out three days a week for 30 minutes a day for the next two months.
- Explain how “three days” and “for 30 minutes” are both specific and measurable.
- Explain that they are generally attainable and realistic.
- Explain that by setting a timetable of two months, the goal remains timely.

Classroom response strategy:

- Have students record what the acronym SMART stands for in their guided notes.

7. **Display slide 8.** Give students time to rewrite their original brainstorm responses into a SMART goal and share with the class.

8. **Display slide 9.** Have students rewrite the following goal: I want to do better at completing all my homework. Add the necessary details to make it SMART. Answers will vary. A sample answer is given below.

- I will use my planner to record all major deadlines and assignments for each class, use the first hour I’m home to focus on my homework without technology and attend tutorials with my teachers weekly for help on my homework from now until the next test.

Classroom response strategy:

- There is space in the guided notes for students to complete the rewrite.
- Complete the rewrite as a class or in pairs and record student responses using the fillable textbox on slide 9.

9. **Display slides 10-11.** Review example goals. Using the space provided in the guided notes, have students write SMART goals for each example:

- New cellphone.
- Community college.
- Student competition trip.
- New computer.

Classroom response strategy:

- Split class into four groups and have each group write a SMART goal and share. If you have a large class, split into eight groups if needed and compare SMART goals. Not every SMART goal will be the same.
- Have students record their SMART goals in their guided notes.

10. **Display slide 12.** Explain to students that in order to build wealth, they must establish goals.

11. **Display slide 13.** Introduce personal and financial goals.

12. **Display slide 14.** Distribute Assessment 1: Where Am I Going? A Goal Setting Exercise.

Have your students set personal goals for each time frame. This assessment can be used as a summative or formative assessment.

- This would be a good ending point for the 45-minute lesson.
- Reminder—Handout 1: Consumption Log needs to be completed before the next section.

13. **Display slides 15-19.** Review the definition of needs, wants and marginal decision-making.

- Explain to students that before they can create a budget to meet their goals, they must first understand needs and wants and marginal decision-making.

Classroom response strategy:

- Have students record needs, wants and marginal decision-making in their guided notes.

14. **Display slides 20-22.** Explain to students that the next step before creating a budget is to identify needs and wants.

Distribute Handout 3: Day-to-Day Spending Log.

- Split class into six groups to identify whether each expense is a need or a want. Have student groups share their answers when finished.
- Needs and wants are not as clear as they seem. For example, some students may view a cellphone as a need, and another student might not own a cellphone and consider it a want.

15. **Display slide 23.** Review the scenario on the slide.

Karthik spends \$5-\$10 a day for coffee. What could Karthik change to save more?

Suggested questions for student discussion:

- Is coffee a need or a want?
- Is there a less-expensive way he can still have coffee?
- If Karthik wants to save money and decides not to give up coffee, is there another way he can cut his budget?

16. **Display slide 24.** If students have been using Handout 1: Consumption Log to record their consumption over the last one to two weeks, ask students to their logs out. If you chose to have students take photos on their cellphone of all the items they consumed, this would now be the time to have them transfer their consumption to the consumption log.
- Step 1: Have students enter all their consumption expenses for the past week.
 - Step 2: Have students identify each item as a need or a want.
 - Step 3: Have students identify three items they could adjust or modify if they changed their savings goal or had a change in income.

Classroom response strategy:

- Have students share their examples to step 3 in class.
17. **Display slide 25.** Review the brainstorm question “Why Is a Budget Important?”
18. **Display slides 26-27.** Review the definition of budget, how budgets can help you and what is needed to develop a budget.
19. **Display slides 28-29.** Use the information below and the visuals on the slide to explain Riley’s monthly budget.
- Explain that Riley needs to save \$100 per month.
 - Ask for student suggestions on how Riley could save money.
 - Don’t write specific numbers on this slide; just get students thinking about what changes Riley could make.
20. **Display slide 30.** Distribute Handout 4: Riley’s Monthly Budget. On the handout, have students adjust Riley’s budget to save at least \$100 a month. A sample outcome of Riley’s budget is below.
- Instruct students to record the spending changes and new expenses in the last two columns.
 - Have students calculate Riley’s new savings.

Riley's New Monthly Budget

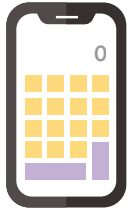
Assets	Current income	Income changes	New income
Part-time job	\$ 580		\$
Lunch money from parents	80		
Total income	\$ 660		\$
Liabilities	Current expenses	Spending changes	New expenses
Eating out at lunch (\$6 per school day)	\$ 120		\$
Movie night with friends (\$20 per week)	80	-\$20 every other week	40
Dinner with friends (\$12.50 per week)	50	-\$12.50 every other week	25
Football games and snacks	20		
Car insurance	140		
New clothing	170	-\$40	130
Gas	60		
Soft drink from vending machine (per school day)	20		
Total expenses	\$ 660		\$ 555
	Current savings		New savings
Available to save (income - expenses)	\$ None		\$ 105

21. **Display slides 31-32.** Review learning objectives with students.

Suggested question for student discussion:

- How does making a budget help you reach your goals?

22. **Optional.** Have students complete Assessment 2: Budget Worksheet.



Handout 2

Guided Notes

Brainstorm and write down what steps are needed to earn an “A” in class.

Now, sort your goals listed above into the following categories:

Specific

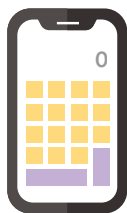
General

SMART Goals: Fill in the blank:

S	_____
M	_____
A	_____
R	_____
T	_____

Rewrite the following goal into a SMART goal:

I want to do better at completing all my homework.



Handout 2

Guided Notes, Cont.

Setting Goals

Write a goal to accomplish the up-front and ongoing cost for each purchase.

Buy a new cellphone

- a. Phone: \$600
- b. Cellphone plan: \$50/month

Pay for community college

- c. Tuition: \$4,000/year
- d. Books: \$600/year
- e. Bus pass: \$50/month

Pay for student competition trip

- f. Plane ticket: \$500
- g. Hotel: \$400
- h. Food and souvenirs: \$300

Purchase a computer

- i. Computer: \$1,200
- j. Internet: \$75/month
- k. Two-year warranty: \$100

Need

Want

Marginal Decision-Making



Handout 3

Day-to-Day Spending Log

Karthik

Date	Expense	Amount	Need	Want
1/1	Donut shop	\$25.00		
1/1	Coffee	\$10.72		
1/2	Musical instrument monthly rental	\$24.86		
1/2	Coffee	\$5.36		
1/3	Work T-shirt	\$17.00		
1/3	Coffee	\$5.36		
1/4	Monthly music streaming service	\$7.99		
1/4	Coffee	\$5.36		
1/5	Donut shop	\$8.27		
1/5	Movie and popcorn	\$19.75		
1/6	Coffee	\$10.72		

Maria

Date	Expense	Amount	Need	Want
1/1	Campus monthly meal plan	\$250.00		
1/1	Coffee	\$5.83		
1/2	Concert ticket	\$175.00		
1/2	Dinner	\$22.67		
1/4	Textbook	\$127.86		
1/5	Cellphone bill	\$63.88		
1/5	Lunch	\$19.79		
1/5	Online shoe store	\$65.24		
1/7	Internet bill	\$54.99		

Terri

Date	Expense	Amount	Need	Want
1/1	Monthly bus pass	\$112.00		
1/1	Groceries	\$162.21		
1/2	Rent	\$1,275.00		
1/2	Tech, TV and more	\$176.99		
1/4	Cellphone bill	\$87.99		
1/5	Daycare	\$1,100.00		
1/5	Restaurant dinner	\$37.78		
1/5	Clothing for kids	\$115.98		
1/6	Groceries	\$244.73		



Handout 3

Day-to-Day Spending Log

Destiny

Date	Expense	Amount	Need	Want
1/1	Family gym membership	\$273.00		
1/1	Soccer registration	\$154.25		
1/2	Mortgage	\$1,816.00		
1/2	Electricity bill	\$276.09		
1/4	Cellphone bill	\$145.99		
1/5	Internet and cable	\$189.74		
1/5	Restaurant dinner	\$127.52		
1/5	Car payment	\$468.63		
1/8	Gas	\$31.77		

Zane

Date	Expense	Amount	Need	Want
1/1	Restaurant dinner	\$84.37		
1/1	Rent	\$2,700.00		
1/2	Restaurant dinner	\$121.27		
1/3	Coffee	\$5.27		
1/4	Cellphone bill	\$89.43		
1/4	Lunch	\$34.75		
1/4	Airfare for vacation	\$427.52		
1/5	Monthly parking	\$175.00		
1/7	Restaurant breakfast	\$31.77		

Tandy

Date	Expense	Amount	Need	Want
1/1	Supplemental medical plan	\$188.00		
1/1	Prescription	\$23.46		
1/1	Rent	\$899.00		
1/1	RV payment	\$235.10		
1/3	Cellphone bill	\$35.99		
1/4	Cable	\$65.78		
1/5	Restaurant breakfast	\$8.99		
1/5	Groceries	\$72.32		
1/6	Electricity bill	\$65.21		



Handout 4

Riley's Monthly Budget Worksheet

Assets	Current income	Income changes	New income
Part-time job	\$ 580		\$
Lunch money from parents	80		
Total income	\$ 660		\$
Liabilities	Current expenses	Spending changes	New expenses
Eating out at lunch (\$6 per school day)	\$ 120		\$
Movie night with friends (\$20 per week)	80		
Dinner with friends (\$12.50 per week)	50		
Football games and snacks	20		
Car insurance	140		
New clothing	170		
Gas	60		
Soft drink from vending machine (per school day)	20		
Total expenses	\$ 660		\$
	Current savings		New savings
Available to save (income - expenses)	\$ None		\$

What did you change and why?



Assessment 1

Where Am I Going?

A Goal-Setting Exercise

To build wealth, you must establish goals. For each time frame, set one personal goal. Then set a financial goal that will allow you to meet the personal goal. For example, if you want to take a trip with friends this summer, how much will you need to save?

In preparing your goals:

- Be realistic.
- Establish time frames.
- Be flexible; goals can change.

By the end of the school year ...

Personal goal _____

Financial goal _____

By the end of summer ...

Personal goal _____

Financial goal _____

In one year ...

Personal goal _____

Financial goal _____

SMART Goal

Choose one goal above and write it as a SMART goal:



Assessment 2

Where Am I Going?

- Document the sources and amounts of income that allowed you to make purchases while tracking your consumption.
- Record your expenses below. You can use general spending categories like “eating out” or “entertainment” if needed.
- Look for ways to increase income and/or decrease expenses so that you begin to save or increase your savings. Keep in mind your financial goals. Is there something you have been buying that you could live without?
- Remember, keep your budget realistic and include everything. Make plans that you can live with week after week.

Assets	Current income	Income changes	New income
	\$		\$
Total income	\$		\$
Liabilities	Current expenses	Spending changes	New expenses
	\$		\$
Total expenses	\$		\$
	Current savings		New savings
Available to save (income - expenses)	\$		\$