

Name of Program: Creating and Managing a Budget

Target Audience: All Grade Levels

Strategy for Implementation: Group Discussion & Activity.

Time of Year to Implement: Early Fall Semester

Relevant Learning Goal: Life Skills

- Students will practice steps for positive decision making
- Students will demonstrate competence in personal life skills required to live independently

Specific Lesson Outcomes:

- Students will display effective decision-making skills in order to prioritize needs vs wants.
- Students will demonstrate the ability to budget costs over a monthly time frame in order to achieve desired living/habitation conditions
- Students will be able to better articulate the costs and benefits of various amenities.

Google-Slide: [Creating a Budget](#)

Purpose: Students will be able to plan and implement a budget over the course of a month-to-month basis.

Planning and Preparation:

- Optional Pre-Work -

- Have students start talking with parents/guardians about what are some of the expenses that they have to go through.
- Students can use this tool to get a sense of the relationship between expenses and the income needed to support such a lifestyle:
<https://www.jumpstart.org/what-we-do/support-financial-education/reality-check/>
- Use this guide as a quick overview on what setting up a budget entails:
https://www.oklahomamoneymatters.org/students/high_school/Budget.shtm

Introduction: Introduce students to the topic. Ask students to answer “What is a budget/Why is it important?” and “How do you know if a budget is effective?” Allow students to reflect upon their answers. Sites such as Kahoot or Slido may be used to record these inputs and responses.

-Body of Program-

- The first thing to do when creating a budget is to track and categorize the expenses that you already have each month.
 - Even if it is something small, such as buying a soda from a vending machine. It is important to log all of your expenses under a category as it is easier to track and plan ahead. That way, at the end of the month, you will be able to account for any repeat expenses and see the expenses that might fall under similar categories/topics: such as entertainment, food, transportation, subscriptions, etc.

Each expense should fall into one of your categories.

- The next step is to identify what your avenues of income are.

Some examples are savings from:

- Birthdays
- Holidays
- Job
- Allowance

This is very important in that it helps a person create a realistic plan. And, it helps a person see what their initial savings are. As that is the money that will be mainly implemented into their budget.

- Activity (5-8min) Provide the students with this budget calculator:
<https://www.cicmoney101.org/Calculators/Budget-Worksheets/High-School-Student.aspx>

Students should be able to fill it out to the best of their ability. This is a helpful tool to keep track of their expenses. If needed, knowing they are high school

students with less financial responsibilities, you can go over some of the categories and substitute where possible.

- Then, start discussing with them ways to plan their expenses. Keeping in mind to talk about the idea of fixed and variable expenses.
 - **Fixed Expenses:** Are expenses that remain constant from month to month. Some examples of this are things like car insurance and subscriptions to things like Netflix/Hulu/Gym membership
 - **Variable Expenses:** These are expenses that might fluctuate month to month. Thus making them harder to budget and account for. Some examples of this might be gas price, entertainment, and/or extracurricular activities.

These are all important things to consider when planning a budget as they will have a major effect on where you will allocate your savings in your budget.

- Then, talk with students about the idea of essential expenses vs flexible expenses. Start the conversation with them about what they view as essential vs what is an amenity.
- Leading to talking with them about a common example of a budgeting style like the 50/30/20 rule.

This says that on average;

- You should allocate 50% of your income to essential expenses.
- While 30% of the income should be budgeted for flexible expenses.
- With the final 20% of the income going towards savings to cover unexpected costs, build an emergency fund, and meet personal or family goals, such as college planning, travel, and retirement.

Reiterating the idea that realistically it's not as simple as 50/30/20. But, no matter what percentage of the savings is used for what; the essential expenses are what they should always have as the top priorities when creating a budget/plan.

- Long-term, emphasizing the idea that when they start creating a budget/savings plan, it can help them start saving for expenses such as a car, college, and larger personal item purchases.
- If there is any extra time:
 - Talk about the idea of wants vs needs. What makes something a want vs what makes something a need. Are all needs really a need?
 - What might budgeting look like for students while at IMSA?

Assessment: How do you know that they have learned from this program?

1. What is a fixed expense vs a variable expense?
2. What is the 50/30/20 rule? What is the importance of this rule when making a budget?
3. What is the importance of starting on a budget early?

References & additional tools:

<https://www.cicmoney101.org/Calculators/Budget-Worksheets/High-School-Student.aspx>

https://www.oklahomamoneymatters.org/students/high_school/Budget.shtml

<https://www.jumpstart.org/what-we-do/support-financial-education/reality-check/>