

# LESSON PLAN

*Budgeting Basics*

- IT'S A -  
**MONEY  
THING®**

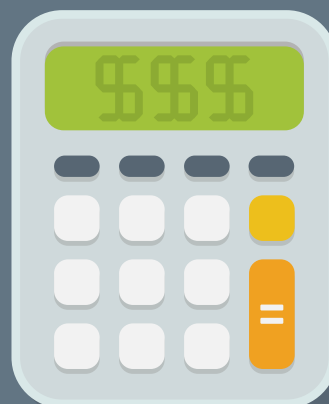
## INCLUDED IN THIS PACKAGE

- **LESSON PLAN** (2 pages)
- **ACTIVITY** (3 pages)
- **QUIZ** (1 page)
- **ACTIVITY ANSWER KEY** (2 pages)
- **QUIZ ANSWER KEY** (1 page)

## COLLECT FROM YOUR LIBRARY

- **VIDEO 05** (*Budgeting Basics*)
- **HANDOUT 05** (*Budgeting Basics*)
- **PRESENTATION 05** (*Budgeting Basics*)

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# LESSON PLAN

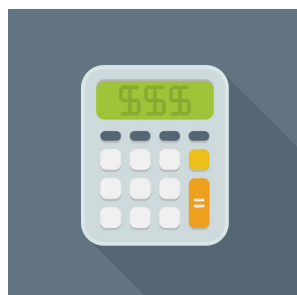
## Budgeting Basics

GRADES

7 to 9

TIME

45 minutes



### OVERVIEW

This lesson explores basic budgeting categories and introduces students to the idea that budgeting can be liberating, rather than limiting. Students will have the opportunity to practice allocating their income in an interactive game and will discover the importance of saving for emergencies.

### GOALS

- Familiarize students with the concept of budgeting and its importance in managing personal finances
- Introduce students to the difference between gross income and net income
- Develop students' confidence in making budgeting decisions

### OBJECTIVES

- Identify the main components of a budget, including income, expenses and savings
- Discuss the purpose of a budget in helping individuals manage their money effectively
- Define gross income and net income
- Analyze how changes in income or expenses impact a budget and practice adjusting a budget to accommodate these changes

### ASSESSMENT

Use the activity in this lesson plan to assess students' grasp of the topic. An optional quiz is also provided (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 Personal Financial Education.*

### MATERIALS

- ☐ **VIDEO 05**—*Budgeting Basics*
- ☐ **HANDOUT 05**—*Budgeting Basics*
- ☐ **PRESENTATION 05**—*Budgeting Basics*
- ☐ **ACTIVITY**—*Budget Bonanza and Answer Key*
- ☐ **QUIZ**—*Budgeting Basics and Answer Key*

### PREPARATION

- Gather digital materials (video and presentation)
- Prepare the **ACTIVITY**: Print one copy of the activity for each small group (or for each student, if playing individually), and one copy of the answer key for the facilitator. If using currency tokens (e.g., beans, buttons, beads), hand out 25 tokens per group or per student. If not, make sure each student or group has a pencil.
- Print **HANDOUT 05** for each student
- (Optional) Print **QUIZ** (Budgeting Basics) for each student

## Budgeting Basics

**5 minutes** Introduce topic and show **VIDEO 05** (*Budgeting Basics*)

### 25 minutes Facilitate the **ACTIVITY**

**5 minutes** Wrap up and distribute **HANDOUT 05**

**(Optional)** Assessment: **QUIZ**  
(*Budgeting Basics*)

1. Introduce and determine students' familiarity with the topic by asking:
  - Can anyone explain in their own words what it means to budget your money?
  - Have you ever had to make a plan for how to use your money? What was it for?

2. Show **VIDEO 05**

3. Go over **PRESENTATION 05**

#### 4. Facilitate the **ACTIVITY**

- Divide students into small groups
- Distribute one set of worksheets and 25 income tokens to each group
- Inform students that their tokens (or their pencil marks) represent their total income for the month and that they need to allocate their tokens across the different categories on their worksheets
- Refer to the provided answer key to guide each round of the game; the answer key contains detailed instructions and discussion prompts

5. Wrap up by sharing the following:

- Budgeting helps us enjoy the money we have while also ensuring we are prepared for financial challenges
- Each person's financial situation is unique, so their budget will reflect their individual needs, priorities and challenges
- By setting priorities, being prepared for surprises and maintaining a positive mindset, you can manage your money and work towards your financial goals with confidence

6. Distribute **HANDOUT 05** for students to take home; encourage students to refer to the handout for more information on take-home pay and budgeting tips

- (Optional) Distribute **QUIZ** for individual assessment, or answer the questions together as a class; decide whether or not students can reference their notes/handouts during the quiz

## NOTES

[illegible]



# ACTIVITY

## Budgeting Basics

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### BUDGET BONANZA

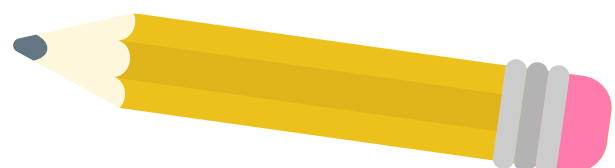
**Directions:** Place your tokens on (or use a pencil to fill in) the circles next to your budget choices. You must choose one option in each category marked as a “Need.” Spend any leftover tokens (or add pencil marks) in other categories. You can pick more than one option in the same category if you want.

Housing <span>*NEED</span>	
Live with family (share utilities cost)	○
Share an apartment with roommates	○○
Rent a cozy apartment	○○○
Rent a luxury downtown apartment	○○○○○

Insurance <span>*NEED</span>	
Car insurance	
None (no car)	
Minimum coverage	○○
Additional coverage	○○○
Health insurance	
No additional coverage	
Basic health insurance	○○
Premium health insurance	○○○
Property insurance	
None	
Renters' insurance	○

Transportation <span>*NEED</span>	
Walk or bike	
Public transit pass	○
Carpool or borrow family car (pay for gas only)	○○
Use a ride share service	○○○
Own a used car	○○○○○
Own a new car	○○○○○○○

Food <span>*NEED</span>	
Cook at home	○
Dine out only once a week	○○
Cook at home using a grocery or meal kit delivery service	○○○
Order takeout several times a week	○○○○○
Dine out or order takeout for every meal	○○○○○○○





# ACTIVITY

## Budgeting Basics

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### BUDGET BONANZA

#### Phone and Internet

##### Phone

Basic phone plan (talk and text only)	○
Phone plan with limited data	○○
Phone plan with unlimited data	○○○

##### Internet

Basic home internet	○
High-speed home internet	○○

#### Household Items

\*NEED

Source furniture and home goods from family and friends	
Buy used at yard sales and thrift stores	○
DIY furniture from inexpensive materials	○
Buy new, but only the basics	○○
Buy everything brand new	○○○

#### Savings

Save a small portion of your income	○
Contribute to an emergency fund	○○
Invest money for retirement	○

#### Personal Care

Basic toiletries	○
Premium hair/skincare/cosmetic products	○○
Occasional haircut or personal care treatment	○○
Regular salon or spa appointments	○○○

#### Clothing

\*NEED

Wear your current wardrobe	
Shop thrift stores and clearance racks	○
Shop regular retail	○
Shop designer clothing	○○

#### Giving

Make gifts	○
Buy small gifts for special occasions	○○
Buy generous gifts and/or treat others to dinner	○○○
Donate to a charity	○



# ACTIVITY

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### BUDGET BONANZA

#### Entertainment

Hike or play sports with friends	
Borrow books and movies from the library	
TV streaming subscription	○
Gaming subscription	○
Music streaming subscription	○
Movie tickets or drop-in classes/activities	○○
Gym membership	○○
Concert or sporting event tickets	○○○
Personal trainer	○○○
Vacation or travel	○○○○



#### Token Bank

Use this space to store your income tokens



# QUIZ

## Budgeting Basics

NAME: \_\_\_\_\_

TOTAL  
/ 10 pts

### FILL IN THE BLANKS

Directions: Select the appropriate word from the Word Bank to fill in each blank. Note that some words may be used more than once, and not all words will be used.

#### WORD BANK

Expenses	Needs	Entertainment	Housing
Taxes	Budget	Gross	Take-home
Wants	Income	Healthcare	Savings

1. A \_\_\_\_\_ is a detailed plan of your income and expenses.
2. Your \_\_\_\_\_ is the money you receive from work, allowances or other sources.
3. A good budget should include \_\_\_\_\_ for future emergencies.
4. Tracking your \_\_\_\_\_ helps you understand where your money goes.
5. The money left after all deductions from your gross income is known as \_\_\_\_\_ pay.
6. It is important to distinguish between \_\_\_\_\_ and \_\_\_\_\_ to manage your budget effectively.
7. \_\_\_\_\_ and \_\_\_\_\_ are examples of \_\_\_\_\_ because they are essential for living.

/10 pts

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# ACTIVITY ANSWER KEY

## *Budgeting Basics*

### BUDGET BONANZA

**Directions:** Use the following guide to facilitate the Budget Bonanza activity. Start each round by reading the Instructor Script to the students. Give them a few minutes to work on their budgets based on the instructions. After they have completed their budgets, lead a discussion using the Reflection Questions.

#### SETUP

Determine if students will play in small groups (recommended) or individually.

Give each group or individual:

- A set of Budget Bonanza worksheets (Activity pages 1–3)
- 25 income tokens (e.g., beans, buttons, beads); alternatively, provide pencils if not using tokens

#### ROUND 1

##### **Instructor Script:**

“Today, you will practice managing a budget by making choices about how to spend your money.

You each have 25 tokens, representing your total income for the month. You will choose how to allocate your income across the categories on your budget worksheets. The number of circles beside each item indicates its cost in tokens. Place the required amount of tokens on the circles next to your choices (or use a pencil to fill in the circles).

Notice that some categories are labeled as ‘Needs.’

You must select one option in each category marked as a ‘Need’. For the Insurance category, select one option for each type of insurance.

After budgeting for your needs, you can spend any leftover tokens on other categories. You can pick multiple options in the same category if you like.

For this first round, allocate your 25 income tokens. Remember, needs come first, and then you can consider the other categories.”

##### **Round 1 Reflection Questions:**

- Visit another group and compare your budget choices. What differences do you notice?
- How did you make your budgeting decisions? What were your priorities?





# ACTIVITY ANSWER KEY

## Budgeting Basics

### BUDGET BONANZA

#### ROUND 2

##### Instructor Script:

“Here’s a curveball: we accidentally used your gross income for Round 1 instead of your take-home pay. Can anyone tell me the difference between gross income and take-home pay? It was mentioned briefly in the video...”

Your take-home pay is the money you keep after taxes and other deductions. It’s also the amount that you budget with. So, in Round 2, you are going to adjust your budget to reflect your take-home pay.

In Round 1, you had 25 tokens, which represented your gross income. However, your net income, or take-home pay, is 18 tokens.

For Round 2, please remove 7 tokens from your budget. Your actual income for the month is 18 tokens. You will have to readjust your choices to fit within your new budget of 18 tokens. Remember that needs come first.

Good luck, and remember to think carefully about your choices!”

##### Round 2 Reflection Questions:

- Where did you remove tokens from, and why?
- What factors did you consider when deciding what to cut from your budget?

#### ROUND 3

##### Instructor Script:

“In this round, we’ll play through a few mini-rounds, each featuring a different scenario. The goal is to see how your budget holds up against unexpected events.

Scenario 1: You lost your phone and need to replace it. If your budget does not include ‘Contribute to an emergency fund,’ you must pay 3 tokens.

Scenario 2: You need a new glasses prescription. How much you pay depends on the type of health

insurance coverage you chose in your budget. If you have ‘Premium health insurance,’ the insurance covers the cost. If you have ‘Basic health insurance,’ you must pay 1 token for the new glasses. If you have ‘No additional coverage,’ you must pay 3 tokens for the new glasses.

Scenario 3: You earn extra income from a part-time tutoring job and receive 3 tokens to allocate.

##### Round 3 Reflection Questions:

- How did it feel to rearrange your budget on short notice?
- How did having an emergency fund help in this round?
- In real life, how would you prepare for unexpected expenses like scenarios 1 and 2?



# QUIZ ANSWER KEY

## Budgeting Basics

### FILL IN THE BLANKS

Directions: Select the appropriate word from the Word Bank to fill in each blank. Note that some words may be used more than once, and not all words will be used.

#### WORD BANK

Expenses	Needs	Entertainment	Housing
Taxes	Budget	Gross	Take-home
Wants	Income	Healthcare	Savings

1. A BUDGET is a detailed plan of your income and expenses.
2. Your INCOME is the money you receive from work, allowances or other sources.
3. A good budget should include SAVINGS for future emergencies.
4. Tracking your EXPENSES helps you understand where your money goes.
5. The money left after all deductions from your gross income is known as TAKE-HOME pay.
6. It is important to distinguish between NEEDS and WANTS to manage your budget effectively.
7. HOUSING and HEALTHCARE are examples of NEEDS because they are essential for living.

/10 pts