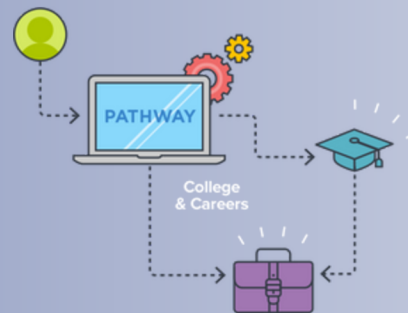


Learning About Budgets



Grade Level:



6, 9, 10,
11, 12

Domain:



Financial Literacy

TIME:



45 Minutes

Learn about budgeting to ensure you have plenty of money for needs, wants, and savings.

Objectives

Students will:

1. Learn about budgeting and why it is important.
2. Learn about different budget categories.
3. Learn how to create a budget.

MEFA Pathway Activities

- My Budget Calculator

Materials Needed

- Internet connection

Vocabulary

- Budgeting
- Needs
- Wants
- Savings

Future Ready Skills

- Evaluating
- Self-Management
- Problem Solving

PART 1

CONTENT KNOWLEDGE



Ask students the following questions in class and discuss the answers.

1. What is budgeting?

- Budgeting is the act of creating a plan to help you manage your money. By budgeting, you can build savings, make sure you have enough money to pay for the things you need in life, and make certain you have enough left over so you can buy some of the things you may want.
- Budgeting is an important step in reaching financial goals.

2. What is a budget?

- A budget is a plan of how to spend and save money. Typically, budgets are categorized into 3 categories:
 - Needs
 - Wants
 - Savings

3. Why is a budget important?

- A budget is important because it helps you decide how much you'll need to spend on necessities, how much to put into savings, and how much is available for wants.

4. Brainstorm about what you think each category means. Create 3 columns and provide examples of each.

- **Needs** are things you must have to live properly (housing, transportation, food, clothing, insurance).
- **Wants** are things that would be nice to have but are not essential for living (new furniture, pedicure, video games).
- **Savings** are funds set aside for emergencies or to make special/goal-oriented purchases (new car, house).

Rules of Budgeting: 50/30/20 Rule

The main rule of budgeting is to spend less than you earn. The 50/30/20 Rule is a helpful guide to make certain you have money for your needs, savings, and wants.

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Percent of Income	Category	Definition & Examples
50%	Needs	Necessities such as school supplies or your cell phone bill
30%	Wants	Items or activities that you enjoy such as going to see a movie with friends or buying new video games, music, or jewelry
20%	Savings	An emergency fund for unplanned expenses and saving for college, trade school, or other goal

PART 2

APPLYING INFORMATION

Discuss with students the steps in creating a budget.

1. Determine income: estimate all money coming in, including money from a job, allowance, and holiday/birthday gifts.
2. Figure out required expenses: estimate any expenses you must pay, for example, your cell phone bill. Make sure to include deposits into a savings account, which is considered a required expense.
3. Allocate money for wants: after required expenses are accounted for, you can allot some money for extras, which may include clothing, eating out with friends, or gifts.
4. Review the Sample Monthly Budget by clicking on My Budget located under the Financial Planning tab.

PART 3

EVALUATING INFORMATION

Have students log in to MEFA Pathway and navigate to the **My Monthly Budget Calculator** by clicking on **My Budget** under the *Financial Planning* tab.

Instruct students to use the calculator to make their own monthly budget. Have them try this at the beginning of a month by estimating amounts and then updating the actual amounts at the end of the month.

The calculator will show students the amounts they can put toward expenses based on their income.

PART 4

CRITICAL THINKING/CREATIVE APPLICATION

Have students evaluate their monthly budget and ask them the following questions:

1. Is your budget sustainable or do you need to cut back on “wants” or increase your income?
2. What are ways to increase your monthly income?

In MEFA Pathway, have students click on **My Journal** under the *About Me* tab and create a journal entry with ideas of how they can generate more income and/or what they could cut back on so they can apply more to their savings.

GRADING RUBRIC FOR JOURNAL ENTRIES

CATEGORY	EXCELLENT	GOOD	SATISFACTORY	NEEDS IMPROVEMENT
	4	3	2	1
Description	Offers a vivid, detailed, and insightful description of the experience, setting the stage for deeper reflection.	Provides a clear and detailed account of the experience, including relevant details.	Clearly describes the experience, event, or learning.	Offers a limited description of the experience.
Analysis	Engages in critical thinking, questioning assumptions, and demonstrating a thorough understanding of the learning.	Connects the experience to personal learning and raises some insightful questions.	Attempts to analyze the experience but may lack depth or clarity.	Superficial analysis, lacking deeper thought.
Future Application	Formulates clear, actionable plans for utilizing new insights and knowledge in future learning and experiences	Identifies specific ways to apply the learning to future situations or goals.	Suggests some possible connections to future learning or practice.	Makes no clear connection to future learning/action.