

The Details

The **BIG** Idea

- Now that I've gathered the details, how do I make my budget work for me?

AGENDA

Approx. 45 minutes

- I. Warm Up: Let's Get Personal (5 minutes)
- II. Supermarket Checkout: Groceries and Household (10 minutes)
- III. Let's Get Real (10 minutes)
- IV. Making It Work (10 minutes)
- V. Wrap Up (10 minutes)

MATERIALS **PORTFOLIO PAGES:**

- Portfolio pages 14-18, Freshman Year Budget (from Money Matters 1)
- Portfolio pages 19-22, Grade 12 Skills Checklist (Money Matters skill only)

 STUDENT HANDBOOK PAGES:

- Student Handbook page 135, Let's Get Personal
- Student Handbook pages 136-138, Supermarket Checkout: Groceries and Household
- Student Handbook page 139, Budget Guidelines

 FACILITATOR PAGES:

- Facilitator Resource 1, Supermarket Checkout: Groceries and Household
- Facilitator Resource 2, Sarah's Estimated Budget
- Facilitator Resource 3, Sarah's Revised Budget

 Overhead projector Calculators, one per student**OBJECTIVES**

During this lesson, the student(s) will:

- Estimate amounts needed for groceries, clothing, entertainment, and personal items.
- Add up estimated expenses and compare to income.
- Adjust budget so income meets or exceeds expenses.
- Understand the process by which a budget is revisited and revised.

OVERVIEW

In this lesson, students estimate what they'll need for groceries, clothing, entertainment, and other personal items for next year. They tally up their estimated expenses and compare to their actual income. They experience the joy, or shock, of seeing where their budget exceeds, or falls short, of their needs. They learn to critically examine each item, cut costs where necessary, and adjust their figures to reconcile the difference. They discover that a budget only works if you keep it honest and current, by revisiting and revising. Students practice how to do this for next year.

PREPARATION

- List the day's **BIG IDEA** and activities on the board.
- Take a trip to the supermarket, and fill in the prices on **Facilitator Resource 1, Supermarket Checkout: Groceries and Household**. Then make copies to distribute to each student.
- Make overhead transparencies of **Facilitator Resource 2, Sarah's Estimated Budget**, and **Facilitator Resource 3, Sarah's Revised Budget**.

IMPLEMENTATION OPTIONS

If you prefer, conduct the **Student Handbook page 135, Let's Get Personal** as a class discussion.

Activity II: You may wish to use a game to introduce your students to the cost of groceries and personal items.

Object of the game: Three-person teams guess the prices of common household items. The winning team is the one with the most accurate guesses, as determined by calculating the difference between guessed and actual price.

Set-up: Bring in 21 items (or photos of items) needed for a dorm room or start-up apartment, and arrange in the front of the room. (The game's creator used medicine cabinet items, toiletries, household products, and food — including snacks, which were shared at the end of the game.)

Post 21 large sticky notes (seven each of three different colors) on the wall at the back of the room.

Create three teams of three volunteers each, and give each team a marker (or markers) and directions for the game, as follows.

1. The object of the game is to correctly price seven of the 21 items in one minute.
2. No talking during the exercise.
3. Begin when the time-keeper says "go." Each player goes to the back of the room, grabs a sticky note, and prices an item at the front of the room. Once an item has been priced, the player may return to the back of the room for another sticky note.
4. Play continues until the buzzer rings, or until seven items have been priced.

When time runs out for Team A, Team B repeats the process with one minute on the clock. When Team B's turn has ended, Team C repeats the process.

When play has ended, the class may guess whether prices are high or low. Correct prices are revealed, and scores are tallied.

ACTIVITY STEPS

I. Warm Up: Let's Get Personal (5 minutes)

1. [As students enter the classroom, refer them to **Student Handbook page 135, Let's Get Personal**. Give them a minute or two to complete the sheet.]
2. **SAY SOMETHING LIKE:** Welcome everyone. Today you're going to finish your budget, see how it adds up, and learn to make it work for you. But first, you have to finish accounting for all your expenses. What's left to record is mostly the fun stuff, like your personal items, snack food, clothes, and entertainment. [List these categories on the board: clothes, snacks, personal items, and entertainment.] Since many of you already use your own cash to pay for these items, you probably have a good idea of how much per month you spend. Who wants to share some of your estimates?
3. [Call on students to share what they listed for clothes, snacks, personal items, and entertainment.]
4. **SAY SOMETHING LIKE:** It sounds like you've got a good handle on your personal expenses, so let's take a quick moment to add these estimates to your budget. Turn to **Portfolio page 17, Freshman Year Budget** (from Money Matters 1), and write down your expenses for each of these categories on **pages 17 and 18** in the column marked "Estimate."
5. [Give students a minute to complete this part of their budgets.]

II. Supermarket Checkout: Groceries and Household (10 Minutes)

1. **SAY SOMETHING LIKE:** OK, let's move on to expenses you may not be as familiar with: paying for groceries and household items. When you live on your own, you have to pay for all these things yourself, or at least pay for your share if you have roommates. And so, you have to budget for them.
2. **SAY SOMETHING LIKE:** For the next 10 minutes, you're going to figure out your costs for a month's worth of meals, as well as a month's worth of household items, like laundry detergent and paper towels. Even if you're planning to live at home or in a dorm next year, you'll have your own apartment soon enough, so you'll participate in this activity and estimate your costs.

3. [Have students turn to **Student Handbook pages 136-138, Supermarket Checkout: Groceries and Household.**]
4. **SAY SOMETHING LIKE:** You'll see on this page that groceries are listed first, and subdivided into breakfast, lunch, and dinner. You're going to place a check by the foods you'd eat, and would need to buy at the supermarket. If your favorites aren't there, select some good alternatives. Or, if you know the cost of something you crave – like cheese slices for a grilled cheese sandwich, or cinnamon buns you eat every day, just go ahead and substitute it in. Just make sure you check off enough food in each category to cover all three meals every day for a week. Then you'll multiply by four to account for a full month.

Household supplies are listed at the bottom. If you'll be living in an apartment, you'll probably need one a month of each item. If you'll be sharing a house, depending on its size, you might need more. And for those of you secretly thinking, "Cleaning supplies — who needs those?" — think again! You don't have to admit out loud that you will be cleaning, but you will...so include these costs in your budget!

Once you've gone through the checklist, it will be time to come up with a monthly total. I did a little shopping for you this week, and found out how much these items cost. You can refer to this sheet when figuring out your own expenses.

5. [Distribute the copies of **Facilitator Resource 1, Checkout: Groceries and Household.**]
6. **SAY SOMETHING LIKE:** Remember that you're preparing a monthly budget, so you need to multiply weekly amounts by four weeks, as indicated on the page. And if you've already accounted for a pizza delivery or restaurant meal once a week, you can just figure the costs for six dinners instead of seven.
7. [Give students the rest of the allotted time to work. When time is up, tell them to turn to **Portfolio pages 17-18, Freshman Year Budget** (from Money Matters 1), and enter their monthly expenses for groceries and household in the estimate column on their budgets. (Groceries are listed under the "Food" section, and household supplies are listed under the "Other" section.) Tell students who will be living at home or in a dorm to put "0" in these categories.]

III. Let's Get Real (10 minutes)

1. **SAY SOMETHING LIKE:** Now that you've filled in every item in the estimate column of

your budget, it's time to face reality and see if your budget works. With a show of hands, who thinks they'll have enough money to cover all their expenses – and maybe even save a few bucks? Who thinks their expenses will exceed their income? Well, ladies and gentlemen, you're about to find out! It's better to know sooner, rather than later, while there's still time to revise. You don't want to discover next year that you don't have enough money for food or bus fare at the end of the month!

2. [Make sure everyone has turned to **Portfolio pages 17-18, Freshman Year Budget** (from Money Matters 1).]
3. **SAY SOMETHING LIKE:** Looking at pages 4 and 5 of your budget, here are the steps you're going to take.
 - Number 1: make sure you've accounted for all your expenses. Fill in anything that's missing.
 - Number 2: add up every expense. Use your calculator to come up with a total for all the costs in your estimate column. Write this sum in the "Total" box at the bottom.
 - Number 3: compare your total with your net monthly income, which you can find on page 3 of your budget. If your expenses add up to more than your income, you'll need to revise. If it's less, your budget works. OK, now start adding!
4. [Give students the rest of the allotted time to work.]

IV. Making It Work (10 minutes)

1. **SAY SOMETHING LIKE:** More likely than not, most of your budgets did not balance on your very first try. But that's OK – most of us have the same experience every year when we sit down to plan our finances. And that's the reason we do budgets in advance – to fix them before it's too late.

If your budget worked, you can use this time to look for ways to save, so you can put money in a savings account, to cover emergencies, unexpected costs and "upfront expenses," like books for the whole semester, or security deposits for an apartment. All of your budgets should include savings set aside for big or unexpected expenses.

So: how do you fix a budget that isn't working, or squeeze one that is, for a little more cash? By taking a hard, cold look at it, analyzing each expense, and seeing where you can cut. Let's give this a try with someone else's budget first, and see what we can find.

2. [Put **Facilitator Resource 2, Sarah's Estimated Budget** into the overhead projector. Point to appropriate columns and boxes as you discuss.]
3. **SAY SOMETHING LIKE:** Sarah is a full-time employee in her first job out of high school. She makes \$20,800 a year, and after taxes brings home \$1,213 every month. This is her first attempt at a budget, and she's got the hang of it, but it doesn't quite work yet.

You can see here how she's accounted for all her expenses, added them up, compared them to her net monthly income, and discovered that her expenses are greater than her income. That means she must cut \$185 worth of expenses. Take a look at some of her estimates, and see if you can help her out.

4. [Field a quick discussion to generate ideas about where Sarah might cut costs. Suggestions include:
 - pay less rent, by living with (more) roommates, or living at home
 - buy fewer snacks and eat out less often
 - shop at cheaper clothing stores
 - use public transportation instead of buying a car (NOTE: this does not pertain to Sarah but it's a likely category for savings.)]
5. [Display **Facilitator Resource 3, Sarah's Revised Budget** using the overhead projector. Point to appropriate columns and boxes as you discuss.]
6. **SAY SOMETHING LIKE:** After making some painful choices, like realizing she was spending too much on restaurants and entertainment, Sarah revised her budget and made it balance. She decided her apartment could handle another roommate, which saved her \$60 on rent. (It's really helpful to know you need an additional roommate before you move in!) She resolved to cut back on her grocery bill by clipping coupons – a savings of \$40 – and to go out once a weekend instead of twice – shaving \$60 off her entertainment total. Also, she found a cheaper hair salon, and vowed to look for sales more often – saving \$25 in personal items and clothing. She still isn't saving any money – but she knows now, if she sticks to her budget, she can cover her expenses every month. And if necessary, she can babysit once in a while on a Saturday night, to pick up some extra cash.
7. **SAY SOMETHING LIKE:** OK, everyone, now it's your turn. Examine your expenses, find places to cut, and rework the estimates until you balance your budget.

8. [Direct students to **Student Handbook page 139, Budget Guidelines**, as an additional resource to guide them to categories in which they might consider cutting expenses, based on recommended percentages for a typical family budget.
9. Give students the rest of the allotted time to work. (NOTE: Leave **Facilitator Resource 3, Sarah's Revised Budget** on the overhead projector.)]

V. Wrap Up (10 minutes)

1. **SAY SOMETHING LIKE:** Congratulations, you have finished your budget! You now have a roadmap for next year – a really solid guide to keep you financially on track and out of debt. But there's one thing you must know that's really important: a budget isn't something you can put in a drawer and forget about. You have to keep an eye on it, and make sure, every month, it reflects reality and still works for you. That means keeping track of your spending, and revisiting and revising your budget periodically.
2. [Refer to **Facilitator Resource 3, Sarah's Revised Budget** on the overhead projector, and point to the appropriate items.]
3. **SAY SOMETHING LIKE:** Let's use Sarah again, as an example. She worked really hard to balance her budget, and decided to keep track of her expenses each month. The first month everything was fine. But the second month, the "extra" roommate moved out, and Sarah's rent went back up to \$339. One day she couldn't resist a really cool cell phone download, which added \$9.99 to her phone bill. And the \$81 she budgeted for a monthly train pass didn't cover the \$12 bus fare she needed to get to and from the dentist's office when she had a toothache. How can Sarah use this information to plan for future months?
4. [Let students answer, and field a discussion that generates the following suggestions:
 - Rethink and revise her budget
 - Find another roommate, quick
 - Move home
 - Find other places to cut
 - Make more money (babysit more often, look for a higher paying job)
 - Set new goals for her spending next month]
5. **SAY SOMETHING LIKE:** Just like Sarah, you will also have to rethink and revise your budget next year when you know your real costs. That's why, as you'll see on your budget, there are two blank columns called "Budget" and "Actual." Keep track of your expenses, and after a month or so, fill in the "Actual" column with what you're really

spending. Then, revisit and revise your estimates so they work. Put these numbers in the “Budget” column, and you will have a “Real” budget that really works. If you keep doing this periodically, you will always have a good idea of what you’re spending, and won’t get yourself into trouble with wishful thinking and unnecessary purchases.

I’ll see you next week, when we’ll discuss non-financial tips for life after high school.

SKILLS CHECKLIST

Direct students’ attention to **Portfolio pages 19-22, Grade 12 Skills Checklist**. Have students complete the skills checklist questions for Money Matter skills.

MONEY MATTERS

I can...

Understand the purpose for creating and revising a budget.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
List expenses associated with attending college or living on my own.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
Identify hidden housing and transportation costs (that is, other than rent and a car loan).	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
Understand the importance of health insurance, and identify ways to obtain it.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
Create a budget for the year following high school.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well

Supermarket Checkout: Groceries and Household

Breakfast:

Item	Cost
Cereal	
Milk	
Juice	
Bread	
Bagels	
Butter	
Cream Cheese	
Eggs	
Toaster Waffles/Pancakes	

Lunch:

Item	Cost
Lunch Meats	
Bread (if not previously checked)	
Peanut Butter	
Jelly	
Lettuce	
Tomato	
Hot Pockets/or Similar	
Yogurt	
Fruit	
Condiments (Ketchup/Mustard)	
Chips	
Soda	

Dinner:

Item	Cost
Burger (meat or veggie)	
Sandwich Buns	
Pasta	
Pasta Sauce	
Parmesan Cheese	
Lettuce (if not previously checked)	
Tomato(if not previously checked)	
Frozen Dinner/ or similar	
Macaroni & Cheese/or similar	
Fruit	
Dessert	
Pizza Delivery	
Soda (if not previously checked)	

Household:

Item	Cost
Laundry Detergent	
Glass Cleaner	
All purpose Cleaner (for counters/floors)	
Bath/Tile Cleaner	
Hand/bath soap	
Dishwashing Soap	
Sponges	
Paper Plates	
Paper Napkins	
Paper Towels	
Toilet Tissue	
Facial Tissue (like Kleenex)	

Sarah's Estimated Budget

Sarah's monthly net income is \$1,213.

	Estimate	Budget	Actual	Difference
Housing				
Rent (apt. share)	339			
Utilities (gas, electric, water)	incl			
Phone	28			
Cell phone	30			
Internet	incl			
Cable	20			
Household insurance (if yearly fee, divide by 12)	7			
Transportation				
Car payment or subway/bus fare	81			
Car insurance				
Car repairs				
Gas				
Parking and tolls				
Travel home (if living away from your family, add costs for the year and divide by 12)				
Food				
Groceries	240			
Snacks & other meals (including restaurants, fast food, & deliveries)	65			
Health				
Health insurance	83			
Prescriptions				
Medical expenses	30 (co-pay)			
Other				
Savings				

Clothing	150			
Entertainment	200			
Personal (like shampoo or haircut)	100			
Household (like cleaning supplies)	25			
College Shortfall (d, if less than 0)				
Other				
TOTAL (ALL CATEGORIES) Must be less than or equal to (f).	1,398			

Sarah's monthly net income is \$1,213. This is less than \$1,398.

Sarah does not have a budget that works. She must cut \$185 from her expenses.

Sarah's Actual Budget

	Estimate	Budget	Actual	Difference
Housing				
Rent (apt. share)	339	279		
Utilities (gas, electric, water)	incl	incl		
Phone	28	28		
Cell phone	30	30		
Internet	incl	incl		
Cable	20	20		
Household insurance (if yearly fee, divide by 12)	7	7		
Transportation				
Car payment or subway/ bus fare	81	81		
Car insurance				
Car repairs				
Gas				
Parking and tolls				
Travel home (if living away from your family, add costs for the year and divide by 12)				
Food				
Groceries	240	200		
Snacks & other meals (including restaurants, fast food, & deliveries)	65	65		
Health				
Health insurance	83	83		
Prescriptions				
Medical expenses	30 (co-pay)	30 (co-pay)		
Other				
Savings				

Clothing	150	145		
Entertainment	200	140		
Personal (like shampoo or haircut)	100	80		
Household (like cleaning supplies)	25	25		
College Shortfall (d, if less than 0)				
Other				
TOTAL (ALL CATEGORIES) Must be less than or equal to (f).	1398	1213		

Let's Get Personal

How much money do you spend a month on snacks and restaurants, clothes, entertainment, and personal items? If you're used to spending weekly on these categories, multiply by 4 weeks to get a monthly total.

1. Snacks & Other

(include restaurants/fast food/deliveries)

\$ _____

2. Clothing

\$ _____

3. Entertainment

\$ _____

4. Personal Items

(haircut, shampoo, make-up, aftershave, etc.)

\$ _____

Supermarket Checkout: Groceries and Household

When you live on your own you must pay for all your own groceries and household items. Use the list below to determine what you will most likely buy and how much it will cost.

I. GROCERIES

1. Check off the foods you will eat.
2. Find the cost for each item on your handout of **Facilitator Resource 1, Supermarket Checkout: Groceries and Household**.
3. Add up your costs, and multiply by 4 weeks.

BREAKFAST:

Item	Cost
<input type="checkbox"/> Cereal	
<input type="checkbox"/> Milk	
<input type="checkbox"/> Juice	
<input type="checkbox"/> Bread	
<input type="checkbox"/> Bagels	
<input type="checkbox"/> Butter	
<input type="checkbox"/> Cream Cheese	
<input type="checkbox"/> Eggs	
<input type="checkbox"/> Toaster Waffles/Pancakes	
<input type="checkbox"/> Other	

Weekly Breakfast Costs: \$ _____

Monthly Breakfast Total: **X 4=** \$ _____

LUNCH:

Item	Cost
<input type="checkbox"/> Lunch Meats	
<input type="checkbox"/> Bread (if not previously checked)	
<input type="checkbox"/> Peanut Butter	
<input type="checkbox"/> Jelly	
<input type="checkbox"/> Lettuce	

<input type="checkbox"/> Tomato	
<input type="checkbox"/> Hot Pockets/or Similar	
<input type="checkbox"/> Yogurt	
<input type="checkbox"/> Fruit	
<input type="checkbox"/> Condiments (Ketchup/Mustard)	
<input type="checkbox"/> Chips	
<input type="checkbox"/> Soda	
<input type="checkbox"/> Other	

Weekly Lunch Costs: \$ _____

Monthly Lunch Total: **X 4 =** **\$ _____**

DINNER:

Item	Cost
Burger (meat or veggie)	
Sandwich Buns	
Pasta	
Pasta Sauce	
Parmesan Cheese	
Lettuce (if not previously checked)	
Tomato (if not previously checked)	
Frozen Dinner/ or similar	
Macaroni & Cheese/ or similar	
Fruit	
Dessert	
Pizza Delivery	
Soda (if not previously checked)	
<input type="checkbox"/> Other	

Weekly Dinner Costs: \$ _____

Monthly Dinner Total: **X 4 =** **\$ _____**

TOTAL MONTHLY GROCERIES:

Breakfast + Lunch + Dinner **=** **\$ _____**

II. HOUSEHOLD

You will most likely need to buy each of these items, once a month.

Item	Cost
<input type="checkbox"/> Laundry detergent	
<input type="checkbox"/> Glass cleaner	
<input type="checkbox"/> All purpose cleaner (for counters/floors)	
<input type="checkbox"/> Bath/tile cleaner	
<input type="checkbox"/> Hand/bath soap	
<input type="checkbox"/> Dishwashing soap	
<input type="checkbox"/> Sponges	
<input type="checkbox"/> Paper plates	
<input type="checkbox"/> Paper napkins	
<input type="checkbox"/> Paper towels	
<input type="checkbox"/> Toilet tissue	
<input type="checkbox"/> Facial tissue (like Kleenex)	

Monthly Household Total: \$_____

Budget Guidelines

This chart shows some rough guidelines on how much of your income should be spent in each budget category. If you live in an area where transportation is higher than normal or rents/mortgage are higher, you may need to make adjustments. Also, if you would like to add a section for gifts, or something else, then you'll need to subtract from another area.

30%	Housing
18%	Transportation
16%	Food
8%	Miscellaneous
5%	Clothing
5%	Medical
5%	Recreation
5%	Utilities
4%	Savings
4%	Other Debts

SOURCE: <http://www.practicalmoneyskills.com/personalfinance/savingspending/budgeting/means.php>

