

Budgeting II

The **BIG** Idea

- How can a spending diary help me make good money choices?

AGENDA

Approx. 45 minutes

- I. Warm Up: Money Matters (5 minutes)
- II. Class Trip (15 minutes)
- III. Comparison Shopping Game (20 minutes)
- V. Wrap Up (5 minutes)

MATERIALS

PORTFOLIO PAGES:

- Portfolio page 21, Grade 7 Skills Checklist (Money Matters skills only)

STUDENT HANDBOOK PAGES:

- Student Handbook page 62, Lindsay's Spending Diary
- Student Handbook pages 63-64, Class Trip
- Student Handbook page 65, Comparison Shopping
- Student Handbook page 66, Snapple Ads
- Student Handbook page 67, Boot Ads
- Student Handbook page 68, Basketball Ads

Overhead projector

Calculators (optional)

OBJECTIVES

During this lesson, the student(s) will:

- Review a weekly spending diary and create a budget that saves \$25 a week.
- Use ads to comparison shop and discover benefits of comparison shopping.

OVERVIEW

In this lesson, students review a sample spending diary, categorize expenses, and are given the task of figuring out where to cut \$25 in a weekly budget. A comparison shopping game challenges students to identify the better buy by comparing and contrasting ads for similar products.

PREPARATION

- List the **BIG IDEA** and the day’s activities on the board.
- Write the day’s vocabulary words and definitions on the board.
- If desired, for **Activity I, item 2**, write the four choices on chart paper or a transparency for easy reference.
- Make a transparency of **Student Handbook page 62, Lindsay’s Spending Diary, Student Handbook pages 63–65, Class Trip**, and **Student Handbook page 65, Comparison Shopping**.

VOCABULARY

Budget (noun): A plan for how money will be earned and spent.

Convenience: Degree to which something saves time and effort.

Comparison shopping: Shopping for the best buy, by comparing prices, brands, and stores.

Quality: How good something is or how well made it is.

IMPLEMENTATION OPTIONS

If your students know the correct answers to the “opinions” in Activity I, no need to repeat the exercise in the Wrap-up.

You may prefer to do Activity II as a whole-class activity.

In Activity III, Part 3, you may wish to model the note taking needed to compare the Snapple ads.

ACTIVITY STEPS

I. Warm Up: Money Matters (5 minutes)

1. **SAY SOMETHING LIKE:** How many of you kept spending diaries last week?
[Congratulate students who completed the assignment and give them the reward you indicated they would receive the previous week.] Was anyone surprised by how quickly little things added up?

Today we're going to learn how you can use that very same spending diary to help you save money. We'll also learn about asking the right questions before you buy something so that you can save your money, time, and more.

2. But first, let's take a quick survey and see where you are on the whole topic of budgeting. I'm going to read you some opinions about making a budget. Please raise your hand every time you hear something that describes what you think. (You can raise your hand more than once.)
 - A budget helps you keep track of the money you spend.
 - Once you create a budget, you never have to think about it again.
 - A budget can help you make day-to-day spending decisions.
 - Rich people never have to think about budgets.

[Don't ask students to explain their answers here, but let them know that they'll have a chance to consider these ideas during class and see if they hear anything that causes them to change their minds.]

II. Class Trip (15 minutes)

1. **SAY SOMETHING LIKE:** Experts say that the best way to keep track of your finances is to spend a few weeks writing down everything you spend your money on—everything! Once you have a really accurate picture of what you buy, you can figure out if you want to make any adjustments. For example, would you rather spend \$3 on snacks every day or buy a CD at the end of the week?

Grouping similar expenses—like food, transportation, clothing, recreation (fun)—makes it easier to get an idea of the big picture.

Let's see how this works.

2. [Have students refer to **Student Handbook page 62, Lindsay's Spending Diary.**]
SAY SOMETHING LIKE: Here's a list of all the stuff one seventh-grader bought in a week. She was shocked at how quickly the money added up—\$103.83 in all. Now she needs to cut \$25 from her weekly expenses so she can save money for a class trip.
3. [Have students get into pairs and discuss the expenses in Lindsay's budget that seem unnecessary.]
4. [Have students turn to **Student Handbook page 63–64, Class Trip**, and read through the story at the top of the page. Ask how they can come up with a total for each expense category. (*Total the actual expenses from Lindsay's Spending Diary.*)]
5. [Explain the steps on the second page, and have students come up with suggested deductions and new totals for each category. Note Lindsay must ride the bus to and from school every day, so transportation is an area where she won't be able to save money. The total for all four categories cannot add up to more than \$78.83. That's Lindsay's new budget.]
6. [Give students a few minutes to come up with deductions and a new total for each category. Then ask the following questions to process this info:
 - Will all of your budgets look the same? Why or why not? (*Each person gets to decide how they want to spend their money. That's what budgeting's about.*)
 - Is Lindsay finished with her budget once she has the new total for each category? Why or why not? (*She has to keep track of what she's spending to make sure she's sticking to her budget. If she's overspending, she has to figure out what's going wrong and make adjustments.*)
7. **SAY SOMETHING LIKE:** Knowing in advance how much money you have to spend can help when you go shopping. If you know you want to buy a CD on Friday, you may decide to skip buying snacks on Monday, Tuesday, Wednesday, and Thursday. It's up to you.

III. Comparison Shopping Game (20 minutes)

1. [Briefly share a time when you bought something at a price you thought was good only to find out later that you could have gotten it for a better price somewhere else. Then ask students if they've ever had a situation like yours. Allow time for students to tell their stories.]

2. **SAY SOMETHING LIKE: Comparison shopping** involves comparing the prices and quality of similar items or brands. When you are able to find a product of the same quality and amount for a better price, you've found a bargain! In the game you are about to play, you will put your shopper smarts to the test as you compare products, and determine which is the better buy.

[Display a transparency of **Student Handbook page 65, Comparison Shopping**, on the overhead projector.]

SAY SOMETHING LIKE: In each part of the game, you'll need to choose between two different products. Here are some of the things people consider when they're trying to decide what to buy. [Refer to chart.]

Which one of these do you think is most important to consider when deciding what to buy? (*price*) Let's look at some of the other things to consider.

- **Brand:** What things do you buy where the brand is important? What makes it important?
 - **Convenience:** How easy is it to get the product? If you can stop at a store on the way home from school, it's convenient. If you have to wait until the weekend for someone to drive you to the mall, it's not. (Note: If you live in a rural area, convenience may mean the difference between driving to the nearest shopping center or ordering something online and having it delivered right to your door. Sometimes people are willing to pay a higher price for convenience.)
 - **Features:** Do you need a cell phone with a 200-person phone book? A camera? The ability to play videos? Or do you just want to call your friends? Knowing what features are most important to you can keep you from going overboard and paying for things you don't need.
 - **Quality:** How well is the product made? Will it last a long time, or fall apart the first time you use it? If you have to replace it, it might not be the bargain you think it is.
3. [Divide the class into groups of three to four students each. Have the groups refer to **Student Handbook page 66, Snapple Ads**. Tell students they have four minutes to examine the ad, and determine at which store they'd buy their Snapple and why. They should consider each category (price, brand, etc.) and jot down notes that will help them make their decision. When time's up, ask: Where would you buy your Snapple? Why? Have the groups share their choices and defend their reasoning.]

4. [Have groups repeat Step 3 with **Student Handbook page 67, Boot Ads**, and then again with **Student Handbook page 68, Basketball Ads**. After each set of ads, ask the same questions about which product they'd buy, where they'd buy it, and why.]
5. **SAY SOMETHING LIKE:** Great job! As you've discovered, comparing prices as well as quality, convenience, personal preference, and more can make you a smarter (and happier) shopper.

IV. Wrap Up: (5 minutes)

1. **SAY SOMETHING LIKE:** Let's go back to the opinions we voted on at the beginning of class.

Again, raise your hand every time you hear something that describes what you believe to be true about budgets. [Move quickly through the list, asking a student to explain his/her answer to each question.]

- A budget helps you keep track of the money you spend.
- Once you create a budget, you never have to think about it again.
- A budget can help you make day-to-day spending decisions.
- Rich people never have to think about budgets.

[Ask students if anyone changed their minds since the beginning of class, and what caused them to do so.]

SKILLS CHECKLIST

Direct students' attention to **Portfolio page 21, Grade 7 Skills Checklist**. Have students complete the skills checklist questions for Money Matters Skills.

Money Matters

I can...

Understand how advertising affects my spending decisions.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
Use a spending diary to find ways to cut spending.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well

Lindsay's Spending Diary

Day	Item Bought	Amount Spent
Monday	Snapple	\$1.50
Monday	Trident gum	\$1.25
Monday	Bus to and from school	\$3.00
Tuesday	Rented DVD	\$5.50
Tuesday	Lunch at McDonalds	\$6.25
Tuesday	Bus to and from school	\$3.00
Tuesday	Gap t-shirt	\$10.00
Wednesday	Bagel with cream cheese and Tropicana orange juice	\$4.10
Wednesday	Bus to and from school	\$3.00
Wednesday	Arcade	\$10.75
Thursday	Bus to and from school	\$3.00
Thursday	School lunch	\$3.50
Thursday	CD	\$12.99
Friday	Snapple	\$1.50
Friday	Bus to and from school	\$3.00
Friday	Old Navy hat	\$7.49
Friday	Two slices of pizza and soda	\$5.00
Saturday	Movies	\$9.00
Saturday	Popcorn and soda	\$6.00
Sunday	Magazine	\$4.00

Class Trip



Lindsay gets a small allowance for doing her chores, which she can spend as she likes. Her mom gives her money for her basic needs. For example, her mom pays for lunch and the bus back and forth from school. Lindsay can sometimes talk her mom into buying something when they're in a store together.

In four weeks, Lindsay's class is going on a trip that will cost \$100. When her mom hears about it, she just shakes her head and says that it costs too much money.

Her mom agrees to pay for the trip if Lindsay can come up with a plan for saving money. How will she do it?

Lindsay divides the total she needs to save (\$100) by the time she needs to save it in (four weeks,) and sees she'll have to save \$25 a week until the class trip. Lindsay uses a spending diary to write down everything her mom buys her for one week.

Expense	Last Week (total from spending diary)	Budget for Next Week
Food		
Transportation	\$15	\$15
Clothing		
Recreation (Fun)		
Total	\$103.83	\$78.83



Lindsay has to take the bus to school. This expense stays the same.

To save \$25 a week, Lindsay's total spending needs to be \$78.83 or less.

Use Lindsay’s spending diary to figure out how much she spends in each category.

STEP 1. Add up how much she spent in each category last week. Write each total in the correct box. (An example has been provided in each category.)

FOOD		CLOTHING		RECREATION	
Item	Cost	Item	Cost	Item	Cost
Trident gum	\$1.25	Gap t-shirt	\$10.00	Rented DVD	\$5.50
TOTAL		TOTAL		TOTAL	

STEP 2: List some of the things you think she can do without. A Snapple? A CD? A bagel in the morning? (Remember, you’ll need to find \$25 worth of stuff she doesn’t need.)

	Item	Cost
Example:	Old Navy hat	\$7.49

STEP 3: Subtract each unneeded item from the category where it belongs. Write the new totals for each category in the boxes under “Budget for Next Week.” These numbers show how much Lindsay can spend next week in each category. (Remember: total expenses for food, clothing, transportation, and recreation can be no more than \$78.83.)

FOOD		CLOTHING		RECREATION	
TOTAL		TOTAL		TOTAL	
	-	\$17.49	- \$7.49		-
	-		-		-
	-		-		-
	-		-		-
Budget for Next Week		Budget for Next Week		Budget for Next Week	

Comparison Shopping

Facing a tough buying decision? Use a chart to compare products.

Iced Tea

Choices	Price	Brand	Convenience	Features	Quality
Joe's Corner Store					
Stop N' Shop					

Work Boots

Choices	Price	Brand	Convenience	Features	Quality
Timberland					
Payless					

Basketball

Choices	Price	Brand	Convenience	Features	Quality
Wilson Evolution					
Spalding NBA					

Joe's Corner Store



16 oz.

Buy your ice-cold Snapple here!

All your favorite flavors.

Only \$1.25 each.

STOP&SHOP

Weekly Super Saver



3/16 oz. bottles only 1.99 with coupon

Selected flavors

Sale ends one week from today

Sale



**30% off while supplies last
Timberland 6" Premium Work Boot
\$145**

There's just no substitute for a sturdy, Guaranteed Waterproof boot to keep feet comfortable and dry, rain or shine. And we've been making this one since we opened our doors over 30 years ago. Rugged and dependable, we like to think of it as the role model for everything we make today. Imported.

- Customize this boot for an additional \$30
- Premium guaranteed waterproof nubuck leather for comfort, durability, and abrasion resistance
- Direct-attach waterproof construction keeps feet dry and comfortable
- Durable laces with Taslan fibers for long-lasting wear
- Rubber lug outsole for traction and durability
- Padded collar for a comfortable fit that locks out debris
- Rustproof hardware for long-lasting wear
- Embossed logo on side



Payless Waterproof Work Boot

\$24.99

Stay dry! Man-made upper laces up the front for a good fit. Shoe is made from water resistant materials to keep feet dry. Rubber sole is flexible. Padded insole provides all day comfort. Padded collar provides additional comfort around the ankles.

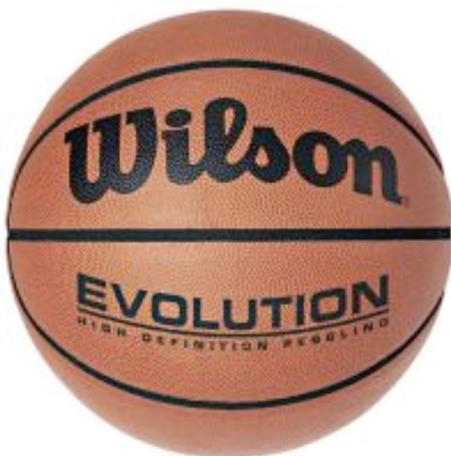
NBA League Gear Spalding NBA Game Ball



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- The official game basketball of the NBA.
- Pro wide channel design.
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Wilson Evolution Composite Indoor 29.5 Basketball

Wilson Evolution Composite Indoor Basketball allows you to give it your best shot every time. The High Definition Pebbling provides a better grip for improved ball control and durability. Plus, the Cushion Core technology provides a softer feel.

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