

## Budgets and Spending Plans Lesson Plan

### Overview

In this lesson students will be learning about both budgets and spending plans. They will be able to tell what the different parts of each are and when to use either. Students will be looking at other peoples' budgets and saving plans to evaluate how to create one. They will leave with the tools and the skills to create their own personal budget and spending plan.

### Objectives

By the end of the lesson, students will:

- Define budget and spending plan.
- Identify parts of a budget and spending plan.
- Create a personal and family budget.
- Allocate funds into different sub-categories.

### Vocabulary

- **Budget:** an estimate of income and expenditure for a set period of time.
- **Spending Plan:** a plan of what you will be spending each month.

### Standards

#### Spending and Saving

- Standard 1. Develop a plan for spending and saving.
- Standard 2. Develop a system for keeping and using financial records.
- Standard 4. Apply consumer skills to spending and saving decisions.

#### Financial Decision Making

- Standard 1. Recognize the responsibilities associated with personal financial decisions.
- Standard 2. Use reliable resources when making financial decisions.
- Standard 4. Make criterion-based financial decisions by systematically considering alternatives and consequences.











This listing is based on the Jump\$tart National Standards for Personal Finance.

To see how this lesson aligns with other standards




































(including for your state), visit:

<https://www.personalfinancelab.com/standards-alignment/>

### Lesson Plan Includes

	Direct Instruction		Presentations
	Class Discussion		Technology-Based Activity
	Full Class Activities		Worksheets
	Small Group Activities		Assessments
	Individual Activities		External Resources

### Activity Summary

- Introduction
  - Time: 5 mins.  
- PFL Budget Game
  - Time: 20 mins.   
- 'Budgeting'
  - Time: 9 mins.     
- 'Spending and Savings Plans'
  - Time: 18 mins.     
- 'Family Planning'
  - Time: 8 mins.     
- 'Budgeting and Spending Strategies'
  - Time: 6 mins.     
- Home Budget Calculator
  - Time 14 mins.   
- Bean Game
  - Time: 15 mins.   
- Family Budget Breakdown
  - Time: 25 mins.    

## Introduction

Explain to students that today they will be learning about Budgets and Spending Plans.

Explain to your class:

- **Budget:** an estimate of income and expenditure for a set period of time.
- **Spending Plan:** a plan of what you will be spending each month

Explain to them that there are many different types of budgets and spending plans but today you will be focusing more specifically on personal and family budgets/spending plans.

Ask any of them if they currently have a budget or spending plan?

## Independent Activities

Activities designed for students to learn independently, either in class or as homework. Some activities include presentations if you prefer to use them for direct instruction instead of independent study.

### Independent Activities Include:

1. PersonalFinanceLab Budget Game.....**Time: 20 Minutes**
2. 'Budgeting' Lesson.....**Time: 9 Minutes**
3. 'Spending and Savings Plans' Lesson.....**Time: 18 Minutes**
4. 'Family Planning' Lesson.....**Time: 8 Minutes**
5. 'Budgeting and Spending Strategies' Lesson.....**Time: 6 Minutes**
6. 'Home Budget' Interactive Calculator.....**Time: 14 Minutes**



## 1. PersonalFinanceLab Budget Game

Have students complete 20 minutes of the PersonalFinanceLab.com Budget Game. Have students record at the start of the month what they think they are going to spend. Then track it throughout the month and see if they are correct. Collect this sheet as a homework assessment.

**Time:** 20 Minutes

**Required Resources:** PersonalFinanceLab.com site license & computer access.

**Type:**  Technology-Based Activity

 Individual Activity/Homework

 Class Discussion

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### Resource Links

[Budget Game - PersonalFinanceLab](#)

### How to Play the Budget Game

[Tutorial Video](#)

### Getting Started

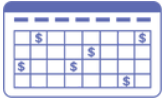
1. Either as a class, or individually, students can watch the [How to Play the Budget Game](#).
2. If your students need more help, there are [Tutorial Videos](#) on every aspect of the Budget Game.
3. The Budget Game can be [accessed from the main menu](#), and their progress saves as they go.
4. [The Budget Game Report](#) includes an overview of student game scores and their monthly financial statements (which can be exported).

### Discussion Questions

- What were some of the unexpected expenses you encountered in the Budget Game?
- Were you able to reach your savings goals for the month?
- How did you use your credit card throughout the month? Did it have an impact on your credit score?
- What is the difference between paying for bills with your debit card vs. your credit card?
- Were you late paying for any of your bills? How did you get back on track?
- What will you do differently in future months in the game?

### Key Takeaways

- The **Pay Yourself First Strategy** is a savings approach where a portion of income is saved before paying bills or spending money on other expenses.
- The **Emergency Savings Fund** is an additional savings account that is separate from regular savings and is meant to cover expenses for a period of 3 to 6 months in case of unforeseen emergencies.



## 2. 'Budgeting' Lesson

Assign your students the 'Budgeting' lesson on PersonalFinanceLab.com. This lesson introduces budgets to students and then breaks budgeting into different categories. They will be required to complete the quiz at the end as an assessment. If used as homework, follow up the next day with discussion questions.

**Time:** 9 Minutes

**Required Resources:** PersonalFinanceLab.com site license & computer access.

**Type:**  Technology-Based Activity

 Individual Activity/Homework

 Class Discussion

 Presentation

 Assessment

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### Resource Links

[Budgeting \(personalfinancelab.com\)](https://personalfinancelab.com)

### Presentation

[All About Budgeting GoogleSlides Presentation](#)

### Discussion Questions

1. When is a good time to make a budget? Why is it important?
2. What are some long-term effects of having a budget?
3. What do you understand by the term budget?
4. How might a budget help you with your financial goals?
5. How can you relate opportunity cost to budgets?
6. How would comparison shopping help with your budget?
7. If you pay yourself first, are you more likely to make smarter money decisions with the money that is left and why?

### Key Takeaways

- A **Budget** is a personal document where you list planned expenses and income.
- There are two main types of budgets: project budgets and living budgets.
- Everyone should have some type of budget to stay on track with spending and saving goals.
- **Project Budgets** are used for larger expenses and longer time frames, such as comparing apartments or planning a vacation.
- **Living Budgets** track monthly expenses and can be adjusted as needed to save money.



### 3. 'Spending and Savings Plans' Lesson

Assign your students the 'Spending and Savings Plans' lesson on PersonalFinanceLab.com. This lesson explains the difference between a budget and a spending plan. It details the importance of having a spending plan. Students will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

**Time:** 18 Minutes

**Required Resources:** PersonalFinanceLab.com site license & computer access.

**Type:**  Technology-Based Activity

 Individual Activity/Homework

 Class Discussion

 Presentation

 Assessment

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#### Resource Links

[Spending and Savings Plans \(personalfinancelab.com\)](https://personalfinancelab.com)

#### Presentation

[Spending Plans GoogleSlides Presentation](#)

#### Discussion Questions

1. How is a spending plan different from a budget?
2. What is included in a spending plan?
3. What are some ways to save more money?
4. Suppose your friend got her first job and she wants to save for a new car. Explain how having a spending plan would help her reach that goal.
5. Why is it important that you review your spending plan regularly?
6. What are three life events that could impact your spending plan? For each event, explain how you would adjust your plan.
7. Explain the relationship between a spending plan and building wealth.

#### Key Takeaways

- A **Spending Plan** is a plan on how you will be spending your money each month.
- Your spending plan includes both your **Fixed and Variable spending**.
- A budget has strict allowances while a spending plan allows for **Discretionary Income**.
- Savings and investing can be part of your spending plan.
- Marketing and life changes can influence your spending plan.



## 4. 'Family Planning' Lesson

Assign your students the 'Family Planning' lesson on PersonalFinanceLab.com. This lesson talks about the importance of having a budget as a family and the costs that come with different ages and events. Students will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

**Time:** 8 Minutes

**Type:**  Technology-Based Activity

**Required Resources:** PersonalFinanceLab.com site license & computer access.

 Individual Activity/Homework

 Class Discussion

 Presentation

 Assessment

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### Resource Links

[Family Planning \(personalfinancelab.com\)](https://personalfinancelab.com)

### Presentation

[Family Planning GoogleSlides Presentation](#)

### Discussion Questions

1. Do you agree or disagree with the age breakdown? Why?
2. What are some ways that families can cut back on their budget?
3. Can you think of any costs that were not accounted for?
4. How might budgeting help parents with being able to afford to raise a child?
5. How does your expense structure change with the different ages and stages of raising a child?
6. Other than the actual cost of paying to raise a child, what other non-financial factors should also be considered in raising a child?
7. Are there any programs, both government and private, that are there to assist families and children in times of financial and emotional need?

### Key Takeaways

- It costs over \$230,000 to raise a child from birth to age 17.
- Modifying your budget and saving money can help alleviate the financial stress of raising a child.
- Expenses vary with the age of the child, with the biggest costs being diapers, formula, and childcare for infants, and housing for older children.
- Childcare costs may decrease if you have multiple children, as some costs can be offset.
- There are government programs, such as the Earned Income Tax Credit, SNAP, and CHIP, that provide cost relief for low-income families with children.








## 5. 'Budgeting and Spending Strategies' Lesson

Assign your students the 'Budgeting and Spending Strategies' lesson on PersonalFinanceLab.com. This lesson talks about hints and tips on how to budget and how to spend money wisely. Students will be required to complete the quiz at the end as an assessment.

**Time:** 6 Minutes

**Required Resources:** PersonalFinanceLab.com site license & computer access.

- Type:**
-  Technology-Based Activity
  -  Individual Activity/Homework
  -  Class Discussion
  -  Presentation
  -  Assessment

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### Resource Links

[Budgeting and Spending Strategies \(personalfinancelab.com\)](https://www.personalfinancelab.com)

### Presentation

[Budgeting and Spending Strategies GoogleSlide Presentation](#)

### Discussion Questions

1. Why is it important to have an idea of how much you receive and spend each month?
2. How might paying yourself first (saving first before spending) help your cashflow and budget?
3. What are the advantages and disadvantages of having an overdraft?
4. It has been said that to have more money, you need to go out and earn more, or cut costs. Which would you prefer to do and why?
5. What is the opportunity cost of working more hours?
6. Is it possible to relate value of money to time spent working?

### Key Takeaways

- Start with a clear goal for budgeting, such as saving a specific amount each month.
- Use the **Pay Yourself First Strategy** to automatically save money from each paycheck.
- Keep credit cards at home to avoid overspending and opt out of overdraft to avoid fees.





## 6. 'Home Budget' Interactive Calculator

Assign your students the “Home Budget Calculator” lesson on PersonalFinanceLab.com. This lesson has a customizable calculator that helps students figure out how to create a budget for a family. It helps students prepare for real-life situations.

**Time:** 14 Minutes

**Required Resources:** PersonalFinanceLab.com site license & computer access.

**Type:**  Technology-Based Activity

 Individual Activity/Homework

 Class Discussion

 Presentation

 Assessment

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### Resource Links

[Home Budget Calculator\(personalfinancelab.com\)](https://www.personalfinancelab.com)

### Discussion Questions

1. How can understanding the different types of taxes and withholdings impact your overall budget and financial planning?
2. What factors might influence the amount of money withheld for federal, state, and local taxes from your paycheck? How might these factors vary for different individuals?
3. In what ways do insurance and benefits provided by an employer play a role in your personal finance management? How might you factor these expenses into your budget?

### Key Takeaways

- Your income includes your total **Gross Income** from your paycheck and any other income you receive.
- **Federal Tax** withholding is the total amount withheld for federal taxes.
- **State Tax** withholding is the total amount withheld for state taxes.
- **Local Tax** withholding is the total amount withheld for local taxes.
- FICA is the total amount withheld for **Federal Insurance Contributions Act**.
- **Medicare** is the total amount withheld for public health insurance.
- Insurance and benefits is the total amount withheld for insurance and benefits by your employer, including company **Retirement Savings Plans** (if available).

## Full Class & Small Group Activities

Small Group Activities are designed for small groups of 3-4 students. These resources are best used after full-class direct instruction and activities.

### Small Group Activities Include:

- 7. Bean Game.....**Time: 15 Minutes**

Full Class Activities are designed for whole-class participation. These are best used along with the direct instruction portion of the lesson.

### Full Class Activities Include:

- 8. Family Budget Breakdown.....**Time: 25 Minutes**



## 7. Bean Game

The activity teaches that to manage money means to make choices. There is never enough money available for all of the things we'd like to have or do. This game will help you decide what is most important to you.

**Time:** 25 Minutes

**Type:**  Small Group Activity

**Required Resources:** print out worksheet and distribute to student groups

 External Resource

 Worksheet

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### External Resource Links

Recreated and Reproduced by Jana Darrington, M.S.

[The Bean Game: Living on a 20 Bean Salary](#)

### Instructions

1. Divide participants into groups of at least 2 and not more than 5. Each group receives 20 beans and a set of spending category sheets.
2. The group must decide how to spend their “income” based on life circumstances, values and goals.
3. Each item has a set number of squares which indicates how many beans are needed to “pay” for that item.

### Round 1

1. First, each individual/group must select one item in each of the categories with the gold stars (Food, Housing, Furnishings, Transportation, Insurance and Clothing & Laundry).
2. Once you have finished selecting items in the required categories, continue selecting items until you have used up your 20 bean income.

### Discussion Questions

1. Why did you choose the items you did?
2. In what ways were you influenced by your values? Your goals? Your previous experiences?
3. Compare what you spent your beans on with another group.

### Round 2

1. Your income has just been cut to 13 beans.
2. What will you give up?
3. What changes will you make?
4. Make changes until you only have 13 beans on your spending sheets.

### Discussion Questions

1. What kinds of items did you choose to give up? Why?
2. What did you learn about yourself and money in this process?
3. Compare your budget-cutting choices with another group.

### Other Changes You May Need to Make

1. Someone in the family just broke their leg. If you have insurance, you don't need to do anything. If you don't, take off 3 beans.
2. Your mom or dad just got a 2 bean raise! Decide where it should be spent.



## 8. Family Budget Breakdown

In this class activity students will be estimating the average spending and budget breakdown of various household costs by putting a post-it on a line. After this activity there will be a teacher led discussion.

**Time:** 25 Minutes

**Required Resources:** Whiteboard and markers or large white paper and pens/markers.

**Type:**  Full Class Activity

 Class Discussion

 Worksheet

 External Resource

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### External Resource Links

[ValuePenguin by lendingtree](#)

[Average Household Budget: How Much Does the Typical American Spend?](#)

### Instructions

1. Tell students: *Today they will be breaking down the average family spending.*
2. Tell students: *These numbers are an average so, it could be a little higher or lower depending on where your school is.*
3. To start, as a class compile a list of things that might be part of a household budget and write it on the board.
4. Once you have a list, have students, individually or with a partner, write down the percentage of income they think should be allocated toward each amount.
  - a. For example: 15% toward food
5. Draw 5 Lines on the board. At one end write \$0 and the \$10,000.
6. Next to each line write the 1st 5 categories in the chart found on the **Resource Page**.
7. Tell students: *They are going to receive 5 post-it notes, and they are going to write a dollar amount they think the average household spends on each category.*
  - a. For example: \$7,578 on food
8. Have students write their initials on the back of the post-it note.
9. They will then place their post-it note on the line where it fits.
  - a. **Teacher Note:** The [external resource link](#) explains each category in more detail. If you want, you can read what is involved in each category to the class.
10. After the students have placed their post-it notes on the board, tell them the actual average and read off the initials of the student who was the closest. (Do this for all 5).
11. Show the chart of the other categories or repeat this process.

## Discussion Questions

1. What strategy did you use to make your estimation?
2. Did you think monthly first then multiply?
3. Why do you think it is important to know this information?
4. How can you use these numbers when creating your own budget?
5. Did any of these numbers surprise you? Why?
6. How can you relate this to a personal budget?

## Conclusion

Remind students that:

- **Budget:** an estimate of income and expenditure for a set period of time.
- **Spending Plan:** a plan of what you will be spending each month

Ask them some things that are part of a budget or spending plan.

Remind them that these things are important in order to be financially responsible.

## Resource Page

<b>Expenditure Category</b>	<b>Annual Average Cost</b>	<b>% of Budget</b>
Housing	\$10,080	16%
Transportation	\$9,004	14%
Taxes	\$7,432	12%
Utilities and Other Household Operational Costs	\$7,068	11%
Food	\$6,602	10%
Social Security Contributions, Personal Insurance and Pensions	\$5,528	9%
Debt Payments or Savings	\$5,252	8%
Healthcare	\$3,631	6%
Entertainment	\$2,564	4%
Cash Contributions	\$1,834	3%
Apparel and Services	\$1,604	3%
Education	\$1,138	2%
Vices	\$775	1%
Miscellaneous	\$664	1%
Personal Care	\$608	1%
<b>TOTAL</b>	<b>\$63,784</b>	<b>100%</b>