

# Unit 1 - Budgeting - Spending and Saving Plans

## Objectives

In this lesson we will be learning about both budgets and spending plans.

- We will be able to tell what the different parts of each are and when to use either.
- We will be looking at other peoples' budgets and saving plans to evaluate how to create one.
- We will leave with the tools and the skills to create our own personal budget and spending plan.

## Slideshow

Included in the Budgeting slideshow are all the challenge questions, key terminology, and project prompts.

### Unit 1.1 - Intro to Budgeting

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>• Follow through the slides for Unit 1.1</li> </ul>	30 min.
Pre-Test	In-Class	To start the class, we recommend creating an assignment on PersonalFinanceLab with our financial literacy pre-test as the first activity. <ul style="list-style-type: none"> <li>• This will be compared to a post-test at the end of the course.</li> </ul>	5 min.
Self-Assessment	In-Class	<u>Jump\$tart's Reality Check - Jump\$tart Coalition (jumpstart.org)</u> <ul style="list-style-type: none"> <li>• Students should fill-out the multiple-choice questions to gauge their current financial situation.</li> </ul>	5 min.
Read Lesson	In-Class	All About Budgeting <ul style="list-style-type: none"> <li>• <u>View Lesson</u></li> <li>• <u>View Slides</u></li> </ul>	9 min.
Watch Video	In-Class	Needs vs wants   Columbia College <ul style="list-style-type: none"> <li>• <u>View Video</u></li> </ul>	2 min.

Interactive Activity	In-Class	Play 1 month of the Budget Game <ul style="list-style-type: none"> <li>• <a href="#">Refer to teacher packet</a></li> </ul>	20 min.
Read Lesson	Home Work	Budgeting and Spending Strategies <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> <li>• <a href="#">View Slides</a></li> </ul>	6 min.

## Unit 1.2 - Understanding Money & Wealth

Activity	Type	Summary	Time
Class Discussion	Lecture	<a href="#">Slideshow</a> <ul style="list-style-type: none"> <li>• Follow through the slides for Unit 1.2</li> </ul>	20 min.
Read Lesson	Home Work	What is Money? <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	10 min.
Read Lesson	Home Work	What is Wealth? <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	5 min.
Read Lesson	Home Work	Savings Growth and Compound Interest Calculator <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	9 min.

## Unit 1.3 - Spending and Saving Plans

Activity	Type	Summary	Time
Class Discussion	Lecture	<a href="#">Slideshow</a> <ul style="list-style-type: none"> <li>• Follow through the slides for Unit 1.3</li> </ul>	20 min.
Read Lesson	In-Class	Spending and Saving Plans <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> <li>• <a href="#">Get Slides</a></li> </ul>	10 min.
Read Lesson	In-Class	Pay Yourself First <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	9 min.
Interactive Activity	In-Class	Play 1 month of the Budget Game	15 min.
Interactive Activity	Home Work	<a href="#">Drawing your own savings comic strip   Consumer Financial Protection Bureau (consumerfinance.gov)</a> <ul style="list-style-type: none"> <li>• <a href="#">Teacher Guide</a> and the <a href="#">Student Worksheet</a></li> </ul>	60 min.

## Unit 1.4 - Maintaining a Budget

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>Follow through the slides for Unit 1.4</li> </ul>	20 min.
Read Lesson	In-Class	Spending Shocks <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> </ul>	7 min.
Read Lesson	In-Class	Receipts - Keeping and Tossing <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> <li><a href="#">View Slides</a></li> </ul>	14 min.
Interactive Activity	In-Class	Play 1 month of the Budget Game	15 min.
Class Activity	In-Class	Research Budgeting Apps <ul style="list-style-type: none"> <li><a href="#">Refer to teacher packet</a></li> </ul>	20 min.

## Unit 1.5 - Researching Purchases

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>Follow through the slides for Unit 1.5</li> </ul>	20 min.
Read Lesson	In-Class	Researching Purchases <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> <li><a href="#">View Slides</a></li> </ul>	12 min.
Class Activity	In-Class	Research Cell Phone Plans <ul style="list-style-type: none"> <li><a href="#">Refer to Teacher packet</a></li> </ul>	30 min.
Class Activity	In-Class	<u>Budgeting for a Trip Lesson Plan</u> <ul style="list-style-type: none"> <li><a href="#">Project Outline</a></li> <li><a href="#">Worksheet</a></li> </ul>	30 min.
Read Lesson	Home Work	Juggling Bills <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> </ul>	9 min.

## Unit 1.6 - Long-term Saving

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>Follow through the slides for Unit 1.6</li> </ul>	20 min.
Interactive Activity	In-Class	Net Worth Calculator <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> </ul>	5 min.
Read Lesson	In-Class	Family Planning <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> <li><a href="#">View Slides</a></li> </ul>	8 min.
Interactive Activity	In-Class	Play 1 month of the Budget Game	15 min.
Interactive Activity	Home Work	Budget Game Transaction Report <ul style="list-style-type: none"> <li><a href="#">Refer to teacher packet</a></li> </ul>	15 min.
Read Lesson	Home Work	Planning Long-Term Purchases <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> <li><a href="#">View Slides</a></li> </ul>	10 min.

## Unit 1.7 - Buying a Home

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>Follow through the slides for Unit 1.7</li> </ul>	20 min.
Interactive Activity	In-Class	Regional Housing Costs (Trish and Scott's Big Adventure) <ul style="list-style-type: none"> <li><a href="#">Student Worksheet</a></li> </ul>	30 min.
Interactive Activity	In-Class	Renting a Place to Live (EconEdLink) <ul style="list-style-type: none"> <li><a href="#">Lesson Plan</a></li> </ul>	35 min.
Interactive Activity	Home Work	Home Budget Calculator <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> </ul>	14 min.
Interactive Activity	Home Work	Buy vs Lease Calculator <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> </ul>	22 min.
Interactive Activity	In-Class	Play 1 month of the Budget Game	15 min.

By the end of this unit, your students should be able to...

- 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

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## Key Glossary Terms

The key terminology is covered in each of the sub-units, here is a complete list of all the terms introduced in the Budgeting Unit.

Budget	An estimate of income and expenditure for a set period.
Spending Plan	A plan of what you will be spending each month.
Needs	Needs are the things you must purchase to survive. They include necessities such as rent, utility bills, groceries, and medical expenses. They also include legal responsibilities such as paying taxes.
Wants	Wants are things that you chose to spend money on, but in theory they are items you don't really need. Eating out, holiday gifts for friends and family, TV/streaming subscriptions, and new clothes might be in this category.
Fixed Expense	Fixed expenses are items whose cost stays the same from one month to the next. This means you can reliably plan for these expenditures. They include expenses such as rent, your cell phone bill, or a subscription fee for a video streaming service.
Variable Expense	Variable expenses change from month to month, so it is hard to plan accurately for these expenses. They might include how much you spend on fashion, how many times you go out to eat, or how much you spend on gas for your car.
"Pay Yourself First"	You make your savings goals your #1 priority, before paying other bills and obligations.
Emergency Fund	Money you set aside to pay for true emergencies, like a major car repair.

Discretionary Income	The money you can spend on whatever you like, after you've paid for your overhead expenses, like rent, food, or electricity.
Non-Spending Alternatives	Consider the cost of your time as well as the money to buy the things you need. For example, making something yourself, or borrowing from a friend something you only need once.
Spending Shock	Large, irregular expenses that can be either budgeted (seasonal gift giving) or unplanned (sudden illness).
Receipt	Proof of purchase, either paper or electronic, that is used to return unwanted items or to file your taxes.
Warranty	A promise from a licensed professional that a product or service will be defect-free over a period.
Comparison Shopping	The practice of comparing the price of products or services from different vendors before buying.
Social Security	Social welfare system in the United States, paid for by payroll taxes, often referred to as FICA (Federal Insurance contributions Act).
IRA Accounts	Individual Retirement Accounts, commonly known as IRAs. The government lets you contribute an amount of your income that you pay taxes on when you withdraw.
Roth IRA Accounts	Similar to the IRA account, but you pay the full income tax when you make the contribution, but you do not pay any tax when you withdraw the money.
401(k) Accounts	A tax-advantaged retirement account offered by many employers to their employees.
Pre-Approval	A written agreement from a mortgage lender to grant a loan for a home purchase. Pre-approval assures the seller that a buyer's offer is valid. It also speeds up the buying process because, once an offer is made, there is no need to wait while the buyer finds a loan.
Down Payment	Money paid upfront in a financial transaction, such as the purchase of a home or car. It may also be referred to as a deposit. The home buyer may pay 5% to 25% of the total price of the home upfront, while taking out a mortgage from a bank or other financial institution to cover the remainder.
Amortization	The process of paying off a loan through a series of periodic payments to a lender. This includes the interest on the loan and paying off the principal.

Closing	The delivery of a deed, financial adjustments, the signing of a note, and the disbursement of the funds necessary to consummate, or close, the sale or loan transaction. "Settlement" is another term for closing.
Closing Costs	Outside a property's sales price that must be paid to cover the cost of the transaction, such as a loan origination fee, discount points, insurance fees, survey fees, and attorney's fees. Closing costs vary from location to location but must be described to you when you submit your mortgage loan application.
Title (Real estate)	Written evidence of the right to or ownership in property. In the case of real estate, the documentary evidence of ownership is the title deed that specifies in whom the legal estate is vested and the history of ownership and transfers. Title may be acquired through purchase, inheritance, devise, gift, or through foreclosure of a mortgage.