

# 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
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.
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>• Follow through the slides for Unit 1.1</li> </ul>	20 min.
Read Lesson	In-Class	What is Money? <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	10 min.
Read Lesson	In-Class	What is Wealth? <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	5 min.
Watch Video	In-Class	Needs vs wants   Columbia College <ul style="list-style-type: none"> <li>• <a href="#">View Video</a></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.

## Unit 1.2 - Understanding Money & Wealth

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>Follow through the slides for Unit 1.2</li> </ul>	20 min.
Read Lesson	In-Class	All About Budgeting <ul style="list-style-type: none"> <li><u>View Lesson</u></li> <li><u>Get Slides</u></li> </ul>	9 min.
Interactive Activity	In-Class	Play 1 month of the Budget Game	20 min.
Read Lesson	In-Class	Home Budget Calculator <ul style="list-style-type: none"> <li><u>View Lesson</u></li> </ul>	14 min.

## Unit 1.3 - Spending and Saving Plans

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <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><u>View Lesson</u></li> <li><u>Get Slides</u></li> </ul>	10 min.
Read Lesson	Home Work	Pay Yourself First <ul style="list-style-type: none"> <li><u>View Lesson</u></li> </ul>	9 min.
Interactive Activity	In-Class	Play 1 month of the Budget Game	15 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	Home Work	Spending Shocks <ul style="list-style-type: none"> <li><u>View Lesson</u></li> </ul>	7 min.
Read	In-Class	Receipts - Keeping and Tossing	14 min.

Lesson		<ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> <li>• <a href="#">View Slides</a></li> </ul>	
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	Home Work	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.

### 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.
Read Lesson	In-Class	Planning for Retirement <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	15 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	Home Work	Budget Game Transaction Report <ul style="list-style-type: none"> <li>• <a href="#">Refer to teacher packet</a></li> </ul>	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 subcategories
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## Key Glossary Terms

Unit 1 introduces the most glossary terms. Students will be introduced to many concepts that are more fully developed in later units.

Budget	An estimate of income and expenditure for a set period
Spending Plan	A plan of what you will be spending each month
Money	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
Wealth	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	A 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.