

It is all in the Budget: Lesson Plan

Goal: Each student should try to stay above \$0 all month long and try to end \$1000 or more.

Set the stage for the activity:

- Students have time traveled into the future to the year they turn 18 or 19. They have graduated from high school. Congratulations!
- While acknowledging that not everyone wants to or should get a 4-year degree after high school, for the purposes of this activity, everyone is in college, out-of-state.
- There are no parents, friends or family living nearby or helping you with your budget. You are financially independent. You may choose:
 - What to eat (or not eat)
 - When to go to bed and when to wake up
 - Whether or not to put your laundry in drawers or just leave it on the floor!
- Students have worked for several summers and made enough money to pay for tuition and books for the first year of school.
- Students have arrived at school with \$1,000 left over after paying tuition and books
- Students will work part-time while in school. Though it is not much, it will be much more than the average college student earns.
- Regarding the various scenarios, if you, as the facilitator/teacher, have any personal stories that relate to the topics, especially if they are funny or uncommon, you might consider sharing.

Choosing your priorities:

- Briefly discuss the importance of financial priorities (e.g. even the wealthiest cannot spend their money on EVERYTHING they would like. No one is wealthy enough to own the world.)
- Ask the students to select 13 of the choices on the “Pick Your Preferences” worksheet. If doing this lesson through a virtual classroom, out the choices on the screen and have students write their choices on a separate piece of paper.

Note: The groupings of the choices indicate that some expenses are more costly than others.

Example Cash Flow Register:

- Put your cash flow register on the overhead/document camera/screen (if distance learning).
- As you go through the first three items do it with your students so they see how to keep track of their spending and earning.

Day 1 (Rent):

Possible discussion of survival needs vs. wants: “What do you notice about the three expenses listed for Day One?” (all are physical survival expenses)

- “Did you make sure that you included rent in your budget? If you have the Rent Card, you do not have pay anything extra.”
- “If you forgot the Rent Card, you will not have time to look around for an affordable apartment. Pay an additional \$500.”

Day 1 (Groceries):

Possible discussion:

- The average American spends between \$150 and \$200 each month on groceries (does not include dining out).
- The difference in cost between eating at a high school cafeteria (subsidized by the government) and a college/university cafeteria (much more expensive)

Day 1 (Clothing):

Possible Discussion: Some young people heading off on their own assume that, since they have a closet full of clothing and shoes, they will not need a clothing budget. This is not the case for various reasons:

- You may be moving to a place with very different weather, requiring you to purchase heavier coats or lighter jackets

- Your new living situation may require you to walk more, meaning you will need better walking shoes
- Your new job might require clothing and footwear you do not currently own
- Clothing eventually wears out and needs to be replaced
- You may gain or lose weight and no longer fit into your clothing comfortably
 - “As long as you had at least one of the two possible clothing cards, you have budgeted for clothing and will not need to spend any additional money.”
 - “If you did not have a clothing card, you default to ‘Thrift Store’ shopping. Spend an extra \$25.”
- Ask the students to write which type of clothing he or she chose by noting it on the line after “Clothing.” Either “Brand” or “Thrift.” If the student chose both cards, ask them to write “Both.”

Each additional scenario throughout the month is outlined in the chart on the following page.

Choice	Teacher Notes for Each Scenario	Possible \$\$ Outcomes
Rent	1st Day of the Month: Living Expense Let's take care of some necessities! Rent is due! 1. If you have the rent card, You're set! 2. If you forgot rent, you need to find a place to live quickly! Take the first place available at an inflated (pay too much!) price of an extra \$500 per month. (Subtract \$500)	1. \$0 2. -\$500
Groceries	1st Day of the Month: Living Expense You need groceries! 1. If you have the groceries card you do not need to spend the extra money. 2. If you did not have Groceries among your priorities, you may have to choose the school's cafeteria plan (3 meals a day, all you can eat). Subtract \$500 – NOTE: Shopping and cooking for yourself might be around \$200 per month.	1. \$0 2. -\$500
Clothing	1st Day of the Month: Living Expense You need some clothing. 1. If you choose either or both clothing cards, write your choice after "clothing". 2. If you did not have either clothing card among your priorities, write "thrift" on the clothing line and subtract \$25 (by default you will be shopping at thrift stores)	1. \$0 2. -\$25
Entertainment	2nd Day of the Month: Social Life You just met someone special and think you're in LOVE! You need to shell out some money for an epic date! 1. If you have money from "Entertainment" you've planned for this. 2. Otherwise subtract \$100 from your balance to pay for dance tickets, meal and flowers.	1. \$0 2. -\$100
Car/Truck And Car Maintenance	5th Day of the Month: Transportation Let's take care of your transportation needs 1. If you did not choose Car/Truck, subtract \$25 for public transportation or for helping a friend with gas. 2. Did you choose a car or truck? Sorry, but it won't start this morning! Unless you also chose car maintenance – then your vehicle is fine! 3. If you did NOT choose car maintenance, pay to tow it, for parts, and labor. Pay	1. -\$25 2. \$0 3. -\$500
Gasoline	6th Day of the Month: Gasoline Did you know it is often more expensive to OWN a vehicle than it is to BUY one? 1. If you did not choose Car/Truck then you can ignore this requirement. 2. If you have the Car/Truck card AND the Gasoline card you may enter \$0 3. If you have the Car/Truck card but did not choose the Gasoline card, spend \$100 on gas.	1. \$0 2. \$0 3. \$-100
Gift Giving	7th Day of the Month: Random Events Happy Birthday! Your family took up a small collection and sent you a gift! 1. If you chose to give gifts to others, add \$200, since what goes around comes around 2. If you chose not to give gifts, add \$50	1. +\$200 2. +\$50
No Card - Everyone	8th Day of the Month: Health and Money After celebrating your birthday all week, you decide to go on a diet. 1. Everyone - add \$50 for not buying as many groceries as previously planned.	1. +\$50
No Card - Everyone	9th Day of the Month: Health and Money Diets are hard! You ditch the diet and go out to eat with your roommates. 1. If you have the dining out card you only need to pay for your own meal. 2. If you do NOT have the Dining Out card, you forget about your budget and offer to pay for everyone's meal.	1. -\$25 2. -\$75
Healthcare	10th Day of the Month: Health and Money Too much of a great thing is not so great. You are in the ER this morning for food poisoning! 1. If you have the Healthcare card subtract \$50 for the emergency room visit copay. 2. If you do not have the Healthcare card, you get the bill for your visit - \$500!	1. -\$50 2. -\$300
No Card - Everyone	11th Day of the Month: Random Events Wahoo! You got your tax refund back today! 1. Everyone add \$200 – spend wisely!	1. +\$200

Cell Phone	14th Day of the Month: Social Life You are planning a road trip with your best friends! This will take hours of late-night hours on the phone. 1. If you have the unlimited cell phone card, relax, you're covered. 2. Otherwise subtract \$100 for an expensive pay-as-you-go phone.	1. -\$0 2. -\$100
No Card – Everyone	15th Day of the Month PAYDAY! Everyone add \$500	+\$500
Utilities – Electricity	17th Day of the Month: Living Expenses Utility Bills were due. 1. If you chose this card, you remembered to pay the electricity. No worries, you owe nothing. 2. If you did not cover your utility bills, the electricity and gas were turned off last night, so you missed your alarm this morning and were late to class! Subtract \$100 fee to hook utilities back up.	1. \$0 2. -\$100
Parking	18th Day of the Month: Transportation A tow truck was spotted in the apartment complex parking lot last night. Someone said they saw a car or truck being towed away near your apartment. 1. If you use public transportation there is no fee. 2. If you have a car or truck and have a parking permit, you are safe! You were not towed! 3. If you have a car or truck but no parking, pay \$100 to get your car or truck back.	1. \$0 2. \$0 3. \$100
Pet	20th day of the Month: Life Choices Oh, no! Your pet ate your sock and needs an emergency visit to the veterinarian! 1. If you did NOT choose the pet card, you have no pet expenses. 2. If you chose the pet card, it means you took your pet to college with you – your pet needs the vet!	1. \$0 2. \$200
Laundromat	22nd Day of the Month: Life Choices Wash Day! Something stinks and it is not your roommate! Beware of the clothing hamper... 1. If you paid for the Laundromat, you are fine. 2. Otherwise, subtract \$100 to purchase stain remover and extra strong washing detergent – this also includes your trip to the laundromat.	1. \$0 2. \$100
Energy Drinks/Candy	23rd Day of the Month: Health and Money A letter from your health insurance company about a new discount they have. 1. If you did not include “Energy Drinks/Chocolate,” your health insurance provider is giving you a discount on your monthly premium for your healthy habits. Add \$50 2. If you have “Energy Drinks/Candy,” ignore this discount.	1. \$0 2. +\$50
Renters Insurance	25th Day of the Month: Random Events You got back from your 2-day road trip to find that the toilet line has burst and flooded your apartment! All your shoes and most of your clothing is ruined! 1. If you have the Renters Insurance Card, pay nothing to replace your wardrobe. 2. If you do not have renter’s insurance, and you are a Thrift store shopper, subtract just \$200 to replace your wardrobe. 3. If you do not have renter’s insurance, and you are a Brand Name shopper, subtract \$1000 to replace your wardrobe.	1. \$0 2. \$200 3. \$1000
Car Insurance	28th Day of the Month: Car Insurance Car Insurance is due 1. If you did not choose Car or Truck you have nothing to pay. 2. If you chose a car or truck and also have car insurance, you are covered. 3. If you own a vehicle, insurance is a legal requirement – you MUST pay.	1. \$0 2. \$0 3. -\$200
Emergency Savings	31st Day of the Month: Preparation Just when things are looking up at work, you get a visit from your boss. You are being let go along with your entire department because of an industry downturn. 1. If you have the Emergency Savings Card, you will be okay. Stay in school, work hard, and you’ll find another job soon. 2. Without the Emergency Savings Card, you will need to take care of next months living expenses some other way. You are at high risk of needing to drop out of school to take on a full-time job or move back home with your parents. Subtract \$1000	1. \$0 2. -\$1000
Fees	If you went below \$0 at any time during the month, subtract an Overdraft Fee. -\$50	-\$50

Name _____

Date _____

DAY OF THE MONTH	DESCRIPTION OF TRANSACTION	SPEND (DEBIT)	EARN (CREDIT)	BALANCE
BEGINNING BALANCE	Last Paycheck from your summer job minus your school expenses	-	+\$1000	=\$1000
1ST	Housing	-	+	=
1ST	Groceries	-	+	=
1ST	Clothing _____	-	+	=
2ND		-	+	=
5TH		-	+	=
6TH		-	+	=
7TH		-	+	=
8TH		-	+	=
9TH		-	+	=
10TH		-	+	=
11TH		-	+	=
14TH		-	+	=
15TH		-	+	=
17TH		-	+	=
18TH		-	+	=
20TH		-	+	=
22ND		-	+	=
23RD		-	+	=
25TH		-	+	=
28TH		-	+	=
31ST		-	+	=
ADDITIONAL FEES?	Did you go below \$0, even once? Subtract \$50 in overdraft fees.	-		=
			Final Balance	=

Pick Your Preference

What will your college life look like?

Rent	Car or Truck – Otherwise it's a bike or public transportation.	Healthcare; Doctor visits, prescriptions, over the counter	Saving for Emergency
------	--	--	----------------------

Group A - Circle 3

Entertainment; concerts, night life, movies, plays, dates, etc.	Cable/Satellite TV; Movie and or sports channels	Road Trips and/or Travel	Groceries
Utilities – Electricity and Heat	Brand Name Clothing	Car Insurance	Dining out 4-5 times per week.

Group B - Circle 4

Video Games: Purchase, Rent, and/or equipment	Gasoline	Giving Gifts to Others – birthdays, holidays, etc.	Daily latte or coffee at a local coffee shop.
Thrift store clothing – basics, winter clothing	A dog or cat – food, shots, toys	Donations to charities, church, fundraisers	Cell Phone: Unlimited – Everything Prepaid
Car Maintenance – Oil, tires, etc.	Parking Permit	Laundromat – wash, dry, detergent	Streaming Movies and Shows – e.g. Netflix
Toiletries – Deodorant, soap, make-up, toothpaste.	Renters insurance for personal property in apartment.	Cleaning supplies for house/apartment.	Chocolate, candy and/or energy drinks.

Group C - Circle 6