Unit 3: Budgeting

Content Area: **Business Management and Information**
Course(s):
Time Period: **Trimester 1**
Length: **3 Weeks**
Status: **Published**

Summary

In the middle school Financial Literacy course, students learn the basics of managing money, including budgeting, saving, and understanding credit. They will create a personal budget, track expenses, and explore the concepts of income and savings goals. Additionally, students will investigate the importance of making informed financial decisions and the impact of those decisions on their future. Through interactive activities and real-life scenarios, they will gain practical skills to build a strong financial foundation.

This unit is part of the larger aforementioned course sequence and specifically focuses on budgeting where students will understand how budgets allow for individuals to not only keep track of their finances, but also aid in reaching financial goals in both the short and long term; how an individual's ability to budget changes based on their income, taxes, loans, insurance; the impact of unexpected factors of life; and how it is important to have flexibility in a budget to account for these factors. By the end of this unit, students will be able to create a savings plan, explain the purpose of taxes and how they are utilized on the state, federal, and local level, describe the types of insurance and why they are important for financial protection, calculate tax rates, explain the difference between gross and net income, compare careers and how pathways towards varying careers contribute to income, examine how investing contributes to a budgeting plan, identify the factors that contribute to a budget, and create and calculate a realistic budget in the short and long term. Students will also know why saving, investing, and budgeting is important for financial well-being, the 50/30/20 rule, the ways to save in the short and long term, the impact of taxes on income, how taxes are allocated, the ways in which tax rates differ based on the good or income taxed, the difference between net and gross income, types of insurance and how they provide protection to an individual and their commodities, the role of loans on a budget, the impact of schooling on career opportunities, how career paths can impact income, and the factors that contribute to a budget.

Revision Date: August 2024

Standards

9.1.8.CR.1: Compare and contrast the role of philanthropy, volunteer service, and charities in community development and the quality of life in a variety of cultures.

9.1.8.CR.2: Compare various ways to give back through strengths, passions, goals, and other personal factors.

9.1.8.CP.1: Compare prices for the same goods or services.

9.1.8.CP.2: Analyze how spending habits affect one's ability to save.

9.1.8.CP.5: Compare the financial products and services available to borrowers relative to their credit

worthiness.

9.1.8.EG.1: Explain how taxes affect disposable income and the difference between net and gross income

9.1.8.EG.2: Explain why various sources of income are taxed differently.

9.1.8.EG.3: Explain the concept and forms of taxation and evaluate how local, state and federal governments use taxes to fund public activities and initiatives.

9.1.8.EG.4: Identify and explain the consequences of breaking federal and/or state employment or financial laws.

9.1.8.EG.5: Interpret how changing economic and societal needs influence employment trends and future education.

9.1.8.EG.6: Explain the economic principle of the circular flow of money in different situations regarding buying products or services from a local or national business and buying imported or domestic goods.

9.1.8.EG.7: Explain the effect of the economy (e.g., inflation, unemployment) on personal income, individual and family security, and consumer decisions.

9.1.8.EG.8: Analyze the impact of currency rates over a period of time and the impact on trade, employment, and income.

9.1.8.EG.9: Identify types of consumer fraud, the procedures for reporting fraud, the specific consumer protection laws, and the issues they address.

9.1.8.FP.5: Determine how spending, investing, and using credit wisely contributes to financial well-being.

9.1.8.PB.1: Predict future expenses or opportunities that should be included in the budget planning process.

9.1.8.PB.2: Explain how different circumstances can affect one’s personal budget.

9.1.8.PB.3: Explain how to create budget that aligns with financial goals.

9.1.8.PB.4: Construct a simple personal savings and spending plan based on various sources of income and different stages of life (e.g. teenager, young adult, family).

9.1.8.PB.5: Identify factors that affect one’s goals, including peers, culture, location, and past experiences.

9.1.8.PB.6: Construct a budget to save for short-term, long term, and charitable goals.

9.1.8.PB.7: Brainstorm techniques that will help decrease expenses including comparison shopping, negotiating, and day-to-day expense management.

9.1.8.RM.1: Determine criteria for deciding the amount of insurance protection needed.

9.1.8.RM.2: Analyze the need for and value of different types of insurance and the impact of deductibles in protecting assets against loss.

9.1.8.RM.3: Evaluate the need for different types of warranties.

9.1.8.RM.4: Explain the purpose of insurance products and the reasons for property product and liability insurance protection.

9.2.8.CAP.1: Identify offerings such as high school and county career and technical school courses, apprenticeships, military programs, and dual enrollment courses that support career or occupational areas of interest.

9.2.8.CAP.2: Develop a plan that includes information about career areas of interest.

9.2.8.CAP.3: Explain how career choices, educational choices, skills, economic conditions, and personal behavior affect income.

9.2.8.CAP.5: Develop a personal plan with the assistance of an adult mentor that includes information about career areas of interest, goals and an educational plan.

9.2.8.CAP.6: Compare the costs of postsecondary education with the potential increase in income from a career of choice.

9.2.8.CAP.7: Devise a strategy to minimize costs of postsecondary education.

9.2.8.CAP.8: Compare education and training requirements, income potential, and primary duties of at least two jobs of interest.

9.2.8.CAP.13: Compare employee benefits when evaluating employment interests and explain the possible impact on personal finances.

9.2.8.CAP.14: Evaluate sources of income and alternative resources to accurately compare employment options.

9.4.8.CT.2: Develop multiple solutions to a problem and evaluate short- and long-term effects to determine the most plausible option (e.g., 6.1.8.CivicsDP.1).

NJSLSA.R1. Read closely to determine what the text says explicitly and to make logical inferences and relevant connections from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

NJSLSA.R4. Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

NJSLSA.R7. Integrate and evaluate content presented in diverse media and formats, including visually and quantitatively, as well as in words.

NJSLSA.R10. Read and comprehend complex literary and informational texts independently and proficiently with scaffolding as needed.

RI.6.1. Cite textual evidence and make relevant connections to support analysis of what the text says explicitly as well as inferences drawn from the text.

RI.6.2. Determine a central idea of a text and how it is conveyed through particular details; provide a summary of the text distinct from personal opinions or judgments.

RI.6.7. Integrate information presented in different media or formats (e.g., visually, quantitatively) as well as in words to develop a coherent understanding of a topic or issue.

NJSLSA.W1. Write arguments to support claims in an analysis of substantive topics or texts, using valid reasoning and relevant and sufficient evidence.

NJSLSA.W2. Write informative/explanatory texts to examine and convey complex ideas and information clearly and accurately through the effective selection, organization, and analysis of content.

NJSLSA.W4. Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.

NJSLSA.W6. Use technology, including the Internet, to produce and publish writing and to interact and collaborate with others.

NJSLSA.W7. Conduct short as well as more sustained research projects, utilizing an inquiry-based research process, based on focused questions, demonstrating understanding of the subject under investigation.

NJSLSA.W9. Draw evidence from literary or informational texts to support analysis, reflection, and research.

NJSLSA.W10. Write routinely over extended time frames (time for research, reflection, and revision) and shorter time frames (a single sitting or a day or two) for a range of tasks, purposes, and audiences.

W.6.1. Write arguments to support claims with clear reasons and relevant evidence.

A. Introduce claim(s) and organize the reasons and evidence clearly.

B. Support claim(s) with clear reasons and relevant evidence, using credible sources and demonstrating an understanding of the topic or text.

C. Use words, phrases, and clauses to clarify the relationships among claim(s) and reasons.

D. Establish and maintain a formal/academic style, approach, and form.

W.6.2. Write informative/explanatory texts to examine a topic and convey ideas, concepts, and information through the selection, organization, and analysis of relevant content.

A. Introduce a topic and organize ideas, concepts, and information, using text structures (e.g., definition, classification, comparison/contrast, cause/effect, etc.) and text features (e.g., headings, graphics, and multimedia) when useful to aiding comprehension.

B. Develop the topic with relevant facts, definitions, concrete details, quotations, or other information and examples.

C. Use appropriate transitions to clarify the relationships among ideas and concepts.

D. Use precise language and domain-specific vocabulary to inform about or explain the topic.

E. Establish and maintain a formal/academic style, approach, and form.

W.6.4. Produce clear and coherent writing in which the development, organization, voice and style are appropriate to task, purpose, and audience. (Grade-specific expectations for writing types are defined in standards 1–3 above.)

W.6.6. Use technology, including the Internet, to produce and publish writing as well as to interact and collaborate with others; demonstrate sufficient command of keyboarding skills to type a minimum of three pages in a single sitting.

W.6.7. Conduct short research projects to answer a question, drawing on several sources and refocusing the

inquiry when appropriate.

W.6.9. Draw evidence from literary or informational texts to support analysis, reflection, and research.

B. Apply grade 6 Reading standards to literary nonfiction (e.g., “Trace and evaluate the argument and specific claims in a text, distinguishing claims that are supported by reasons and evidence from claims that are not”).

W.6.10. Write routinely over extended time frames (time for research, reflection, metacognition/self correction, and revision) and shorter time frames (a single sitting or a day or two) for a range of discipline-specific tasks, purposes, and audiences.

NJSLSA.SL1. Prepare for and participate effectively in a range of conversations and collaborations with diverse partners, building on others’ ideas and expressing their own clearly and persuasively.

NJSLSA.SL2. Integrate and evaluate information presented in diverse media and formats, including visually, quantitatively, and orally.

NJSLSA.SL4. Present information, findings, and supporting evidence such that listeners can follow the line of reasoning and the organization, development, and style are appropriate to task, purpose, and audience.

NJSLSA.SL5. Make strategic use of digital media and visual displays of data to express information and enhance understanding of presentations.

NJSLSA.L4. Determine or clarify the meaning of unknown and multiple-meaning words and phrases by using context clues, analyzing meaningful word parts, and consulting general and specialized reference materials, as appropriate.

NJSLSA.L6. Acquire and use accurately a range of general academic and domain-specific words and phrases sufficient for reading, writing, speaking, and listening at the college and career readiness level; demonstrate independence in gathering vocabulary knowledge when encountering an unknown term important to comprehension or expression.

New Jersey Diversity and Inclusion Law
In accordance with New Jersey’s Chapter 32 Diversity and Inclusion Law, this unit includes instructional materials that highlight and promote diversity, including: economic diversity, equity, inclusion, tolerance, and belonging.

The standards in this unit reflect a developmental progression across grade levels and make interdisciplinary connections across content areas including the humanities, technology, career readiness, cultural awareness, and global citizenship.

Essential Questions/Enduring Understandings

Essential Questions:

- To what extent can creating a realistic budget aid in achieving financial goals and maintaining financial well being?
- How do factors such as taxes, insurance, and unplanned events impact someone's ability to budget?
- How might budgets adjust over time to meet the wants and needs of individuals?

Enduring Understandings:

- Budgets allow for individuals to not only keep track of their finances, but also aid in reaching financial goals in both the short and long term.
- An individual's ability to budget changes based on their income, taxes, loans, insurance, as well as unexpected factors of life; it is important to have flexibility in a budget to account for these factors.

Objectives

Students will know:

- Unit Vocabulary including, but not limited to: budget, taxes, progressive tax, regressive tax, proportional tax, philanthropy, comparison shopping, disposable income, gross income, net income, inflation, unemployment, currency, consumer fraud, consumer protection, insurance, deductible, premium, warranty, liability, investment, stocks, index, FDIC
- The purpose of creating a budget.
- The purpose of creating a savings plan.
- The ways comparison shopping can aid in a person's ability to save.
- The purpose and types of taxes.
- The way taxes are used on the state, local, and federal level.
- The way taxes impact disposable income.
- The difference between gross income and net income.
- The movement of money between producers and consumers.
- The impact of unemployment and inflation on one's ability to save and budget.
- The impact of spending habits on a person's ability to save.

- The influence of family, peers, and social media on spending and saving practices.
- The way currency rates change over time, impacting personal income.
- The types of consumer fraud and the extent to which businesses and financial institutions attempt to protect consumers.
- The ways that spending, saving, and budgeting contribute to financial well-being.
- The way that future expenses and life changes may impact an individual's current savings practices.
- The ways to create a budget in the short and long term, accounting for personal goals and responsibilities.
- The ways to minimize day-to-day expenses.
- The purpose of insurance in protecting an individual physically and financially.
- The types of insurance, such as liability insurance, and how different insurance rates change a person's deductible.
- The purpose and types of warranties, and when they should be purchased.
- The influence of education, loans, and scholarships on an individual's future budget.
- The difference in career opportunities achieved through trades and post-secondary education in relation to personal finance.
- The cost of post-secondary school can impact budgeting.

Students will be skilled at:

- Assessing their own personal spending habits in terms of overspending and saving.
- Creating a savings plan to meet their personal financial goals in the short and long term.
- Comparing prices of goods to maximize purchasing power.
- Explaining the purpose of taxes and how they are utilized on the local, state, and federal level.
- Describing how taxes impact a person's disposable income.
- Differentiating between gross income and net income.
- Identifying and explaining how economic factors such as unemployment and inflation can impact personal finances and financial well-being.
- Accounting for personal, familial, and peer influences on spending habits and adapting individual savings plans accordingly.
- Comparing how savings plans and budgets evolve over the stages of an individual's life, from

teenager, young adult, to adult.

- Creating a realistic budget to achieve short and long term goals.
- Identifying and explaining the purpose of insurance.
- Comparing the types of insurance and how they impact a person's deductible.
- Explaining the purpose of warranties and how they serve as a form of insurance.
- Explaining how liability of an accident can impact an individual's insurance.
- Evaluating the impact of insurance payments on a budget.
- Compare how to achieve long term savings and budgeting goals through varying potential career paths.
- Assess how college, trade schools, and apprenticeships can impact a person's budget, including the financial cost of post-secondary programs.
- Calculating the growth of savings through a savings plan.
- Implementing the 50/30/20 rule for saving.

Learning Plan

- **Personal Savings Habits Analysis:** Students will review savings from the previous unit, and reflect on their current savings habits. Students will create a list of what they believe they currently do to save, as well as what they consider makes it difficult to save. Students will then compare their findings, reflecting on the influence of social media, peers, and family in their own ability to save. Students will then consider what current actions they could adjust to better meet their savings goals.
- **Comparison Shopping Activity:** Students will first be introduced to comparison shopping by considering an item they want and how they would go about buying it. Students will consider two items, one more expensive than the other, and compare which they would spend more time comparison shopping for and explain why. Students will then practice comparison shopping for three items, considering reviews, discounts, quality of good, and brand reputation. Students will complete a closure assessing their main takeaways on comparison shopping, including tips on how to maximize purchasing power and saving.
- **Inflation Analysis:** Students will discuss a time they have heard their families or other adults discussing how goods used to be cheaper. Students will then be introduced to the concept of inflation, and discuss how this contributes to the cost of living increasing. Students will analyze how inflation has contributed to changes in the cost of goods through use of the CPI calculator, and record their findings. Students will extend this activity by examining how inflation hurts individuals and families whose incomes do not increase with inflation through a video analysis. Students will reflect on how inflation can impact someone's ability to save and their financial well-being.
- **Career Comparison:** Students will receive a career card which includes the salary, educational level, and skills required for the job. Students will then create a line from lowest to highest salary and compare their findings with one another in small groups. Students will reflect on why careers offer varying salaries, and the extent to which higher education contributes to these changes. Students will

extend activity by analyzing trade jobs and how a current need for more employees in trades has contributed to a rise in salaries. Students will close findings by creating a list of "career takeaways."

- **How Unemployment Impacts Americans:** Students will define unemployment, then examine how unemployment can impact someone's ability to save as well as their financial well being. Students will reflect on the challenges of unemployment, and create a plan for how to aid those challenged with finding another job.
- **Saving Simulation:** Students will first go over the 50/30/20 rule for saving. Students will then play the online game "Money Magic" to examine how saving 20% of income for future investments, 50% for necessities, and 30% for wants can help people achieve their financial goals. Students will reflect on how allocating money for short term and long term goals can be challenging, and how they can impact morale as well as well being. Students will then practice calculating monthly, weekly, and yearly savings to analyze how saving can help achieve financial goals.
- **Saving for Summer Plan:** Students will create a savings plan based on their own financial wants and needs using their findings from examining savings practices. Students will consider what their wants, needs, and future "investments" are, such as going on a trip or buying something for themselves, and create a realistic savings plan to try to achieve their goal. Students will include calculations for how much their savings will grow weekly and monthly.
- **Types of Taxes:** Students will learn about the types of taxes such as sales, income, and property tax. Students will then identify how different items/ aspects of everyday life would be taxed. Students will then examine how taxes differ based on income level and the state someone lives in and answer analysis questions.
- **Tax Dollars at Work:** Students will be introduced to how federal taxes work by discussing what they think most taxes go towards and how they impact their everyday lives. Students will then go over how the Federal Government utilizes tax dollars by reading about mandatory and discretionary spending, as well as the funds that contribute to both forms of government spending. Students will examine how these funds are distributed through a pie chart, and reflect on how the money is allocated, as well as why it is important for taxes to be collected despite their impact on income.
- **How Insurance Works:** Students will first play the game "What's Your Stuff Worth?" to examine how renter's insurance can provide protection of personal property in a time of need and examine the cost of insurance versus re-purchasing goods. Students will then define the types of insurance and how they provide forms of protection. Terms such as insurance, premium, liability, and deductible will be defined as students examine the forms of insurance. Students will then analyze why certain forms of insurance, such as automotive insurance, are more popular than other types.
- **Why Insurance Protection Matters - Inquiry Activity:** Students will be presented with various scenarios related to individuals in need of insurance. Acting as insurance advisors, students will suggest what type of insurance should be applied to each scenario and how it will help the person in need. Students will reflect on how insurance can aid someone in case of an emergency and how it can protect against greater costs in the future.
- **Financial Protection:** Students will examine a case of identity theft and how it can harm financial wellbeing. Students will then reflect on ways to protect themselves financially by creating strong passwords, reviewing when to use different forms of payment, and examining where their money is located (such as in an insured bank). Students will then practice some of the steps to financial protection and explain why it is important for financial well being to protect one's identity and assets.
- **Diversifying Investments:** Students will first reflect on what they think they currently know about investing including the stock market, savings accounts, and indices. Students will then read a handout on the types of investments, and why it is better to "diversify" investments rather than solely invest in individual stocks in the stock market. Students will compare the prices of big name stocks to that of indices, and then reflect on how it is safer to invest in an index rather than singular stocks. Students will make a "10-year investing goals" wish list as a reflection, where they will write down three ways in which they will try to invest, save, and grow their money for the future.
- **Intro to Budgeting:** Students will review the 50/30/20 Rule for budgeting and saving, as well as the

difference between wants and needs through brief practice problems. Students will then discuss the difference between gross and net income through examining a pay stub. Students will consider how the difference between net and gross income will impact a budget, as well as how payment towards taxes and investments such as a retirement fund impact income. Students will then apply the 50/30/20 rule to the paycheck they examine to consider what a monthly budget for the individual would be, and how much they would be able to spend on needs, wants, and investments each month.

- **Financial Advisor Activity:** Students will examine a scenario of a high school student working a part time job, and act as "financial advisors" for their high school client. Students will work in groups to assess the gross versus net income of their client, consider the wants, needs, and future investments, and create a budget for their client based on the information provided. Students will explain why they allocated money towards certain expenses and how their plan will aid in their client's financial goals and well-being.
- **Budgeting Project:** Students will reflect on budgeting by picking a career of interest and creating a budget based on their net income. Students will review their findings from the unit by calculating the tax rate to determine net income from gross income, picking insurance plans, housing, bills, loans, living expenses, wants, and investments as well as charitable contributions. Students will explain how they made their financial decisions and reflect on the challenges and benefits to creating a budget for the future.

Assessment

When taking a Social Studies course, students demonstrate differentiated proficiency according to their ability to answer the essential questions through formative and summative assessments. Many of the performance tasks below can be implemented as formative and/or summative assessments. As teachers strive for students to demonstrate proficiency, they will need to create additional or alternative assessments based on demonstration or absence of skill.

Formative Assessments:

- Personal Savings Habits Analysis
- Comparison Shopping Activity
- Inflation Analysis
- Career Comparison
- Saving Simulation
- Types of Taxes
- How Insurance Works
- Why Insurance Protection Matters- Inquiry Activity
- Diversifying Investments
- Intro to Budgeting

- Financial Advisor Activity

Summative Assessments:

- Summer Savings Plan
- Tax Dollars At Work
- Budgeting Project

Alternative Assessments:

- Budget Analysis - students will be provided a sample budget which they will analyze and provide recommendations as to how the budget could be improved based on best practices

Materials

The design of this course allows for the integration of a variety of instructional, supplemental, and intervention materials that support student learners at all levels in the school and home environments. Associated web content and media sources are infused into the unit as applicable and available In addition to the materials below, the following link connects to district approved textbooks and resources utilized in this course: Core Book List.

The following are approved resources that teachers can include to further unit related objectives:

Rein In Your Wants (Next Gen Personal Finance)

Comparison Shopping (Next Gen Personal Finance)

Money Magic Game

Building Savings Habits (Next Gen Personal Finance)

ECON: Inflation, Spending, and Wages (Next Gen Personal Finance)

Career Comparison (Next Gen Personal Finance)

How Do Sales Taxes Compare Among States? (Next Gen Personal Finance)

What are the Current Federal Tax Brackets? (Next Gen Personal Finance)

Why We Pay Taxes (Next Gen Personal Finance)

The Federal Budget in Fiscal Year 2023: An Infographic (CBO)

What's Your Stuff Worth? (AllState)

Intro to Insurance (Next Gen Personal Finance)

Types of Insurance Handout (Consumer Financial Protection Bureau)

Protect Yourself Against Risk Handout (Consumer Financial Protection Bureau)

Insurance Premiums (Next Gen Personal Finance)

Identity Theft (Next Gen Personal Finance)

Scams (Next Gen Personal Finance)

How does the Stock Market Work? (Ted Ed)

S&P 500 Interactive Map (finviz.com)

The Stock Market (Next Gen Personal Finance)

Diversification (Next Gen Personal Finance)

How Do You Budget? (Next Gen Personal Finance)

Let's Make a Budget! (Next Gen Personal Finance)

Financial Literacy Budgeting Project

Any additional resources that are not included in this list will be presented to and reviewed by the supervisor before being included in lesson plans. This ensures resources are reviewed and vetted for relevance and appropriateness prior to implementation.

Suggested Strategies for Modification

This link includes content specific accommodations and modifications for all populations:

https://docs.google.com/spreadsheets/d/1Pp6EJOCsFz5o4-opzsXpQDQoa6aClW-bkRGPDRHXVrk/edit?usp=sharing

These additional strategies are helpful when learning Social Studies content and skills:

- Bold terms in directions.
- Read texts aloud for students to assist in comprehension and analysis.
- Provide opportunities for text-to-speech for written responses.
- Use visual presentations of all materials and instructions.

- Provide step-by-step instructions for mathematical problems that require calculation.
- Model of practices to support student understanding.