Unit 1: Budgeting

Content Area: **Business Management and Information**
Course(s):
Time Period: **Marking Period 1**
Length: **7-8 Weeks**
Status: **Published**

Summary

The Financial Literacy course is designed to provide students with a foundational understanding of fundamental financial concepts, develop students' practical and money management skills, and instill a sense of financial responsibility and sound decision-making. The course aims to equip students with the knowledge and skills needed to make informed and responsible financial decisions throughout their lives, fostering confidence in navigating real-world financial scenarios.

This unit is part of the larger aforementioned course sequence and specifically focuses on Budgeting where students will understand that budgets are influenced by one's existing financial status, income, taxes, and loans; these factors may vary over time, impacting one's ability to save or reach financial goals, and that financial health can best be maintained through careful monitoring of one's finances through safe saving practices and careful budgeting. By the end of this unit, students will be able to interpret pay stubs, bank statements, and tax forms, calculate compound and simple interest, explain the different forms of taxes and how they are utilized, analyze the challenges of and benefits to saving, explain the difference between a checking and a savings account, create a financial plan with a realistic budget, write a check, explain the consequences of overdraft fees, and explain the benefits of saving money in insured financial institutions. Students will also know the uses of debit and checking accounts, the forms of savings accounts, the way money grows through compound interest, the purpose of taxes, the types of taxes on the state, federal, and local level, the difference between net and gross pay, the way that taxes are deducted from payroll, the purpose of saving, the influence of money scripts on financial practices, the 50/30/20 rule, the elements of an effective budget, and the ways financial goals evolve over time.

Students in Business Management and Information Systems classes develop skills that are intended to give them a competitive advantage in the workplace. Through the study of core business topics and current events, this curriculum encourages students to refine their speaking and listening skills, collaborate with their peers, and explore and research potential career paths. This course fulfills the 2.5 credits in financial literacy coursework required by both Cranford High School and the state of New Jersey for graduation.

Revision Date: August 2024

Standards

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

9.1.12.CFR.2: Summarize causes important to you and compare organizations you seek to support to other

organizations with similar missions.

9.1.12.CFR.3: Research companies with corporate governance policies supporting the common good and human rights.

9.1.12.CFR.4: Demonstrate an understanding of the interrelationships among attitudes, assumptions, and patterns of behavior regarding money, saving, investing, and work across cultures.

9.1.12.CFR.5: Summarize the purpose and importance of estate planning documents (e.g., will, durable power of attorney, living will, health care proxy, etc.).

9.1.12.CFR.6: Identify and explain the consequences of breaking federal and/or state employment or financial laws.

9.1.12.EG.1: Review the tax rates on different sources of income and on different types of products and services purchased.

9.1.12.EG.2: Explain why various forms of income are taxed differently.

9.1.12.EG.3: Explain how individuals and businesses influence government policies.

9.1.12.EG.4: Explain the relationship between your personal financial situation and the broader economic and governmental policies.

9.1.12.EG.5: Relate a country’s economic system of production and consumption to building personal wealth, the mindset of social comparison, and achieving societal responsibilities.

9.1.12.EG.6: Analyze the rights and responsibilities of buyers and sellers under consumer protection laws.

9.1.12.FI.1: Identify ways to protect yourself from identity theft

9.1.12.FI.2: Explain ways to manage your accounts that maximize benefits and provide you with the utmost protection.

9.1.12.FI.3: Develop a plan that uses the services of various financial institutions to prepare for long term personal and family goals (e.g., college, retirement).

9.1.12.FI.4: Research benefits and drawbacks of products offered by financial and non-financial companies (e.g., banks, credit unions, check-cashing stores, product warranty insurance).

9.1.12.FP.1: Create a clear long-term financial plan to ensure its alignment with your values.

9.1.12.FP.2: Explain how an individual’s financial values and goals may change across a lifetime and the adjustments to the personal financial plan that may be needed.

9.1.12.FP.4: Identify how unconscious beliefs like "money scripts" (money avoidant, money worship, money status, money vigilant) influence financial decision-making.

9.1.12.FP.5: Evaluate how behavioral bias (e.g., overconfidence, confirmation, recency, loss aversion, etc.) affects decision-making.

9.1.12.FP.6: Evaluate the relationship of familial patterns, cultural traditions, and historical influences on financial practice.

9.1.12.PB.1: Explain the difference between saving and investing.

9.1.12.PB.2: Prioritize financial decisions by considering alternatives and possible consequences.

9.1.12.PB.3: Design a personal budget that will help you reach your long-term and short-term financial goals.

9.1.12.PB.4: Explain how you would revise your budget to accommodate changing circumstances.

9.1.12.PB.5: Analyze how changes in taxes, inflation, and personal circumstances can affect a personal budget.

9.1.12.PB.6: Describe and calculate interest and fees that are applied to various forms of spending, debt and saving.

9.2.12.CAP.3: Investigate how continuing education contributes to one's career and personal growth.

9.2.12.CAP.4: Evaluate different careers and develop various plans (e.g., costs of public, private, training schools) and timetables for achieving them, including educational/training requirements, costs, loans, and debt repayment.

9.2.12.CAP.5: Assess and modify a personal plan to support current interests and postsecondary plans.

9.2.12.CAP.10: Identify strategies for reducing overall costs of postsecondary education (e.g., tuition assistance, loans, grants, scholarships, and student loans).

9.2.12.CAP.15: Demonstrate how exemptions, deductions, and deferred income (e.g., retirement or medical) can reduce taxable income.

9.2.12.CAP.16: Explain why taxes are withheld from income and the relationship of federal, state, and local taxes (e.g., property, income, excise, and sales) and how the money collected is used by local, county, state, and federal governments.

9.2.12.CAP.18: Differentiate between taxable and nontaxable income from various forms of employment (e.g., cash business, tips, tax filing and withholding).

9.2.12.CAP.19: Explain the purpose of payroll deductions and why fees for various benefits (e.g., medical benefits) are taken out of pay, including the cost of employee benefits to employers and self-employment income.

9.2.12.CAP.20: Analyze a Federal and State Income Tax Return.

9.4.12.CI.1: Demonstrate the ability to reflect, analyze, and use creative skills and ideas (e.g., 1.1.12prof.CR3a).

9.4.12.CI.2: Identify career pathways that highlight personal talents, skills, and abilities (e.g., 1.4.12prof.CR2b, 2.2.12.LF.8).

9.4.12.CI.3: Investigate new challenges and opportunities for personal growth, advancement, and transition (e.g., 2.1.12.PGD.1).

9.4.12.TL.2: Generate data using formula-based calculations in a spreadsheet and draw conclusions about the data.

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.R2. Determine central ideas or themes of a text and analyze their development; summarize the key supporting details and ideas.

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.R8. Delineate and evaluate the argument and specific claims in a text, including the validity of the reasoning as well as the relevance and sufficiency of the evidence.

NJSLSA.R9. Analyze and reflect on how two or more texts address similar themes or topics in order to build knowledge or to compare the approaches the authors take.

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

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.W5. Develop and strengthen writing as needed by planning, revising, editing, rewriting, or trying a new approach.

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.W8. Gather relevant information from multiple print and digital sources, assess the credibility and accuracy of each source, and integrate the information while avoiding plagiarism.

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.

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.SL6. Adapt speech to a variety of contexts and communicative tasks, demonstrating command of formal English when indicated or appropriate.

NJSLSA.L1. Demonstrate command of the conventions of standard English grammar and usage when writing or speaking.

NJSLSA.L2. Demonstrate command of the conventions of standard English capitalization, punctuation, and spelling when writing.

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.L5. Demonstrate understanding of word relationships and nuances in word meanings.

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, and tolerance.

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 effective budgeting practices early in life help prepare individuals for the future?
- Why is saving important for financial well being, yet challenging in the present day?
- How do influences such as family upbringing, saving practices, financial status, taxes, and choice of employment impact one's budget?
- To what extent will budgeting goals and financial values change over time?

Enduring Understandings:

- Budgets are influenced by one's existing financial status, income, taxes, and loans; these factors may vary over time, impacting one's ability to save or reach financial goals.
- Financial health can best be maintained through careful monitoring of one's finances through safe saving practices and careful budgeting.

Objectives

Students will know:

- Vocabulary terms including but not limited to: wants and needs, bank account, savings account, checking account, taxes (sales, property, excise) graduated tax, income tax, interest, progressive tax, regressive tax, consumption, tax return, W-2, W-4, withholding, money avoidant, money worship, money status, money vigilant, interest, check, balance, withdrawal, ATM, overdraft, direct deposit, discretionary income, disposable income, reconciliation, gross income, net income, budget, simple interest, compound interest, mobile banking, variable expenses, fixed expenses, 50/30/20, pay stub
- The difference between wants and needs.
- The 50/30/20 Rule.
- The difference between surplus and deficit.
- The difference between net pay and gross pay.
- The difference between variable and fixed expenses.
- The elements of a pay stub.
- The difference between a savings and a checking account.
- The types of savings accounts and how savings grow through interest.
- The varying types of taxes and how they are taken out of paychecks (including Federal, State, and Local).
- The purpose of taxes on the local, state, and federal level.
- The purpose of a W-2 in filing taxes.
- The purpose of a W-4 in determining withholding of taxes for employment.
- The influence of one's money script on personal spending habits.
- The consequences of overdrafting from one's bank account.

- The elements of writing a check.
- The importance of checking a bank statement and reconciliation of expenses.
- The way money grows faster from compound interest than simple interest.
- The benefits and detriments to mobile banking.
- The way behavior bias and unconscious beliefs impact financial decision making.
- The way income is taxed differently.
- The protections of having money in an insured financial institution.
- The challenges of and benefits to saving.
- The purpose of budgeting.
- The factors that contribute to a budget.
- The way that a person's budget may change over time due to foreseen and unforeseen circumstances.

Students will be skilled at:

- Writing and depositing checks.
- Explaining the benefits to and challenges of budgeting.
- Calculating compound interest.
- Identifying and explaining the differences of wants and needs.
- Explaining the differences between savings and checking accounts.
- Determining which financial institution can best meet the needs of consumers based on banks' terms and conditions.
- Analyzing the benefits and detriments to varying financial institutions.
- Assessing types of savings accounts in the ways they build interest.
- Determining the extent to which money script determines' consumer spending practices.
- Explaining the factors that contribute to the difficulty of saving, such as stagnant wages, existing inequality, and lack of welfare support.
- Calculating a budget and advising consumers on how to maximize their saving habits.
- Creating realistic financial goals based on age, income, and current financial habits.
- Explaining the purpose of taxes and how they are collected from employees and consumers.

- Describing how gross pay and net pay differ in terms of what someone's "take home" pay is.
- Explaining the elements of a pay stub to assess take home pay and deductions.
- Assessing how someone's career path may impact their future budget.
- Analyzing how trade offs impact future income, such as working immediately from high school or going to college on a loan.
- Reading a W-2 to analyze tax deductions.
- Analyzing a bank statement to compare purchases to bank balance.

Learning Plan

- **Wants and Needs Fantasy Olympic Team Simulation:** Students will work in groups to participate in a fantasy draft pick of athletes for their own "country" from current Olympic Athletes. Each athlete has a fictitious "salary" and each country will be assigned a budget. Given the order in which athletes are chosen and the amount of money each team is allotted, students will have to differentiate who to add to their team. Students will debrief in connection to wants and needs, considering which Olympic games they needed players for versus who they wanted due to their statistics, as well as how wants and needs connect to their everyday lives.
- **Intro to Savings and Checking Accounts**: Students will be introduced to the different types of bank accounts, focusing on checking and savings accounts. Students will define vocabulary such as deposit, withdrawal, overdraft fee, minimum balance, interest, direct deposit, ATM, and maintenance fees. Students will then examine a bank statement to identify and explain how these terms impact a person's account balance.
- **Balancing Accounts:** Students will practice managing their accounts with an online banking simulation. Students will transfer money between accounts, pay bills online through an account, and monitor accurate spending records. Students will reflect on how moving money between accounts can be beneficial, as well as why it is important to monitor one's spending on their account.
- **How to Write A Check:** Students will examine the elements of a check and how to fill a check out to be cut. Students will then practice reconciling a checkbook by recording transactions and comparing their total to their bank statement. Students will reflect on how reconciling payments may help their financial wellbeing.
- **Banking Scenarios:** Students will start with a card that tells them their occupation and starting bank account balance. Students will then face varying scenarios in which they receive a deposit, have to write checks, or make payments using debit. Students will reconcile their account to examine how much money they are left with at the end of the scenarios.
- **Money Script Analysis:** Students will take the Money Script quiz to analyze their own "Money Script" or "Money Personality." Students will reflect on the extent to which they consider their money script result to be accurate, and then will watch a video on the types of money scripts. Students will assess how understanding their own financial habits may help them prepare for financial well-being in

the future.

- **Savings Account Analysis:** Students will be introduced to saving by examining current trends in saving, reflecting on why saving is so low in the present day. Students will then watch a video on the main differences between a Savings and a Checking account, comparing and contrasting the two types of accounts. Students will then research the different types of Savings accounts (Traditional, CD, MMA) and note the benefits and detriments to each type of account. Students will then reflect on which account they would most likely save their own money in using their findings.

- **Calculating Compound Interest:** Students will be introduced to compound interest through a video, taking note of how to calculate compound interest and how it allows savings to grow faster than money deposited in a checking account. Students will then practice calculating compound interest, expanding on their previous study of savings accounts by examining which types of savings accounts money can grow the most in.

- **Challenges to Saving Simulation:** Students will play the online game "Spent" to examine the challenges to saving. Students will analyze the challenges to saving for those living "paycheck to paycheck." Students will then watch a video on the challenges Americans face currently in regards to saving, and reflect on how saving has become challenging for Americans regardless of income level, while also noting the significant challenges for those living with smaller incomes.

- **Savings Strategies Infographic:** Students will review their savings findings, then make their own "Guide to Saving" infographic that includes their own tips on ways to help teens save. Students will compare findings and reflect on which savings tips they will be most likely to follow.

- **Selecting a Financial Institution:** Students will consider three financial institutions to open a savings and checking account with. Students will examine and record the benefits and detriments to each of the banks, reflecting on their previous study of banking. Students will then pick a financial institution that is a best fit for them, explaining their reasoning based on their findings.

- **Intro to Taxes:** Students will first participate in two teams to try and match tax dollar amounts to the mandatory spending category they think matches. Students will compete to see who can be the closest to correctly guessing where taxes are allocated. Students will then examine the actual allocation of tax dollars and reflect on how their money is used to fund government actions.

- **How are Taxes Determined?:** Students will be introduced to how taxes are actually taken out of people's paychecks, and what they go towards on the state, federal, and local levels. Students will also go over the ways in which income can be taxed (progressive, regressive, proportional) as well as the types of taxes (sales, property, income, excise, etc.). Students will also examine our current progressive tax rates to assess how income is taxed at different percentages.

- **Taxes in Action:** Payroll and Tax Deductions: Students will examine a pay stub to assess how taxes are taken out of paychecks. Students will consider the amount of money that is taken out from taxes, how frequently paychecks occur, as well as other payroll deductions. Students will use this analysis to compare net and gross pay, and reflect on how taxes and other deductions such as retirement and insurance impact someone's pay and budget.

- **Tax Forms Analysis:** Students will be introduced to how income taxes are initially withheld through a W-4 form, analyzing how someone files themselves, what deductions are applicable, and how they are submitted. Students will then reflect on how taxes are recorded through a W-2 form, and analyze the actual amounts that are taken out of a person's gross income. Students will compare and contrast the forms, and reflect on why it is important to fill out a W-4 form carefully and utilize a W-2 when filing

taxes.

- **Intro to Budgeting Analysis:** Students will first estimate a number for their weekly or monthly expenses. Students will then consider their own spending habits and make a list of what they would consider part of their budget for a week, labeling goods and services as wants and needs as well as estimating the cost of goods. Students will reflect on their findings, considering if they thought their initial budget amount was accurate, as well as what they could potentially omit from their budget if they needed to consolidate spending.

- **Budgeting How To:** Students will go over the 50/30/20 Rule and examine some tips to saving and budgeting. Students will then examine a list of expenses and label them as a need, a want, or investment/saving. Students will practice calculating how much of a salary could be allocated towards each percentage, to create a hypothetical budget.

- **Budget Simulation:** Students will pick a career card and create a budget using the 50/30/20 rule. Students will be responsible for determining housing, transportation, entertainment, investment, groceries, and insurance. Students will categorize their budget and reflect on the challenges and benefits to budgeting.

- **Travel Budget Project:** Students will use their findings from their budgeting study to create their own travel budget for a spring break trip. Students will create a savings plan, and then calculate the costs for travel, shelter, food, and excursions. Students will consider the length of stay of their trip, the number of people going, as well as the cost of the location. Students will explain how their budget is realistic based on their savings, and create a presentation of their budgeting plan to "pitch" for friends.

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:

- Wants and Needs Olympic Fantasy Draft Reflection
- Balancing Accounts Analysis
- Banking Scenarios
- Money Script Analysis
- Savings Account Analysis
- Calculating Compound Interest

- Challenges to Saving Inquiry Activity
- Taxes in Action
- Tax Forms Analysis
- Budgeting How To
- Budget Simulation Reflection

Summative Assessments:

- Budgeting Quiz
- Savings Strategies Infographic
- Checking Quiz
- Taxes Quiz
- Travel Budget Project

Alternative Assessments:

- Savings Plan: Students will pick one long term and one short term savings goal for themselves. Students will make a plan for how they will save their money, including calculating compound interest in their savings plan to determine how quickly they will be able to achieve their goal. Students will reflect on how realistic their goal is and how saving can assist in achieving financial goals.
- Budgeting with a Roommate: Students may create a fictitious budget for living on their own with a roommate by determining the cost of living on a first time job salary, the cost of rent and utilities, and additional expenses. Students will reflect on mandatory and discretionary spending, the impact of taxes, and the ability to save as someone living on their own for the first time.

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:

Compare: Wants and Needs (Next Gen Personal Finance)

The Bean Game: Wants and Needs (Next Gen Personal Finance)

Checking Accounts: How You Can Access Your Money Infographic (Visual Capitalist)

Checking Account Agreement (Next Gen Personal Finance)

Checking Account Statement Analysis (Next Gen Personal Finance)

Online Banking Simulator and Worksheet (Next Gen Personal Finance)

Writing a Check Sample Activity

Your Account Balance (Next Gen Personal Finance)

Selecting a Financial Account or Product (Next Gen Personal Finance)

What is the U.S. Savings Rate? (Next Gen Personal Finance)

Compare: Types of Savings Accounts (Next Gen Personal Finance)

Savings Accounts Student Packet (Next Gen Personal Finance)

Living Paycheck to Paycheck (Next Gen Personal Finance)

Play Spent

How Much Money Do Americans Need to Be Comfortable? (CNBC)

Project: Using a PSA to Inspire Savings (Next Gen Personal Finance)

What's Your Money Personality? Quiz (NerdWallet)

"To Improve Your Finances, Learn Your 'Money Script' Psychologist Says" Article and Video (CNBC)

Your Tax Dollar in Action (Next Gen Personal Finance)

Taxes and Your Paystub (Next Gen Personal Finance)

Fine Print: Pay Stub Analysis (Next Gen Personal Finance)

W-2 Form (Next Gen Personal Finance)

W-4 Form (Next Gen Personal Finance)

Budget Simulation Activity (Rogue Credit Union)

Plan a Spring Break Trip (Next Gen Personal Finance)

Budgeting with Roommates (Next Gen Personal Finance)

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.