

OVERVIEW

You've analyzed what you've been spending money on and set some SMART goals to strive for. Now, the rubber meets the road and it's time to start making it happen. Your next step is to create the road map that will guide you to your destination: success.

Your map is a spending plan or budget. It should detail exactly how you're going to use your money to pay for the things you want. An effective spending plan not only multiplies your chances of success, it also helps make the journey faster and easier.

In this lesson, you will develop the skills you will need to create an effective spending plan.

LEARNING OUTCOMES

In this lesson students will learn how to create a spending plan (aka budget). Along the way they will:

- Discuss how a spending plan can help an individual manage spending habits.
- Describe what a spending plan is.
- Explain how to use a spending plan.

Students will use what they learn to create a plan to guide their spending, particularly for large purchases.

PREPARATION

- Order a Module 1 Student Guide for each student. The Guide can also be downloaded to view from the HSFPP website or copied to distribute to student.
- Preview the lesson PowerPoint presentation, learning tasks, and Module 1 Student Guide, particularly pages 22-31.
- Print or download the Student Learning Plan for this lesson so each student has a copy.

WHAT YOU WILL NEED

- Module 1 Student Guide (pages 22-31)
- PowerPoint Presentation 1-4
- Student Learning Plan 1-4
- Activity 1.7: My Income
- Activity 1.8: My Expenses
- Task: Maya's Spending Plan
- Challenge 1-C: My Spending Plan (Performance Assessment)
- Calculators, Tasks 4 and 5
- Spending Plan template, Tasks 4 and 5
- Internet access, Task 4

NOTES:

Approximate time: 45 minutes (minimum) – 90 minutes (with extension activities)

LEARNING TASKS	TEACHING NOTES	MATERIALS
<p>1. Brainstorm a list of tricks stores use to get you to buy things. Think about your experience before you shop as well as when you go into a store. Be sure to include online shopping experiences!</p>	<p>PROCEDURE TIME ESTIMATE: 5 minutes</p> <p><input type="checkbox"/> Ask students to brainstorm ways they think that businesses use sales and marketing tactics to entice shoppers to buy things. Use these questions to prompt the brainstorming [Slide 2]. (Note: mind mapping works well for this brainstorm activity.)</p> <ul style="list-style-type: none"> ▪ <i>What is in the store window to get you to walk in? What techniques are used to get you into the door?</i> ▪ <i>What is the first thing you see when you walk into the store? Are you ever tempted to buy it?</i> ▪ <i>What do you have to walk past in order to get to the object you want to buy? Did you ever pick up anything on the way?</i> ▪ <i>When standing in line at the register, have you ever picked up anything on display to buy?</i> ▪ <i>When you get your item, do you receive any coupons or flyers that will encourage you to come back? Do they have expiration dates?</i> <p>EXTENSION: For an alternate version, have older students consider a car sales pitch. If they have gone car shopping, what types of things did the salesperson do to increase the company's profits? Encourage students to go to a local car dealer with a low-end car in mind and see what the salesperson does to try to get shoppers to spend more money for a more expensive car.</p>	<p>Module 1 Student Guide</p> <p>Student Learning Plan 1-4</p> <p>SLIDE 2 – Gotcha!</p> <p>ACTIVITY</p> <p>marker board/ Smartboard</p>
<p>2. Life happens! There are so many things that happen to us that we don't plan for. Most times, these accidents cost us money. Estimate what a "repair" might cost for incidents that could involve teens.</p>	<p>PROCEDURE TIME: 10 min.</p> <p><input type="checkbox"/> [Slide 3] Transition into the lesson by previewing the Learning Outcomes in the Student Learning Plan. Point out how planning ahead on how to spend money can help reduce the possibility of overspending or buying something that isn't wanted later.</p> <p><input type="checkbox"/> By the end of this lesson, the students should be able to outline a spending plan that is reasonable for their current situation.</p> <p><input type="checkbox"/> [Slide 4] Transition into the activity by asking students to share any accidents they have encountered in the past 6 to 12 months that resulted in repair or replacement costs.</p> <p><input type="checkbox"/> Arrange for students to work individually or in small teams (2-3 students). Assign each group to conduct a quick online search to estimate the repair or replacement costs for one of the Whoops situations. Post costs for the whole class to see.</p>	<p>STUDENT GUIDE Page 23</p> <p>SLIDES 3 – Preview 4 – Whoops!</p> <p>ACTIVITY</p> <p>Internet access</p>

LEARNING TASKS	TEACHING NOTES	MATERIALS
	<p>Whoops accident scenarios:</p> <ul style="list-style-type: none"> ▪ Break flat screen TV ▪ Break laptop (hardware) ▪ Download virus on computer ▪ Fender bender (Student’s fault, even if not driving or driver. Use “bumper” when searching online for information.) ▪ Flat tire (student’s fault, even if not driving) ▪ Fractured/broken bone (sports or home injury) ▪ Lost cellphone ▪ Lost iPod ▪ Run out of gas (Here they have to assume they cannot walk to a gas station or call someone to help them. What would it cost for a truck/auto service company to bring gas to them?) <p>[OPTIONAL: Have students add situations to the list.]</p> <p>Note: To locate information on repair or replacement costs, have them use the phrase, “<i>How much would it cost to fix ...</i>” or “<i>How much would it cost to replace ...</i>” to search for information. For replacement costs, they can also opt to visit the websites of local retail stores that would carry that object to price out a new item. For auto repairs, imagine the item has to be completely replaced and installed professionally.</p> <p><input type="checkbox"/> Debrief by asking students if they would be able to cover the costs with cash on hand at that moment. Lead a discussion about how these types of unexpected costs might impact the ability to meet other spending obligations or derail progress towards a savings goal.</p>	
<p>3. Determine whether or not Michael and Selena have enough income for their monthly expenses and savings goals.</p> <p>Recommend ways to adjust expenses or income.</p>	<p>PROCEDURE TIME: 10 min.</p> <p><input type="checkbox"/> [Slide 5] Introduce spending plans as a way to prepare in advance for planned purchases and to have sufficient funds on hand for unexpected expenses. Introduce the concept that to create a spending plan, a person needs to 1) Identify the expected costs and savings goals, and 2) Figure out how to cover those costs (expenses) with money earned from jobs or received as allowance (income).</p>	<p>STUDENT GUIDE Pages 22-27</p> <p>SLIDES 5 – Spending Plan—Road Map for Success 6 – Can Michael and Selena Cover Expenses?</p>

LEARNING TASKS	TEACHING NOTES	MATERIALS
	<p><input type="checkbox"/> As an example, show Slide 6 so students can assess whether or not Michael and Selena have enough income to cover what they have responsibility to pay for each month. Point out their estimated income (Student Guide, page 25) and their monthly expenses (page 27).</p> <p>Click 1 on slide: Examine the expense and income amounts and challenge the students to calculate the difference (Student Guide, page 27).</p> <p>Click 2 on slide: Show the difference to check calculations.</p> <p>Lead a discussion or arrange for students to discuss in small groups how Michael and Selena can adjust their expenses (or income) to ensure they cover their monthly obligations and also have money to set aside for their goals. Point out that Selena has set a goal to save \$25 each month and Michael wants to save \$40 each week. (Student Guide, page 16)</p>	
<p>4. Complete Activity 1.7: My Income to list your sources of income. Complete Activity 1.8: My Expenses to classify how you spend your money.</p> <p>Practice creating a personal spending plan. Make sure that the total expenses don't exceed the total income.</p>	<p>PROCEDURE TIME: 20 min.</p> <p><input type="checkbox"/> [Slide 7] Introduce students to the steps to create a spending plan. Preview the steps to create a plan/budget.</p> <p><input type="checkbox"/> [Slide 8] Point out examples of income, including how Michael and Selena receive income (pages 24-25).</p> <p><input type="checkbox"/> Guide students to identify their own sources of income, Activity 1.7: My Income.</p> <p><input type="checkbox"/> [Slide 9] Describe and classify expenses as fixed, variable, and periodic. Provide examples (page 26) and reference the examples from Michael's and Selena's list (page 27).</p> <p><input type="checkbox"/> [Slide 10] Introduce students to the "pay yourself first" (PYF) strategy used to regularly set aside chunks of money to save for bigger financial goals (page 28).</p> <p><input type="checkbox"/> Guide students to complete Activity 1.8: My Expenses. If available, they can use the responses from Activity 1.2: My Disappearing Dollars to classify their expenses.</p>	<p>STUDENT GUIDE Page 24-31</p> <p>SLIDES 7 – Building a Spending Plan 8 – Predict Your Income 9 – Estimate Your Expenses 10 – Pay Yourself First 11 – Make Adjustments 12– Maya's Spending Plan</p> <p>ACTIVITIES 1.7: My Income 1.8: My Expenses Task: Maya's Spending Plan Calculators</p>

LEARNING TASKS	TEACHING NOTES	MATERIALS
	<p><input type="checkbox"/> Point out Michael’s plan (page 30) to illustrate an example of a month spending plan/budget. Display Slide 11 as you suggest ways to adjust a plan so the income is equal to or more than the anticipated expenses.</p> <p><u>Click 1:</u> If expenses exceed income, determine ways to:</p> <ul style="list-style-type: none"> - decrease variable expenses - increase income - delay or decrease unnecessary expense(s) <p><u>Click 2:</u> If income exceeds expenses, this is a good opportunity to:</p> <ul style="list-style-type: none"> - increase the amount set aside for the PYF funds and savings goals - decrease the amount owed <p><input type="checkbox"/> [Slide 12] Display and distribute Maya’s Spending Plan task as you preview the task with the students. Have students independently create a spending plan for Maya. Circulate around the room to make sure students put the realistic amounts on a spending plan sheet.</p> <p><input type="checkbox"/> When finished, arrange for the students to work in pairs to compare solutions. Instruct them to reach consensus on how to adjust the total income to match the total expenses. Point out that there is no one way to balance it as long as the income covers the expenses and Maya’s spending needs and goals are reflected in the final plan.</p>	
<p>5. Complete Challenge 1-C: My Spending Plan to create your own spending plan for an event, financial goal, or a month of regular expenses.</p>	<p>PROCEDURE In-class or out-of-class assignment</p> <p><input type="checkbox"/> [Slide 13] Facilitate a brief discussion about the potential consequences of not following a spending plan.</p> <p><input type="checkbox"/> [Slide 14] Guide students to use what they have learned to create their own spending plans for a specific event, financial goal, or to cover their currently monthly expenses. Direct students to use information that is realistic for their current situation as they complete Challenge 1-C: My Spending Plan.</p> <p>Note: For those students who don’t have regular income, arrange for them to either work from a fictitious situation or arrange to use information for an existing club project. [See Extension Task]</p>	<p>STUDENT GUIDE Pages 24-27, 30-31</p> <p>SLIDES 13 – Without a Spending Plan 14 – Challenge</p> <p>ACTIVITY Challenge 1-C: My Spending Plan</p>

LEARNING TASKS	TEACHING NOTES	MATERIALS
<p>TAKING IT HOME</p> <p>Complete the Jump\$tart Reality Check.</p>	<p>PROCEDURE In-class or out-of-class assignment</p> <p><input type="checkbox"/> Challenge students to complete the Jump\$tart Reality Check to draft a household budget/spending plan. Students may need to compare the Jump\$tart site with local data. Housing and cost of living can vary from place to place, as do salaries. You may want to help prepare students by having them research local housing costs and by asking to see the necessary household bills adults in their lives may pay, including: water, electricity, gas, sewage, water, trash, recycling, cable, Internet, landline phone, septic, property taxes, etc. This will help give students a more accurate reading on lifestyle choices they will make and what those might cost them.</p> <p>Resources:</p> <ul style="list-style-type: none"> ▪ www.Jumpstart.org/reality-check.html ▪ The California Career Resource Network has another version of a “Reality Check” (www.californiarealitycheck.com/) 	<p>Internet access</p>
<p>EXTENSION</p> <p>Create a spending plan for a class trip or club project.</p>	<p>PROCEDURE: In-class or out-of-class assignment</p> <p><input type="checkbox"/> Challenge students to use what they have learned about setting goals and creating spending plans as they plan for a class trip or club project. Provide guidance to get them started as they research the anticipated costs of the trip or project. Then determine the amount of money students need to contribute or fundraise to cover the estimated costs.</p>	



EXTENSION

Are you involved with a class or youth group project that involves raising or spending money for a trip or project? Work with the group planners to create a spending plan for a class trip or group project.

Start out by setting goals, and then estimate the expected expenses for the trip or project. Use the DECIDE model to identify income options to create a realistic spending plan to cover the anticipated expenses.



TAKING IT HOME

What kind of lifestyle do you expect to have? With an adult, complete the **Jump\$tart Reality Check** to imagine what your budget might be when you live on your own. (www.jumpstart.org/reality-check.html)

The adult can help explain how the different lifestyle choices you make will impact your wallet. That person can also give you a better idea of what items you *need* to have—water, power, trash removal—versus those that are *WANTS*—cable or Internet access. He or she can also let you know what other things can cost, such as medical expenses or a pet.

This short activity will let you know roughly how much you would need to earn an hour to afford your lifestyle choices. It will also give you an idea of how much education you need for a career that will support your desired lifestyle. Talk to the adult about how a job can influence lifestyle choices, as well as how lifestyle choices can impact the job you get.