

Grade Level: 9-12 Lesson Plan Timeframe: Several class periods Prepared By: Visa's Practical Skills for Life

<p>Overview & Purpose A personal budget is a financial plan that allocates future income toward expenses, savings, and debt repayment. “Where does the money go?” is a common dilemma faced by many individuals and households when it comes to budgeting and money management. Effective money management starts with a goal and a step-by-step plan for saving and spending. Financial goals should be realistic, be specific, have a timeframe, and imply an action to be taken. This lesson will encourage students to take the time and effort to develop their own personal financial goals and budget. In this chapter students will monitor their spending habits (in writing) and will be able to better obtain the most value for their available dollars. We will also demonstrate that by carefully considering needs and wants, an individual or family will spend appropriate amounts for current living expenses, while saving and investing for long-term financial security.</p>	<p>FCCLA National Program(s) Financial Fitness</p>
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<p>Lesson Plan Goals & Objectives (Specify skills/information that will be learned.)</p>	<p>Goals Assist in identifying and prioritizing personal and financial goals, create a plan to achieve those goals, and provide practice in setting up and maintaining a personal budget.</p> <p>Objectives</p> <ul style="list-style-type: none"> ■ Identify and prioritize some of your personal and financial goals ■ Identify the steps you can take and the resources you will need to achieve your goals ■ Identify and examine your current spending behaviors and patterns ■ Understand what it means to budget, and identify the reasons to maintain a budget ■ Create and maintain a personal budget that supports your personal and financial goals
<p>Materials Needed</p>	<ul style="list-style-type: none"> • Pen or pencil • Presentation Slides • Handouts • Web Access(optional)

<p>Introduction of Subject</p>	<p>Effective money management requires a step-by-step plan for saving and spending. Simply, it demands a good budget. Students need to become familiar with how to build and maintain a realistic budget for their specific needs. Begin the lesson by discussing goals with students. Use the What Are Your Goals (Handout 3-1)</p> <p>What Are Your Goals? Discussion</p> <ul style="list-style-type: none"> • Why set goals? • List your goals <ul style="list-style-type: none"> ○ Ask students what some of their goals are, based on their life situation. List them at the front of the room, separating them into short-, intermediate-, and long-term goals. • Goal ranges: <ul style="list-style-type: none"> ○ Short-term goals (1–4 weeks) ○ Medium-term goals (2–12 months) ○ Long-term goals (1 year or longer) • Prioritize your goals • What can you do to work toward your goals? • What resources do you need to achieve your goals? <ul style="list-style-type: none"> ○ Pick one goal from each group. Have the class brainstorm steps they can take and the resources needed to achieve those goals. <ul style="list-style-type: none"> ▪ Personal (abilities, skills, time, education, etc.) ▪ External (money, car, tools, etc.) • Have students individually work through What Are Your Goals? and Working with Your Goals.
<p>Activity 1</p>	<p>Where Does Your Money Come From? (Handout 3-2)</p> <ul style="list-style-type: none"> • Have students identify their current or potential (new job, career change) sources of income. <ul style="list-style-type: none"> ○ Job(s) ○ Parents ○ Alimony/child support ○ Investments • Discuss the feelings of being financially dependent vs. financially independent. <ul style="list-style-type: none"> ○ To be financially dependent ○ To be financially independent

<p>Activity 2</p>	<p>Where Does Your Money Go? (handout 3-3).</p> <ul style="list-style-type: none"> • Have students keep a record of everything they spend during a one-month period. <ul style="list-style-type: none"> ○ What did you buy? ○ Can you see a pattern in your spending habits? ○ What did you need? ○ What did you want? • How did you decide what to spend and where to spend it? <ul style="list-style-type: none"> ○ Categorize how money is currently spent (e.g., clothing, food, CDs, automobile, etc.) ○ Name areas that might be added to this list in the near future ○ Review concepts and skills of making decisions ○ Discuss topics such as impulse buying, how to decide what to purchase, and what factors might influence purchasing decisions. • What might make a habitual Spender turn into a Saver? • What could turn a Saver into a Spender?
<p>Activity 3</p>	<p>Why Budget?</p> <ul style="list-style-type: none"> • What do you think of when you hear the word “budget”? <ul style="list-style-type: none"> ○ Write responses on board ○ Reinforce the concept that YOU control the budget, the budget doesn’t control you • Reasons to budget: <ul style="list-style-type: none"> ○ To determine how much money you have to spend ○ To decide how you want to spend your money ○ To determine how to spend money in the future ○ To learn to live on less than available income ○ To stay out of financial trouble <p>Oral Presentation Have students present in class (or on video) examples of common budgeting mistakes and consequences of these mistakes.</p>

Activity 4

The Budgeting Process-(Slide 3-A)

- What it is:
 - A plan for spending and saving
- What it takes:
 - Choosing a budgeting period
 - Estimating expenses and income
 - Balancing expenses and income
- What a budget does for you:
 - Puts you in control
 - Helps you create a visual spending picture
 - Helps you prevent impulse spending
 - Helps you decide what you can and cannot afford
 - Enables you to keep track of how you spend your money
 - Helps you create a savings plan
 - Helps you decide how you can protect yourself
 - Against

<p>Activity 5</p>	<p>Setting Up and Maintaining a Budget (Handout 3-4 and Slide 3-C)</p> <ul style="list-style-type: none"> • Estimate your income • Estimate your expenses, to include: <ul style="list-style-type: none"> ○ Fixed regular monthly expenses ○ Fixed irregular monthly expenses ○ Flexible monthly expenses ○ “Mad money” • Estimate your future expenses <ul style="list-style-type: none"> ○ Begin by keeping a record of everything you spend ○ What are your financial goals and your plans for obtaining those goals? • Cope with change <ul style="list-style-type: none"> ○ Plan for new situations ○ Plan for changing conditions that increase or decrease your expenses • Keep your personal and financial goals in mind <ul style="list-style-type: none"> ○ Set money aside to help meet financial goals • Balance your budget <ul style="list-style-type: none"> ○ Each month, compare your income to your expenses. Continue reworking your budget until your income is greater than your expenses ○ Discuss different budget options <p>Class Speaker Invite a financial adviser or money management counselor to class to discuss.</p>
<p>Activity 6</p>	<p>Tips for Maintaining a Budget</p> <ul style="list-style-type: none"> • Become a good consumer <ul style="list-style-type: none"> ○ Learn how to get the most for your money • Exercise willpower and self-control <ul style="list-style-type: none"> ○ Try to not indulge in unnecessary spending • Develop a good record-keeping system <ul style="list-style-type: none"> ○ Learn how to maintain a workable budget • Evaluate your budget regularly

<p>Activity 7</p>	<p>Rework a Budget (Handout 3-5)</p> <ul style="list-style-type: none"> • Work with a budgeting sheet • Incorporate unforeseen events • Compare planned expenses with actual expenses • Design a budget, keeping personal and financial goals in mind <p>Web Activity: (Optional or Homework) Have students conduct a Web search to obtain information and make suggestions for budgeting and wise money management.</p>	
<p>Summary/Evaluation (Assign Homework, or Reflect on the Outcomes)</p>	<p>Art of Budgeting Quiz (handout 3-6)</p>	
<p>Other Resources</p>	<p>American Association of Retired Persons, <i>aarp.org</i> Attention: Consumer Affairs 601 E Street, NW Washington, DC 20049</p> <p>Federal Deposit Insurance Corp., Attention: Office of Consumer Affairs 550 17th Street, NW Washington</p> <p>Health Insurance Association of America 1025 Connecticut Avenue, NW Washington, DC 20036</p>	<p>Insurance Information Institute Education Department, 110 William Street New York, NY 10038</p> <p>Internal Revenue Service, <i>irs.ustreas.gov</i> Attention: Taxpayer Education 1325 K Street, NW Washington, DC 20225</p> <p>Social Security Administration, <i>ssa.gov</i> 6401 Security Boulevard Baltimore, MD 21235</p>
<p>Source</p>	<p>www.practicalmoneyskills.com <i>This lesson plan has been reformatted for FCCLA from its original version on the Practical Money Skills for Life website. For an original copy please download Lesson 3: The Art of Budgeting from www.practicalmoneyskills.com.</i></p>	
<p>Handouts</p>	<p>Handouts and presentation slides may be downloaded from the lesson plans and activities website. For more lesson plans and resources, visit the Practical Money Skills for Life website:</p> <p>http://www.practicalmoneyskills.com/foreducators/lesson_plans/teens.php</p>	