

BETTER MONEY HABITS MIDDLE SCHOOL LESSON: HOW TO SET A BUDGET AND STICK TO IT

LESSON 2 -- BUILDING A BETTER BUDGET

LESSON DESCRIPTION AND BACKGROUND

This lesson uses the Better Money Habits (www.bettermoneyhabits.com) video How to Set a Budget and Stick to It to reinforce the concepts of budgeting introduced in Lesson 7: Managing Cash in Financial Fitness for Life, Grades 6-8. The video is about 6 minutes in length and this activity would take approximately one 45 minute class period to complete.

In this lesson, students will be introduced to the six basic steps involved in building a budget or spending plan to meet their personal financial goals. In addition, this lesson will help them differentiate between fixed expenses, flexible expenses, planned expenses, and unplanned expenses.

BETTER MONEY HABITS VIDEO

Saving and Budgeting: Managing Your Money: How to Set a Budget and Stick with It (5:50)

FINANCIAL FITNESS FOR LIFE CONNECTION, GRADES 6-8

Lesson 7: Managing Cash, Grades 6-8

ECONOMIC AND PERSONAL FINANCE CONCEPTS

- Budget
- Fixed expenses
- Flexible expenses
- Planned expenses
- Unplanned expenses
- Goals
- Savings

NATIONAL STANDARDS FOR FINANCIAL LITERACY

Standard 2. Buying Goods and Services, Benchmark Grade 8

5. A budget includes fixed and variable expenses, as well as income, savings, and taxes.

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OBJECTIVES

At the end of this supplemental lesson, the student will be able to:

- Identify the six steps for budgeting
- Distinguish between fixed, variable, planned and unplanned expenses.

TIME REQUIRED

One 45 minute class period in addition to the time required for Lesson 7.

MATERIALS

Handout 2.1: Six Steps to Building a Budget

Sticky Note pads or Notecards with tape

4 signs

PROCEDURE

1. Complete Procedures 1-6 in Lesson 7, Financial Fitness for Life, Grades 6-8. Distribute copies of Handout 2.1 to each student to use as a review for the video. Introduce the video by explaining that it will help them better understand the process used to create a budget or spending plan for their money.
2. Tell students to write the budgeting steps showed in the video on their handout. After viewing the video, review their answers to ensure all students have completed the guide.
3. Ask students if they have discussed any of those steps with their parents. Remind students that a budget is simply a spending plan put in place to meet their personal or family financial goals.
4. Have students brainstorm different types of spending needs for their family, including saving for future wants and needs. Make a list of all expenses on the board.
5. Have students write down the expenses listed on the board on note cards or sticky pads. Place the four signs (Planned Expenses, Unplanned Expenses, Fixed Expenses, and Variable Expenses) around the room while students are completing this task. Tell students to place their expenses in the appropriate category.
6. Once students have completed this activity, review the categories to see if any are misplaced. Be sure to discuss the reasons for any expenses that are placed incorrectly.
7. Ask students which, if any, of the expenses were the most difficult to categorize.
8. Return to Lesson 7 and complete the remaining procedures given.

CLOSURE

Refer to Lesson 7, Financial Fitness for Life, Grades 6-8.

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ASSESSMENT

Lesson 7, Financial Fitness for Life, Grades 6-8.

EXTENSION

Lesson 7, Financial Fitness for Life, Grades 6-8.

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HANDOUT 2.1 – BUILDING A BETTER BUDGET

Use this handout as a guide while watching the video Better Money Habits: How to Set a Budget and Stick to It (www.bettermoneyhabits.com). List the six steps shown in the video that are needed to build a budget or spending plan.

STEP 1.

STEP 2.

STEP 3.

STEP 4.

STEP 5.

STEP 6.

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Handout 2.1 Answers

1. Know your income.
2. Determine your basic expenses.
3. Determine expenses that vary each month.
4. Determine what's really important.
5. Follow your spending and review monthly.
6. Keep track of your expenses.

Four Signs for Activity

PLANNED EXPENSES

UNPLANNED EXPENSES

FIXED EXPENSES

VARIABLE EXPENSES