

CHAPTER 3

Activity: Individual or pairs

⌚ 35 MINUTES

Materials: One activity handout per student or pair, at least three copies of the budget form per student or pair and/or access to foundationsU.com

Objective: The purpose of this activity is for students to modify and construct a budget based on a simplified case study.

STANDARD Planning and Money Management

Standard 1: Develop a plan for spending and saving.

- Analyze how changes in circumstances can affect a personal budget.
- Explain how to use a budget to manage spending and achieve financial goals.

The Student Budget

Procedure

Hand out the student activity sheet and student budget forms (note: You can also have students use the online budgeting tool found on foundationsU.com). Students need to read scenarios 1 and 2, then create a zero-based budget for each one. Students will then create a zero-based budget based on their own income. Let students know that they will need to compute their net pay by subtracting 20% from their gross pay for taxes.

Answer Key

Budgets will vary but must include giving and saving as funded categories. Students need to get in the habit of putting something away in these categories, even if it isn't the full 10–15%.

Make sure that the car upkeep and repair categories are funded appropriately.

Jenna needs to save \$125 each month for her Mexico trip in addition to regular saving. Make sure students include a line item for her trip.

Students tend to spend a lot of money on clothes and entertainment, so make sure those categories are appropriately funded.

Remember, the point is to spend every dollar on paper before the month begins.

(Students will need multiple copies of the budgeting form if they are not using the budgeting tool on foundationsU.com.)

- 1 Explain how writing a monthly budget helps you manage spending. *Having every dollar spent on paper before the month begins ensures that your money doesn't just slip through your fingers. It also helps you to be more intentional with your spending and saving.*
- 2 Explain how writing a monthly budget helps you achieve financial goals. *Having a plan for your money ensures that your money is going where you want it to go instead of disappearing without a purpose.*

The Student Budget ^(1/3)

Part 1

Directions: Use the attached budget form or the budgeting tool located on foundationsU.com to create three zero-based budgets: one for each student described below and a personal one based on your income (this may include a regular allowance from your parents) and expenses. Fill in all income and expenses on the form with the information provided. Remember to compute net pay by taking 20% out for taxes.

- 1 Marcus, a high school student, works at a lumberyard making \$10.50 an hour. With his academic and sports schedule, he is able to work 25 hours a week. He can pick up extra hours, but not consistently. Marcus lives at home, so he has very few bills. He is responsible for his cell phone bill, which is \$65 a month. He pays for his auto insurance, which is \$1,200 a year, and he pays for gas, maintenance and repairs on his car. Lastly, Marcus is responsible for his spending money. He has a fully funded emergency fund of \$500 but has a goal of saving additional money for new tires. (As a high school student, assume that groceries, health insurance and utilities are expenses covered by his parents.)
- 2 Jenna works at the grocery store and earns \$9 an hour. She is busy with extracurricular activities and only works 20 hours during the week. However, she picks up an eight-hour Sunday shift once a month, for which she earns time and a half. Jenna also lives at home and has health insurance under her mom's plan. She is expected to pay for her own car repairs, maintenance and gas, as well as her auto insurance, which costs \$1,000 a year. Jenna wants to take a trip to Mexico with her friends next year, which will cost \$1,500.
- 3 Create a zero-based budget based on your own income (may include allowance or part-time job).

The Student Budget (2/3)

Start Here

to begin your journey toward financial success!

GIVING B Budgeted	
Charity	\$ _____
Other: _____	\$ _____
C GIVING TOTAL:	\$ _____
SAVING Budgeted	
Emergency Fund	\$ _____
College	\$ _____
Car & Repairs	\$ _____
Computer	\$ _____
Other: _____	\$ _____
SAVING TOTAL:	\$ _____
FOOD Budgeted	
Restaurants / Eating Out	\$ _____
School Lunch / Snacks	\$ _____
FOOD TOTAL:	\$ _____
CLOTHING Budgeted	
Clothes	\$ _____
Sports Jerseys / Apparel	\$ _____
CLOTHING TOTAL:	\$ _____

TRANSPORTATION Budgeted	
Gas	\$ _____
Car Insurance	\$ _____
Oil Changes	\$ _____
License & Taxes	\$ _____
TRANSPORTATION TOTAL:	\$ _____
PERSONAL Budgeted	
Cosmetics / Hair Care	\$ _____
Music / Technology	\$ _____
Gifts	\$ _____
Pocket Money	\$ _____
Cell Phone	\$ _____
Other: _____	\$ _____
PERSONAL TOTAL:	\$ _____
RECREATION Budgeted	
Movies	\$ _____
Concerts	\$ _____
Sporting Events	\$ _____
Other: _____	\$ _____
RECREATION TOTAL:	\$ _____

$$\begin{array}{c}
 \$ \text{ _____} \\
 \text{A} \text{ Monthly Income}
 \end{array}
 -
 \begin{array}{c}
 \$ \text{ _____} \\
 \text{D} \text{ Monthly Outgo}
 \end{array}
 =
 \begin{array}{c}
 \$ \text{ _____} \\
 \text{E} \text{ ZERO!}
 \end{array}$$



The Student Budget (3/3)

Part 2

Directions: After completing the student budgets, answer the following questions.

❶ Explain how writing a monthly budget helps you manage spending.

❷ Explain how writing a monthly budget helps you achieve financial goals.
