

## MAKING A BUDGET

Hand out the activity guide, How to Make a Budget. If possible, have students complete this worksheet as male/female pairs so they can more clearly see the perspective of the opposite sex where finances are concerned.

NOTE TO TEACHER: Because living expenses vary so greatly from location to location and year to year, there are no specific estimated costs. You will find it helpful to list your personal costs or an estimate for your area before giving this lesson. Exact costs are not the point of this activity. The objective is to get the students to communicate about financial concerns with a member of the opposite sex. It is very enlightening for them to discover how much (or how little) they know about financial obligations and costs of running a household. The importance of having a **flexible** budget should also be emphasized

Students may find it difficult to decide what the monthly cost for some items will be (electricity, natural fuel, etc.). If this lesson lasts one day only, look at their living conditions (size of home, etc.) and give them an estimated cost.

**However, it is more effective if this lesson lasts two days. Students can then go home and discuss costs with their parents or make calls to get exact amounts.**

Show the transparency, Possible Budget Items. Inform students that the items with an \* are required budget items. Have students complete the assignment.

### DISCUSS:

How did you do?

If your TOTAL answer is a negative number, you will have to rethink some of your expenses or find better paying jobs. Would you rather do what you really love as a career and spend less money or would you rather change careers to meet your financial needs?

### Discuss:

1. How can budgets be adjusted so that expenses match income?
2. Ask for examples of people who have changed their jobs to meet their family needs or who have compromised their lifestyle in order to stay in the job they love.

## POSSIBLE BUDGET ITEMS

- \* auto—fuel and maintenance or transportation
- birthdays/other gifts
- cable TV
- car payment
- clothing
- clubs or organization fees
- cosmetics
- credit card or loan payments
- donations
- eating out
- \* electricity
- entertainment
- \* food
- hair cuts (perms)
- hobbies
- holidays (Christmas, Valentine's Day, Hanukkah, etc.)
- home interior updates
- \* house payment or rent
- household supplies (cleaners, paper products)
- insurance
- \* medical bills
- \* medication
- \* natural gas
- periodicals
- pet care
- phone
- savings
- schooling
- vacation
- yard care

Name: \_\_\_\_\_

Period: \_\_\_\_\_

**HOW TO MAKE A BUDGET**

INSTRUCTIONS TO STUDENTS: This sheet is to be filled out as if you just got married. Be sure to include everything you would need to be happy as a newly married couple. You may determine how old you are, if you are in college, working post-high school, working post-college, both working, or only one working. This exercise will give you the most benefit if you choose the type of conditions you think are realistic for when you intend to marry.

List the items you would include in an ideal budget. You must include necessities, as well as fun items. List items on the left side of the page.

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In the blank to the right of each item, assign a monthly dollar figure to each item on your list. For some items you may need to figure a total cost, then divide it by 12 to figure a monthly budget amount (Christmas, birthdays, vacations, insurance, etc.). Example: if car insurance is \$180/6 months = \$30 per month.

Now, total the budgeted amounts for all the items on your list. Place this amount in the space, OUTGOING MONTHLY EXPENSES.

|                           |   |  |
|---------------------------|---|--|
| OUTGOING MONTHLY EXPENSES | + |  |
| ADD 25% TAXES *           |   |  |
| TOTAL EXPENSES            |   |  |

To figure your monthly income, complete the following information:

HIS JOB TITLE: \_\_\_\_\_

HER JOB TITLE: \_\_\_\_\_

|     | # OF HOURS           |   | HOURLY WAGE |   | WEEKLY INCOME |
|-----|----------------------|---|-------------|---|---------------|
| HIM |                      | X |             | = |               |
| HER |                      | X |             | = |               |
|     | TOTAL WEEKLY INCOME  |   |             |   |               |
|     |                      |   |             | X | 4             |
|     | TOTAL MONTHLY INCOME |   |             |   |               |

To see if your income will cover your expenses, do the following:

Place the total of your monthly income in this space \_\_\_\_\_

Place the total of your expenses in this space, then subtract \_\_\_\_\_

TOTAL \_\_\_\_\_

\*The average American spends approximately 25% of his/her income on taxes. This includes income and sales tax.

## SURPRISE!

Match the numbers you wrote on your paper to the situations below. Complete the worksheet using these situations.

1. Your car breaks down and it costs \$300.00 for the repair bill.
2. You fell off a ladder. It cost \$150.00 for the stitches.
3. You get a \$100 bonus at work because you had a great idea that will help the company save money.
4. You get a raise of \$50 a month.
5. OOPS! You got an \$80.00 speeding ticket.
6. Your washing machine broke down. It will cost \$100 to fix it. The repairs will take two weeks.
7. Your favorite aunt died. She left \$5000.00 to you in her will.
8. You've had several car accidents which have resulted in an increase of \$30.00 a month in your insurance.
9. Ouch! You broke your leg! The bill is \$3,500. The insurance company will pay 80% of the bill, but you must pay the rest (\$700.00).
10. Your grandmother died. The funeral will be held in Miami. It costs \$350.00 for the plane fare.
11. You are awarded \$1000.00 because you just won the lottery.
12. Wow! You forgot to balance your checkbook last month and bounced four checks. The service charge is \$15.00 for each check you bounced.
13. Your rent increases \$40 per month.
14. Your elderly parents need a \$1000.00 loan.

Name \_\_\_\_\_ Period \_\_\_\_\_

**SURPRISE!**

SITUATION #

How does the new situation affect your monthly budget?

List three possible solutions to adjust your budget:

How will you adjust your budget to handle the new situation?

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