

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 estimated 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 to 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.

Student 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 last 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.

REALITIES OF BUDGETING- This is to help the student understand that budgeting must be flexible because there are always unexpected expenses that occur. Have each pair write three numbers between one and fourteen on the worksheet. Place the transparency on the overhead

[illegible]

In the column 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, vacation, insurance, etc.). Example: if car insurance is \$180 for 6 months=\$30 per month.

Option 4 Student Worksheet

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 HOUSE		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.

Option 4

Transparency

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, Valentines' 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 sale

SURPRISE!

Match the numbers you wrote on you 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 a \$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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