

Budget

Objective: To help students understand why preparing a budget is important students will calculate a budget for their monthly income.

ESL Standard: Goal 3, Standard 1 – To use English in socially and culturally appropriate ways: Students will use the appropriate language variety, register, and genre according to audience, purpose, and setting.

Goal 2, Standard 3 – To use English to achieve academically in all content areas: Students will use appropriate learning strategies to construct and apply academic knowledge.

Multicultural Concept: Discuss who usually keeps the budget in the family and is responsible for paying the bills. Does this role vary from culture to culture or family?

Critical Pedagogy: Teaches the student how to budget, write a check, balance a check book, and save money. These are all skills they are using or will eventually need when they live on their own.

Introduction:

Have students complete the following "Budget Busters" activity.

1. Give yourself five points if you have a budget.
2. Give yourself five points if you have a checkbook.
3. Deduct a point if you have ever bounced a check.
4. Deduct a point if you bought something this week without comparison shopping.
5. Give yourself a point if you bought a store brand, rather than a name brand item this week.
6. Give yourself five points if you have a savings account.
7. Give yourself five points if you added any money to your savings account this week.
8. Give yourself five points if you pay your own car insurance (or part of it)
9. Deduct five points if you routinely carry more than \$10.00 in your purse or wallet.
10. Give yourself five points if you have a method of recording what you spend.

The students total their points. The winner is the person with the most points. Discuss this activity as a class.

Use overhead "Some Money facts". Have students read the money facts and discuss which facts they find most surprising.

"Some Money Facts"

- \$ The average person spends money three times a day.
- \$ A movie with popcorn and a soft drink can easily cost \$20
- \$ Just one soft drink a day for .99c adds up to \$361.35 in a year
- \$ What's the biggest expense item for teenagers? FOOD!

To help students understand why preparing a budget is important, discuss the following example:

How would you like to drive on a road with no rules or guidelines? Perhaps not even having a map to show you where you are going? When you operate without a personal budget, you are doing the same thing with your money. You are spending your money without a guideline or plan.

Activity: Collage (you can also give this to students as homework the day before)
Make a collage using clippings from newspapers and magazines which reflect our values about money. Discuss the following:

- a. How are values (the money you spend, the car you drive, the activities you enjoy, the clothes you wear, the friends you choose) expressed in your home?
- b. What is the predominant theme in the clippings you chose: health, friends, family, Material comforts, beauty, church, education, etc.?
- c. Why are these values and goals important to you?

Money Matters:

How many times a day do you spend money?

The average person spends money 6 times a day.

Money brings happiness – Money problems bring unhappiness

Money problems stay with you for the rest of your life.

Top reason for divorce is financial. Finances affects everything else in your life.

Utah:

#1 in Bankruptcy

Foreclosures

Default on Mortgages after 3 mos

2001 in Utah

Nearly 94,000 people under 25 filed for bankruptcy

Average in the US is 1 in 69 file for bankruptcy

Average in Utah is 1 in 34 file for bankruptcy

Rise in 18-25 year olds moving back in with parents

College students have \$3,000 in credit card debt

10% owe \$10,000 or more in credit card debt

Chapter 7 bankruptcy – no payment necessary

Chapter 13 bankruptcy – set up payment plan to pay back

5,539 in 2003 filed for bankruptcy by April

We are in a Anti Dowry period – you take debt into a marriage instead of a dowry

What state buys the most "name brand" items?

Utah

New York

California

The cost of living in Utah is the same as the national average

The average income in Utah is below the national average

Teens Today – Spend and Influence \$172 billion annually (\$105 of own money, \$48 of family money)

Average of \$104 per week

Activity: Have all students stand up. If they can not go with out spending money on the following they need to sit down.

For the rest of your life you cannot spend money on....

(sits down if they cannot go with out spending money)

Opening day for movies

Manicure/pedicure

Golfing/club memberships

Hairstyles that have expensive treatments (color, perms, etc.)

Cell phones

Going out to dinner 3x a week

Vacations in high seasons

2x a week

Name brand clothes

Without a monthly check most families would last 1 to 2 mos.

Personal Savings – does not include 401 K, retirement, etc. this is for emergency, unplanned bills. If you don't a lot of people turn to their retirement which is penalized and taxed heavily and you end up owing more money. We always come up with a good reason not to save.

87% of retirees are retiring with \$10,000 or less

Wealth is not what you spend but your net worth or accumulative wealth, what you have.

80% of millionaires have accumulated slow and steady

What is the portrait of a millionaire?

Live in same city/town for over 20 years

Live below their means

Married 1 time and still married

Usually owns a chain of stores or similar

At age 20 if you save \$200.00 a month at 10% interest you will be a millionaire by the age of 55.

What is your financial plan. Girls A man is not a financial plan

Ways to improve your finances

1. Make more money
2. Cut your expenses
3. "Wait and win the lottery" system

You need to be proactive to improve your financial system.

Part of having a financial plan is having a budget.

Discussion:

What is a Budget?

Why do you have a budget?

Have students share their answers in pairs. After students have shared their answer in pairs have the class discuss their definitions.

A budget shows you where your money goes. Budgets serve as a record and can be a great help to you when computing taxes. Budgeting strengthens family communications. Budgeting increases sharing, both in setting a plan and evaluating spending patterns; it is beneficial, for financial matters can be a real source of conflict and even cause divorce in some marriages.

Define budgeting terms as students take notes:

Budgeting terms: Budgeting, money management, gross income, net income, bank accounts, joint bank account, separate bank account, fixed expenses, flexible expenses.

ESL: students will have to listen and write down definitions.

MC: Who does the budgeting of the money and pay the bills in each student's family.

Discuss with students what is included in a budget for a family in a given month? Brainstorm a list and record it on the board (2 volunteers write on board).

How does the typical family spend their money?

Remember living expenses vary depending on where you live, age, and personal goals.

But the typical family spends their income the following way.

Housing	14%	Recreation	7%
Food	22%	Medical/Dental	8%
Clothing	10%	Transportation	14%
Personal	2%	Utilities, Home Repairs	14%
Other	9%	and Improvements	

Family Budget Activity: For the next four days students will create a monthly budget project for a family using the monthly income of \$2,000 per month (1 day=1 week, so groups get installments of \$1500 each day (week), which they have to deposit in order to use.) The teacher will assign students into groups of four. Refer to the attachment for further instructions.