

Balanced Budget

Summary

Students will understand the value of planning and maintaining a balanced personal budget and learn about tools available to assist.

Main Core Tie

Adult Roles and Financial Literacy

[Strand 3 Standard 1](#)

Materials

- [Group Juggle teacher information](#)
- [Budget Buster teacher information](#)
- [Budget overview teacher information](#)
- [Making Budget teacher information](#)
- [My Own Budget student worksheet](#)
- [Developing a Spending Plan teacher information](#)
- [Vocabulary student worksheet](#)
- [Vocabulary teacher key](#)

Instructional Procedures

Vocabulary

Refer to the [student vocabulary worksheet](#) (pdf) and the [teacher vocabulary key](#) (pdf).

Primary Vocabulary

Budget (Spending Plan)
Income
Opportunity costs
Trade Offs
Envelope systems
Computer Program
Paper Tracking

Supplementary Vocabulary

Expense
Fixed Expenses
Flexible (Variable) Expenses
Gross Income
Net Income

FCCLA Activity Option

National Program-Financial Fitness-Cash Control Project at <http://www.fcclainc.org/content/financial-fitness/>

Financial Fitness:

Banking Basics - Conquer bank accounts, credit, and investments
Cash Control - Track and plan personal spending
Making Money - Sharpen on-the-job financial fitness
Consumer Clout - Become a savvy spender
Financing Your Future - Apply financial skills to real life.

Introduction/Pre-Assessment

A budget or spending plan is a financial statement individuals can use to assist money management. It is important because it has many positive uses including:

- Giving a person an understanding of where their money is going;
- Tracking income and expenses;
- Helping a person to meet financial goals
- Helping people live within their income and to make ends meet;
- Reducing the need for using credit which can result in higher levels of debt.

A budget has two main components: Income and expenses. Income is money earned. It can come from wages or salaries, tips, withdrawal of money from saving, interest earned on savings accounts, scholarships, monetary gifts, etc. an expense is money spent. The two main types of expenses are fixed and variable, also known as fixed and flexible. Fixed expenses are those which have to be paid by a certain date. These expenses are often contractual and little can be done to change the expense in a short period of time. Flexible expenses can easily be reduced or eliminated and are often not due by a certain date.

A net loss is when a person has more expenses than income during the time period of the budget. If this occurs, either increase the income or decrease the expenses. A net gain is when a person has more income than expenses. Remaining income can be allocated into savings, investing, or spending. The detail of a spending plan may vary depending upon a person's needs. However, it needs to have enough detail so a person knows where the money is going regardless of the amount. Determine the appropriate record keeping format to use, select categories for the budget and select a time period, usually when paychecks are received (weekly, bi-weekly, monthly, etc.) Record keeping allows a person to realize potential problems early if they are spending too much in one area. Record systems include:

- Envelope system-individuals place the actual budgeted amount of cash from a paycheck into the specific envelope labeled for the expense.

- Computer software or paper tracking- where daily expenses are tracked on the sheet and continually know how much money they have left in each line item

- Check register system-a person tracks all expenditures in a checkbook register which has been divided into budget categories.

Content Outline, Activities and Teaching Strategies

(All options do not necessarily need to be taught. Select ones to cover standards and objectives and according to your district policies.)

Option 1: Group Juggle

Use [Teacher Information Group Juggle](#) (pdf) for this energizer.

Option 2: Budget Buster

Use [Teacher Information Budget Buster](#) (pdf) for this activity.

Option 3: Budget Overview

Discuss methods of establishing a budget by using the [Teacher Information](#) (pdf) on Budget Overview with Budget Terms and Transparencies.

Option 4: Making a Budget

Activity to help students understand that budgeting must be flexible because there are always unexpected expenses that occur. Use the [Making a Budget teacher information](#) (pdf) material and [My Own Budget student worksheet](#) (pdf).

Option 5: FEFE Spending Plan

Students identify the components of a spending plan and develop one for a chosen career, a college student, personal use, or a school organization. Students then compare a monthly spending plan to an individual's actual expenses. The comparison will be completed by using a spending plan control method and discussing the success of the spending plan.

Step #1: Go to: <http://www.fefe.arizona.edu/download-lessons>. (You will need to register and log in to

this website prior to use)

Step #2: Click on: Educational Resources then click on Curriculum then click on 15.0 Spending Plans.

Step #3: Click on 1.15.2 Developing a Spending Plan and download/print the lesson plan and resources.

Vocabulary Words

Have a lecture/discussion on the Budget Vocabulary. Use the [student vocabulary worksheet](#) (pdf) and the [vocabulary teacher key](#) (pdf).

Option 7: Financial Planning and Budgeting

UEN Lesson Plan that contains an introduction of financial planning, budgeting money, identifying and prioritizing personal and financial goals, understanding what it means to budget money, identifying reasons to maintain a budget, create and maintain a personal budget that supports personal and financial goals, and if necessary make adjustments to a planned budget to stay out of the negatives.

Step #1: Go to: www.uen.org.

Step #2: Click on: Lesson Plans then click on Financial Literacy

Step #3: Click on Financial Planning and Budgeting and download/print the lesson plan and resources. Author: Nicole Larsen

Option 8: Guest Speaker

The Utah Bankers Association will send a guest speaker to your classroom. The Banker will teach a "Your Bank and You" Course. To schedule a banker click on [this website](#). Under the teacher heading you will see "click here for a request form".

Summary/Evaluation

People often have a difficult time understanding the percentage of their take home pay that goes toward different expenses. Recommendations have been developed to guide individuals on how to allocate money. These recommendations are based upon national averages and guidelines for financial management. The method each individual uses to allocate money depends upon personal values, needs, and wants.

Authors

[CTE LESSON PLANS](#)