

Budgeting Strategies

Student Activity Packet
UNIT: BUDGETING

Name:

Students will be able to:

- List the different categories of expenses
- Explain how four different budgeting strategies work
- Weigh the pros and cons of each budgeting strategy

NOTE: Vocabulary for this unit can be found in the NGPF Personal Finance Dictionary



PROMPT

Use the space below to answer the prompt.

1. Pretend you won \$1,000 in a contest. Explain how much of this money you would allocate toward spending, saving, and other purposes and what led you to those decisions.



ARTICLE: What's the Difference Between Fixed and Variable Expenses?

When creating your budget, it's important to realize that not all expenses are the same. There are actually two distinct types of expenses - fixed and variable. Read this article, stopping at *Budgeting for Fixed and Variable Expenses*, to learn about these types of expenses. Then, answer the questions.

1. In your own words, explain the difference between a fixed expense and a variable expense.

www.ngpf.org Last updated: 1/24/25

2. Categorize each of the following expenses into the correct group.

a.	Your cell phone bill	Fixed	Variable
b.	A restaurant	Fixed	Variable
C.	Your Netflix subscription	Fixed	Variable
d.	An emergency room bill	Fixed	Variable
e.	School supplies	Fixed	Variable

ARTICLE: Popular Budgeting Strategies

There are many popular budgeting strategies. You get to decide which one works best for you! Read the short article about four of the most popular budgeting strategies. Then, answer the questions.

1. Briefly summarize the Pay Yourself First strategy.

2. The 50/30/20 budget recommends you spend 50% of your budget on needs. What factors would impact your ability to stick to this rule?

3. Zero-based budgeting involves making sure every available dollar is accounted for. How is this beneficial for someone using this method?

4. How does envelope budgeting work?

VIDEO: <u>Try The Zero-Based Budgeting Method Where Every Dollar Counts</u>

Let's look specifically at zero-based budgeting. Watch this video to see how this budgeting strategy works and then, answer the questions.

- 1. Desean sets up his zero based budget and has \$175 left after he assigns all of his expenses to each category. What would be a good category for him to put that money in?
- 2. Think about the process of zero-based budgeting. What might one drawback of this method be?

VIDEO: FinCap Friday: Cash Blast from the Past

Now let's take a look at envelope budgeting. This strategy has had a resurgence in popularity due to social media and is also known as Cash Stuffing.

- 1. What is one benefit of envelope budgeting?
- 2. True or False: Envelope budgeting means that you have to deal with only cash and physical envelopes. Explain your answer.

3. Do you think this is a method that you would use? How might using this method benefit you?

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ACTIVITY: CASE STUDY: How Do I Budget?

Now that you've been exposed to several different budgeting strategies, let's help a friend create a budget! Follow the directions on the worksheet to complete this activity.



Follow your teacher's directions to complete the Exit Ticket.