

Learning Objectives

Students will be able to

- Explain the difference between gross income and net income
- Understand the importance of using net income when budgeting
- Discuss the 50-20-30 rule and other budgeting strategies to use when creating a budget and to save money
- Create a salary-based budget

Approximate Time

- Lesson length: 45 mins

Jump\$tart Standards

Spending

- 1b: Develop a budget to allocate current income to necessary and desired spending, including estimates for both fixed and variable expenses
- 9a: Explain how having a system for financial record-keeping can make it easier to make financial decisions
- 9d: Explain how the saving strategy “pay yourself first” can help people achieve their saving goals

Earning Income

- 7c: Differentiate between gross, net, and taxable income

Distribute to Students

- [Student Activity Packet SC-9.3](#)

Plan Your Unit

- [Semester Course Budgeting Unit Plan](#)
- [Customizable Parent Newsletter: Budgeting](#)



LESSON PLAN

	Resources	Questions	Est. Time
1	DISCUSSION PROMPTS	Discussion Prompts Discuss this question with your classmates or with a partner. - Do you use a budget currently to manage your money? - If yes, what was the process you used to create your budget? - If no, what are the first three steps you would take to create a budget for yourself?	5 mins
2	VIDEO (1:11) • Gross Pay vs. Net Pay: What's The Difference? • Publisher: Gusto	What is the Difference Between Gross Income and Net Income? One of the first steps of creating a budget is determining how much income you have. However, using your annual gross salary when creating a budget can be misleading. Watch this video to understand what the difference is between gross and net income. Then, answer the questions. - In your own words, explain the difference between gross income and net income. - Why do you think it is important that you use <i>net income</i>, not gross income, when creating a budget?	4 mins

3	REFERENCE • 50-20-30 Rule • Publisher: Daily Worth ARTICLE • Budgeting Tips • Publisher: Mint ❖ Teacher Tip: Rather than having all students read the entire article, you can assign parts of the article to different groups of students and have them present the information to the rest of the class.	50-20-30 Rule and Budgeting Tips Some first-time budgeters may find creating a budget to be an overwhelming process. Others may under or overestimate how much money they need for certain categories. Review the image to learn about the 50-20-30 rule, a popular rule of thumb in budgeting. Then, skim the article to see how you can easily create a budget and adjust it to help you manage your finances more accurately. Then, answer the questions. 1. Do you think you will use the 50-20-30 budgeting rule of thumb when creating your own budget? a. If yes, what about the rule do you like that convinced you to use it? b. If no, what would you change about the rule? 2. The image recommends that you put 20% of your income towards your “savings and financial goals”. What financial goals do you think you will have as a recent college graduate? 3. While it would be ideal to use all of the tips the article provides when budgeting, which 2-3 strategies do you think you will be able to realistically use?	6 mins
4	ACTIVITY • CREATE: A Salary-Based Budget • Publisher: NGPF ❖ Teacher Tip: If you want students to focus more on their <i>current</i> budgeting and spending habits, replace this activity with PROJECT: Rein In Your Wants. ❖ Teacher Tip: This activity has also been adapted into a similar MOVE activity: MOVE: Build Your Budget	CREATE: A Salary-Based Budget Follow the instructions on your Student Activity Packet to complete this activity.	25 mins*
5	EXIT TICKET ❖ Teacher Tip: To access this Exit Ticket, please see the Sample Completed Student Activity Packet (SSAP). You can find this on the Unit Page this resource is in.	Exit Ticket Follow your teacher’s directions to complete the Exit Ticket.	5 mins

***Teacher Tip:** Completing all of this activity will likely take longer than the designated time. You may want to assign the remainder for homework.



WE VALUE YOUR FEEDBACK!

After you have completed this lesson, we would appreciate one minute of your time to [provide feedback](#) about this lesson's relevance and ease of implementation in your classroom.



EXTEND THE LEARNING

DO MORE...

ACTIVITIES

- [MOVE: The Average American Budget](#)
- Publisher: NGPF
- [MATH: Calculating Percentages](#)
- Publisher: NGPF

INTERACTIVES

- [Income + Financial Stability in America](#) *CRE and Equity
- Publisher: fiftythirtytwenty
- [Living Wage Calculator](#) *CRE and Equity
- Publisher: MIT
- [Five Money Musts](#)
- Publisher: Fidelity
- [Quizlet Vocabulary | Budgeting](#)
- Publisher: NGPF

LEARN MORE...

ARTICLES

- [7 Ways to Budget When You're Living Paycheck to Paycheck](#)
- Publisher: Bustle
- [Budgeting with a Variable Income](#)
- Publisher: Clever Girl Finance

INFOGRAPHICS

- [Get Help With Living Expenses](#) *CRE and Equity
- Publisher: USA.gov
- [How to Make a Realistic Budget](#)
- Publisher: The Budget Mom

VIDEOS

- [Tip Jar > Elsa: Budgeting in the Big City](#)
- Publisher: Million Stories
- [The Budgetnista's Tips to Build a Budget Without a Steady Income](#)
- Publisher: The Budgetnista
- [TikTokers Swear By Cash-Stuffing to Create and Stay On a Budget](#)
- Publisher: Good Morning America

FAST FACTS...

- The word 'budget' is derived from the Middle English word 'bowgette', which came from 'bougette' which means a leather bag in French. (Business Standard, 2017)
- Only 41% of Americans say they use a budget (Hanscom Federal Credit Union, 2017)

