Unit 5: Lesson 8
An Introduction to Budgeting

DURATION: 45 minutes

OVERVIEW:

In this lesson, students are introduced to what a budget is and are challenged to create a balanced budget that reflects their priorities in a stations-based activity.

Note: The summarizer explicitly connects to the Unit 5 summative assessment introduced in Lesson 5.7; consider revising it if students have not participated in that lesson.

LEARNING OBJECTIVES:

Students will be able to:

- Describe a budget.
- Apply the principles of economic thinking to create a balanced budget.

RELEVANT UNIT BIG IDEA: Planning

- Planning is critical to achieving your personal finance goals.

RELEVANT UNIT ESSENTIAL QUESTIONS:

- How does the "best" decision change over time?
- How do the choices you make today shape your life in the future?

MATERIALS:

Instruction Slides (display during class period)

Student Handout pp. 4-5 (1 copy per student)

Budget Stations pp. 6-9 (Class Set - 1 copy, cut into 9 slips)	**OR**	Digital Budget Stations (make a copy and provide access as "view only") Laptop or device (1 per group of 3 students)

Optional: Calculator (1 per student)

SEQUENCE:

Activator - 4 minutes (Slides 2-4)

1. If using the physical *Budget Stations*, prior to students entering the room, determine 9 unique locations to place each station. Position stations numerically for easy rotation.
    a. If using *Digital Budget Stations*, secure devices for students.
2. Display Slide 2. Distribute 1 copy of *Student Handout* to each student. Tell students to follow the instructions on the slide. Allow students approximately 3 minutes to complete the steps. (Additional educator tips/details/suggested answers are in the notes section throughout *Instruction Slides*.)

**Printing Pro Tip: print everything as 2 sheets per page to cut down on the amount of paper used. "How To"*

3. Progress through Slides 3-4. Explain the learning objectives for students and acknowledge that today's lesson will present simplified budgeting circumstances.

Budgeting Basics - 31 minutes (Slides 5-17)

3. Proceed through Slides 5-6. Use the text on Slide 6 to define a budget.
4. Advance to Slide 7. Tell students to discuss the question on the slide with a peer. Click to reveal the orange textbox on the slide and ask several students to share their responses with the class.
5. Display Slide 8. Use the text on the slide to reinforce the importance of using net pay when building a budget.
6. Proceed to Slide 9. Direct students' attention to the "Build Your Monthly Budget" portion of their handout and allow students 3 minutes to read the text.
7. Display Slide 10. Use the text on the slide to reinforce the goal of the budgeting activity and what it means to have a balanced budget.
8. Advance to Slide 11. Explain the mechanics of the activity using the information and example on the slide.
9. Proceed through Slides 12-13. Reinforce the importance of considering individual priorities and preferences when building a budget. Allow students a moment to reflect on their priorities.
10. Advance to Slide 14. Pause to allow students to discuss their responses to the questions. Click to reveal the correct responses on Slide 15. Answer any remaining questions related to the budget activity.
11. Indicate the location of each station of *Budgeting Stations* in numerical order in a clockwise fashion.
    a. If using *Digital Budgeting Stations*, open and demonstrate how to navigate the slides in "Slideshow" mode. Allow groups approximately 27 minutes to virtually "visit" each station. Skip to Step 14.
12. Display Slide 16. Divide the class into 9 groups and assign each group a unique starting station. Direct students to begin with the station assigned to them. Allow groups 2 to 3 minutes to review their first station and record their selection and opportunity cost on *Student Handout*. Circulate to answer questions as needed.
13. After 2 to 3 minutes, direct students to rotate in a clockwise fashion to the next sequential station. (Students at Station 1 will proceed to Station 2 and so on. Students at Station 9 will proceed to Station 1.) Repeat until all groups have reviewed all 9 *Budgeting Stations* and have achieved a balanced budget **or** 27 minutes have passed.
14. Proceed to Slide 17. Instruct all students to return to their desks and make their final calculations.

Debrief - 7 minutes (Slides 18-33)

15. Progress through Slides 18-19. Use the text on Slide 19 to frame the expectations for the upcoming debrief.
16. Advance through Slides 20-21. Allow students a moment to discuss their thoughts in small groups. After approximately 1 minute, call on several students to share their responses with the class. Click to reveal the text on each slide and add to student responses as needed (see the notes section of *Instruction Slides* for further explanation).

17. Display Slide 22. Acknowledge that life is full of unexpected events. A robust budget should have some flexibility to manage the unexpected.
18. Proceed through Slides 23-24. Tell students that they will encounter an unexpected event and test their budget. Call on a volunteer to select a number from the list on Slide 24.
19. Click to reveal all of the possible options on Slide 24. Click on the number of the event that the volunteer selected. (Doing so will take you to a slide with details about that unexpected event.)
20. Read aloud the details of the unexpected event selected by your volunteer.
    a. Click on the "Let's Discuss" button on the slide to advance to Slide 33.
21. Allow students a moment to discuss the questions on Slide 33 with a partner. Then call on several students to share their responses with the class.

Summarizer - 3 minutes (Slides 34-35)

22. Proceed through Slides 34-35. Use the text on Slide 35 to remind students what the focus of the end-of-unit summative assessment is. Click to reveal the question on the slide and tell students to discuss their responses with a peer. If time permits, call on several students to share their responses with the class.

STANDARDS: National Standards for Personal Financial Education

II. Spending

III. Saving

FEEDBACK & QUESTIONS

Fill out this 30-second feedback form to let us know how the lesson went. Thank you!

Contact Kathleen Cusack with questions at Kathleen@econiful.org.

5.8 Student Handout (An Introduction to Budgeting)

Name:______________________________ Period:__________

PRIORITIES SNAPSHOT: What matters most to you right now?

STEP 1

Circle your top five current priorities

Avoiding debt	Flexibility	Saving for the future
Charity	Health & wellness	Self-care
Convenience	Hobbies	Stability
Comfort	Independence	Style
Experiences (food, travel, concerts, etc.)	Low stress	Supporting family
Fun	Pets	Sustainability
	Relationships (friends, partner, etc.)	

STEP 2

From the five you circled, **star** the two priorities that matter most to you.

Build Your Monthly Budget

INTRODUCTION

A budget is a plan for how you will use your income to work towards your goals, cover expenses, and prepare for surprises. Creating and maintaining a monthly budget will support you in making well-informed financial decisions. Today, you'll experience the budgeting process yourself.

GOAL

Build a balanced budget (total monthly expenses, including savings, are equal to your monthly income) that reflects your priorities, based on a monthly net income of **$3,465**. Assume you are single and financially responsible only for yourself.

TASK

1. Rotate through all of the stations until you have created a balanced budget; each station represents a major category in a typical adult budget.
    a. At each station, **read** a short description of the available options.
    b. **Select one option at each station**, keeping your net income and your priorities in mind. Each option includes a realistic monthly cost based on national averages.
    c. **Record** the monthly cost and the opportunity cost on your budget sheet.

Category	Option Chosen (Short description of selection) *E.g., Live at home*	Monthly Expense	Opportunity Cost (Next best alternative; cost) *E.g., Shared Apartment $1,050*
1. Housing			
2. Transportation			
3. Food			
4. Phone			
5. Health Insurance			
6. Short-Term Savings			
7. Long-Term Savings			
8. Clothing & Personal Care			
9. Other Expenses			

Monthly Budget Summary

Monthly Net Income: $3,465

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Total Monthly Expenses: ____________________ (sum of all monthly expenses)

Difference = ____________________

If your budget does not balance (your total monthly expenses are more than $100 above or below your monthly net income), revisit the stations and revise your choices until your budget is within $100 of your income.

- Budgeting involves tradeoffs—changing one choice affects what you can afford in other areas. You may revise your budget as many times as needed.

5.8 Budget Stations (An Introduction to Budgeting)

STATION 1: HOUSING

Live at Home — $450/month

You live with family and contribute toward household expenses, internet, and utilities (electricity, water, trash).

Shared Apartment (1-2 roommates) — $1,050/month

You rent a room in a shared apartment. Costs cover your portion of rent for a modest unit in a typical U.S. metro area as well as utilities and internet.

Studio Apartment + Renters Insurance — $1,550/month

You live alone in a small studio and pay for rent, utilities, and internet. Renters insurance protects your belongings and reduces your financial risk in case of theft, water damage, or fire.

One-Bedroom Apartment + Renters Insurance— $1,850/month

You live alone in a larger space with more amenities (such as a pool, fitness center, and recreation room). Cost includes rent, utilities, internet, and renters insurance.

STATION 2: TRANSPORTATION

Public Transit Pass — $80/month

You rely on buses or trains for work, school, and errands.

Older Used Car + Minimum Insurance — $250/month

You own an older car that's paid off. You pay for gas, basic upkeep, and the cheapest insurance allowed by law. If you cause an accident, insurance covers the other person's car, but not yours.

Newer Car With Loan + Full-Coverage Insurance — $750/month

You're making monthly payments on a loan for a newer car. In addition to gas and basic upkeep, you pay for full insurance, which is required by the lender. This insurance helps cover damage to other people *and* repairs to your own car.

STATION 3: FOOD

Groceries Only — $300/month

You cook meals at home and avoid eating out. This option keeps your food expenses low.

Groceries + Occasional Restaurants — $420/month

You eat at home most days but go out to eat or get takeout once or twice a week.

Meal Kit Subscription + Groceries — $510/month

You use a weekly meal kit service and still buy some groceries.

Frequent Restaurant Dining — $650/month

You rely heavily on restaurants and takeout.

STATION 4: PHONE

Basic Phone Plan — $35/month

You choose a prepaid plan with limited mobile data.

Family Plan Contribution — $50/month

You join an unlimited family mobile plan and pay your share.

Standard Unlimited Plan — $75/month

A typical unlimited mobile data plan with consistent coverage.

Premium Plan — $105/month

Mobile plan with high-speed data, hotspot access, and international features.

STATION 5: HEALTH INSURANCE

Stay on Family Insurance — $70/month

Your family adds you to their plan and you contribute a small amount to the premium payment. (After you are 26 years old you are not able to stay on your family's plan).

Bronze Plan — $300/month

Low monthly payments but when medical care is needed it will be relatively expensive. Most suitable for someone who anticipates needing few healthcare services.

Silver Plan — $500/month

High monthly payments but when medical care is needed it will be relatively inexpensive. Most suitable for someone who anticipates needing frequent healthcare services.

STATION 6: SHORT-TERM SAVINGS

Basic Emergency Fund — $50/month

You set aside a small monthly amount for unexpected expenses.

Moderate Short-Term Fund — $150/month

You set aside a moderate monthly amount to prepare for unexpected expenses.

Larger Short-Term Fund — $300/month

You set aside a larger monthly amount to build a strong financial cushion or save for larger short-term purchases (e.g., travel).

STATION 7: LONG-TERM SAVINGS

Basic Long-Term Fund — $250/month

You invest about 5% of your gross monthly income into a 401(K) or similar account for long-term goals, such as retirement.

Medium Long-Term Fund — $500/month

You invest about 10% of your gross monthly income into a 401(k) or similar account for long-term goals, such as retirement.

Larger Long-Term Fund — $750/month

You invest about 15% of your gross monthly income into a 401(k) or similar account for long-term goals, such as retirement.

STATION 8: CLOTHING & PERSONAL CARE

Basic Needs Only — $50/month

You replace clothing occasionally and keep personal care simple.

Moderate Spending — $100/month

Periodically, you update your wardrobe and/or pay for personal care services (e.g., nails, regular haircuts and coloring, facials).

High-Style Spending — $180/month

You frequently update your wardrobe and/or pay for personal care services (e.g., nails, regular haircuts and coloring, facials).

STATION 9: OTHER EXPENSES

Each option below costs $100 per month.
Choose as many or as few as you want.

- ☐ Charity/Donations
- ☐ Concerts or live events
- ☐ Fitness classes, memberships, gear
- ☐ Frequent coffee runs
- ☐ Gifts and celebrations
- ☐ Household supplies and decor
- ☐ Hobbies (supplies, classes, etc.)
- ☐ Pet care
- ☐ Premium streaming services
- ☐ Subscriptions or apps
- ☐ Weekend activities or social outings