Answer Key 43

Glossary with key vocabulary 46

Standards met by lesson 48

TOPIC: Budgeting

TIME REQUIRED: 60 minutes   
*(excluding* **Extended Exploration***activities)*

LEARNING OBJECTIVES:

*Students will be able to…*

* Explain the term “budget”
* Identify categories of a budget (income, expenses, savings)
* Create a budget
* Apply budgeting skills to real-world scenarios
* Understand the concept of “pay  
  yourself first”

SUPPLIES:

* Projector (for teacher presentation slides)
* Whiteboard or chart paper, markers
* Lined paper, pencils (for students)
* Access to the Internet **(optional)**
* Suggested books **(optional)**
  + *Lunch Money* by Andrew Clements

PREPaRATION:

* Make copies of student handouts
* Set up projector with presentation slides

STUDENT HANDOUTS:  
*(found in* **Student Guide***)*

* ***Jake’s Budget***
* ***Finish That Budget!***
* ***My Budget***
* ***Money Smart Book***  
  *(template from Lesson 1)*

TEACHER PRESENTATION SLIDES:

* ***How Much Is $10,000?***
* ***Story Problems: Budget***
* ***Spending Limits***
* ***Pay Yourself First***

ESSENTIAL QUESTIONS:

* *What is a budget, and how is it useful?*
* *Why is it important to set spending limits?*
* *How can you stay within a budget (spending plan)?*
* *What does “pay yourself first” mean?*

ASSESSMENT ACTIVITIES:

**Pre-Assessment:**

* ***Jake’s Budget*** handout
* ***Finish That Budget!*** handout

**Post-Assessment:**

* ***My Budget*** handout
* ***Money Smart Book*** handout

Instruction Steps

WARM UP

Defining the Term “Budget” [25 minutes]

Ask students to imagine that they each have won $10,000. Display the ***How Much Is $10,000?***   
slide to review examples that will provide students with an idea of how much $10,000 really is. Ask students to write a paragraph or two about what they would do with the money. Ask for volunteers to share their ideas.

Next, ask: *What is a* ***budget****?* (a spending plan) *Why is it useful and how can it help?* (It helps someone decide how much money can be spent and how to spend it.) Give students the ***Jake’s Budget*** handout (featuring a real-world scenario of a budget using an example of monthly expenses of food, rent, and other needs). Have students complete the handout and share their answers.

Now tell students to imagine that they are grown up and the $10,000 they won is their entire income for six months. Display the ***Story Problems: Budget*** slide and have students use the budget to solve the math questions. Provide students with paper and pencils to do the calculations. Review the problems and answers, then discuss.

Grade-Level Modifications:

Beginner: If students are having trouble with the math, complete the first problem as a whole class by displaying the number sentence required to solve the problem: $10,000 – $1,800 = $8,200. Then have students solve the remaining problems with a partner. Ask them to show their work. If students need help with the math, you may want to guide them through all three problems. See the Answer Key for the number sentences.

Advanced: Have students work independently. They may also try to figure out how much would be left from their winnings after three months, four months, and so on.

MONEY SMART TIP!

Explain to students that, over time, little savings can add up to a lot!   
If you set aside a little money for your savings every time you make money, you will  
soon see your savings grow. Ask: *If you save a dollar every week, what would it grow into   
after a month?* (about $4) *6 months?* ($26, or about $24) *A year?* ($52) *5 years?* ($260)

Guided Exploration

Setting Spending Limits and “Paying Yourself First” [10 minutes]

Explain that having a budget helps people set spending limits. Ask students: *What is a limit?* (A point beyond which a person or thing is not allowed to pass.) Ask: *Why might it be useful to set spending limits?* (Setting spending limits can stop a person from overspending and running out of money.) Display the ***Spending Limits*** slide and discuss the cartoon. Ask students what they think it means and why it might be risky to go beyond the spending limit.

Then display the ***Pay Yourself First*** slide to explore the concept of “paying yourself first.” (When you earn or receive money, make sure to save and set some of it aside for yourself before you spend it.) Ask: *Why might it be a good idea to pay yourself first?* (It will help you save some of your money.)   
*Why is it important to save some of your money?* (You will have money to use for things you need to buy in the future.) Remind students that a budget is a spending plan that can help them manage their money, save for emergencies, and meet their goals, and that they will learn to create a budget in the next activity.

Exploring Budgets (Spending Plans) [15 minutes]

Ask students: *What are different ways children can make money?* (For example: gifts from friends   
and family, money for doing chores, selling lemonade or cookies, tag sales.) Write their ideas on a whiteboard or chart paper. Explain that money coming in is an income. Anyone with an income, including children, can use a budget to help manage his or her money.

Distribute the ***Finish That Budget!*** handout so students can complete a budget. Review answers together. Then give students the ***My Budget*** handout so they can create their own budget. Ask: *How can you stay within a budget (spending plan)?* (You can stay within a budget by writing it down, checking it regularly, and sticking to your plan. If your plan is too difficult to achieve, you can always change it.)

Grade-Level Modifications:

Beginner: Invite one student to read the ***Finish That Budget!*** handout directions aloud. Remind students that they need to fill in the budget before answering the questions and then review how to figure out the “Monthly Savings” (income minus expenses). If students are still having trouble with the handout, complete as a class. Then have them work on the ***My Budget*** handout in small groups or with a partner.

Advanced: After working on the ***Finish That Budget!*** handout, ask students: *How much would Kayla have left in savings after one year if she only put 75 cents into her monthly savings?* ($9)

Wrap Up

Class Reflection [10 minutes]

Ask: *Why is it useful to create a budget?* *Why might schools, business, and governments need budgets?* (Schools, governments, and companies all have budgets to plan for what they need.) Ask students: *What needs might governments have to plan for?* (For example: a new bus, road and bridge repairs, fire department, and saving for emergencies. If any money is left over, it can be used for “wants,” such as new benches or flowerbeds in towns.)

As a final reflection and assessment, have students write a “Money Smart” book entry using  
a ***Money Smart Book*** handout (template in **Student Guide** from Lesson 1) about what a budget  
is and why it is useful.

Grade-Level Modification:

Advanced: Have students write about what they might use a budget for when they grow up.

Extended Exploration

Note: Use the following activities to extend the lesson topic throughout the year. Activities can be completed as a class or in small groups. Duration of activities will vary.

* Invite students to test their budgeting skills by playing Mad Money at <http://pbskids.org/itsmylife/games/mad_money_flash.html>.
* Let students try their hand at the Dollar a Glass game at <http://bizkids.com/games/dollar-a-glass> to test their business skills as the owner of a lemonade stand.
* Read *Lunch Money* by Andrew Clements, a book about a Greg, a money-obsessed sixth-grader, who starts his own comics company, forms a business partnership with his rival, Maura, and learns all about business along the way. The book can be used as a springboard for a class business project for students to earn money to use for class needs and wants. The business project may include ideas such as a comic book business (as in the book) or a bake sale, art sale, and so on.

Lesson Overview

Learners put their financial skills to the test in this module as they travel through a simulation on creating a **budget**. The module will explore fundamental elements of creating a plan for how students spend their money and reach their savings goals. In addition, the module will provide real-world scenarios for students to apply budgeting principles.