

GRADE LEVEL 6-8

WHERE DOES YOUR MONEY GO?



TOPIC

Budgeting and Keeping Track of Expenses

SUBJECT AREA

Math

RELATED SUBJECT AREAS

Economics, Social Studies

LESSON OBJECTIVES

Students will:

- Practice recording, evaluating, and balancing a budget
- Practice recording expenses on a cash record
- Explore ways to reduce expenses by going “green”

IMPORTANT TERMS

needs, wants, budget, balanced budget, income, expenses, cash record

INTERACTIVE EXTENSION

Students learn the purpose of tracking expenses and analyze a sample budget. The following is the Web address for the interactive activity that complements this lesson:

<http://www.citigroup.com/citigroup/financialeducation/curriculum/teens.htm>
and click on “Where Does Your Money Go?”

Teaching Notes

Estimated Time Requirement

40–80 minutes

You may wish to teach this lesson over the course of two class periods:

Part One:

Introduce lesson and work with Ann’s budget.

Part Two:

Work with Sue’s budget and conduct evaluation.

Materials Needed

- Overhead 1
- **Handout 1** worksheets, one per pair
- **Handout 2** worksheets, one per pair
- **Handout 3** worksheets, one per pair
- **Handout 4** worksheets, one per pair
- Overhead 2
- Calculators, one per student pair (optional)
- Copies of **Student Questionnaire**, one per student

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Teaching Notes

Introduction

Budgets can help students achieve their own goals. In this lesson, students will explore the concept of making and balancing a budget and learning to keep track of expenses.

Teaching Strategies and Learning Activities

- Throughout the lesson, emphasize the Important Terms.
- Ask, “What are some ways people can keep track of their money?” Elicit students’ responses to include writing down **income** and **expenses** on paper or keeping a record on the computer.”
- Explain the importance of planning a budget and that the goal of a **balanced budget** is to have the total spent be less than the money earned. Remind students the differences between needs and wants.
- Show students Overhead 1. Ask, “What’s wrong with Ann’s budget?” (A person cannot spend more than he/she earns.) “Does Ann list her most important expenses first?” (**needs** – some expenses cannot be changed) “What can Ann do to balance her budget?” (“**want**” areas can be reduced)
- Divide the class into pairs. Distribute the **Handout 1** worksheet, the **Handout 2** worksheet, and calculators to each pair. Have pairs review Sue’s Estimated Income and Expenses (**Handout 2**) and record this information onto the Budget Record Form (**Handout 1**). Remind students to list needs and wants in order of importance. Then tell students to calculate the total estimated income and total estimated expenses.
- As a class, discuss results and observations.
- Explain that a budget is just an estimate of income and expenses. A **cash record** can help keep track of actual expenses and help a person to follow a budget plan.
- Distribute the **Handout 3** and **Handout 4** worksheets to students. Explain how to record expenses in chronological order, add for income, subtract for expenses, and keep a running balance. Have students use the information on the **Handout 4** worksheet to practice recording income and expenses on the **Handout 3** worksheet.
- As a class, evaluate whether Sue stuck to her budget allotments by totaling items on the cash record for each category. Discuss what Sue could have done to reduce her expenses. Are there habits she could change to reduce her expenses in the future? If Sue reduced her energy consumption, for example, she could reduce her monthly utility bills.

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Teaching Notes

- Display **Overhead 2**. Ask students whether they realized they could save money by reducing their energy use. Remind them that reducing monthly expenses can help them keep a balanced budget.
- Summarize the purpose of a budget and cash record and how each of them can help students better manage their money.
- Review the Important Terms.

Evaluation

Present an additional case study and ask students to make a budget, show expenses and income on a cash record form, and evaluate whether they balance or not.

Use the **Student Questionnaire** as an activity assessment.

OVERHEAD 1: WHERE DOES YOUR MONEY GO?



SAMPLE BUDGET RECORD FORM

Name: Ann Hill

Pay Period: June 1 – 15

Estimated Income:

Cash on Hand	8
Estimated Salary/Wages	285
Total Estimated Income	293

Estimated Expenses:

New Clothes	50
Entertainment	30
Vacation Fund	30
Lunches	50
Gifts	20
Bus Fare	20
Room and Board	50
Payment for Dental Exam	70
Miscellaneous Expenses	20
Total Estimated Expenses	340

Total Estimated Income _____

Total Estimated Expenses _____

Cash on Hand (End of Budget Period) _____

HANDOUT 1: WHERE DOES YOUR MONEY GO?



Name: _____ Date: _____

BUDGET RECORD FORM

Name: _____

Pay Period: _____

Estimated Income:

Cash on Hand	_____
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Estimated Salary/Wages	_____
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Total Estimated Income	_____
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Estimated Expenses:

_____	_____
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_____	_____
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_____	_____
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Total Estimated Expenses	_____
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Total Estimated Income _____

Total Estimated Expenses _____

Cash on Hand (End of Budget Period) _____

HANDOUT 2: WHERE DOES YOUR MONEY GO?



SUE'S ESTIMATED INCOME AND EXPENSES

- Sue is ready to prepare her budget for the next two weeks. Help her to write her budget plan for the pay period of October 1-15. Write her figures on the budget record form.

- Sue will have the following income. Write these figures under estimated cash.

Cash on Hand – \$42.10

Salary – \$295.50

- Total the estimated cash lines and write on the form.

- List the following estimated expenses on the blank budget form. Be sure to put the important needs first.

Savings – \$25.00

Room and Board – \$50.00

Lunches – \$40.00

Bus Fare – \$35.00

Vacation Fund – \$25.00

Medical Expenses – \$25.00

Utility Bills – \$35.00

Entertainment – \$20.00

Gift Fund – \$10.00

Grooming Needs – \$10.00

Clothing Fund – \$20.00

Miscellaneous Expenses – \$25.00

- Write the total of Sue's estimated expenses on the form.
- Now, subtract Sue's expenses from her total estimated cash. Hopefully, she will have enough money to cover her estimated expenses.

HANDOUT 4: WHERE DOES YOUR MONEY GO?



SUE'S SAMPLE EXPENSES

DATE	EXPLANATION	AMOUNT
Oct. 1	Room and Board	\$50.00
Oct. 2	Lunches	\$15.00
Oct. 2	Bus Fare	\$12.50
Oct. 3	Savings	\$25.00
Oct. 5	Dentist	\$20.00
Oct. 5	Movie and a Snack	\$14.60
Oct. 6	Cosmetics	\$11.24
Oct. 8	Concert	\$10.25
Oct. 9	Lunches	\$15.00
Oct. 9	Music Downloads	\$12.00
Oct. 10	Utility Bills	\$38.52
Oct. 10	Dinner	\$6.25
Oct. 11	Medicine	\$5.00
Oct. 13	Bus Fare	\$12.50
Oct. 13	Bought a Blouse	\$21.90
Oct. 14	Hair Brush	\$8.76
Oct. 15	Bought a New Book	\$4.50

OVERHEAD 2: WHERE DOES YOUR MONEY GO?



REDUCE EXPENSES BY REDUCING YOUR ENERGY USE

One way to cut back on expenses is to reduce your energy use. The following activities demonstrate a few ways to reduce your energy use and lower utility bills. The savings can really add up!

ACTIVITY	MONTHLY SAVINGS	YEARLY SAVINGS
Set up computer to go into sleep mode when idle	\$6.25	\$75.00
Cut time in shower to five minutes	\$1.66	\$19.92
Turn off water while brushing teeth	\$0.92	\$11.04
Don't waste printer paper; print double-sided	\$1.25	\$15.00
Replace two light bulbs with compact fluorescents (CFLs)	\$0.75	\$9.00
TOTAL ESTIMATED SAVINGS	\$10.83	\$129.96

Can you think of other ways to reduce your energy use?

Not only are you being "green" by reducing your energy use, but you're also saving money that can be used for other expenses.

Sources:

Bach, David. *Go Green, Live Rich*. Broadway, 2008.

<http://www.drinktap.org/kidsdnn/>

<http://www.watersmart.net/>

<http://www.thedailygreen.com/going-green/tips/>

http://www.edf.org/page.cfm?tagID=602&calcID=27032_3921?click=main_sr

GRADE LEVEL 6-8 ASSESSMENT



ACTIVITY ASSESSMENT

The student questionnaire on the following page was developed specifically to assess the knowledge of students in Grades 6-8. You are free and encouraged to use this questionnaire in various formats. Refer to the Student Questionnaire section on page 4 of the *Facilitator's Guide Introduction* for suggestions on how to use and implement it.

Student Questionnaire: Where Does Your Money Go? Answer Key

1. b
2. b
3. c
4. b
5. a
6. c
7. c

GRADE LEVEL 6-8

STUDENT QUESTIONNAIRE



Instructions: Please circle the answer to each question below to the best of your ability. You are not expected to know all the answers; we are interested in simply learning about your general knowledge of personal finance.

Name: _____

Date: _____

Where Does Your Money Go?

- 1. Justin receives an allowance of \$30 per week. He also makes another \$15 per week for walking his neighbor's dog. His school lunch costs \$2 per day (5 days a week), and he spends another \$5 a week on snacks and \$10 each weekend going for a movie and pizza with his friends. How many weeks will it take him to save \$100 for a new pair of sneakers?**
 - a. 1
 - b. 5
 - c. 10
 - d. 20
- 2. Which of the following is a "need" rather than a "want"?**
 - a. The new CD from your favorite singer
 - b. Money to pay for your school lunch
 - c. Another pair of designer jeans
 - d. The new video iPod
- 3. What is a budget?**
 - a. A type of credit card
 - b. A way to get rich
 - c. A plan for how we spend the money we receive
 - d. The interest we pay on a loan
- 4. Sara gets \$15 per week for an allowance, but it never seems to last the whole week because Sara buys whatever she thinks she wants. What should Sara do to make her allowance last the entire week?**
 - a. Get a credit card
 - b. Keep a record of her spending during the week
 - c. Spend more money earlier in the week
 - d. Buy things she wants rather than things she needs
- 5. Which of the following is the most likely reason for a middle school student to save?**
 - a. To pay for a short-term goal
 - b. To buy a new house
 - c. To enjoy a comfortable retirement
 - d. To pay more interest on credit cards