

# Living on a College Budget

## Lesson plan



### Items Needed

- Copies of OKMM's *Your Money Matters* college guide for each student.
- Copies of "Susie Smith's Spending Profile."
- Access to OKMM's interactive online budgeting calculator (optional).

### Opening Activity/Dialogue

- What expenses are necessary while you're in college?
- Why are budgets beneficial?
- Why do people find it hard to stick to a budget?
- What budgeting methods have you heard of? How many methods have you tried?

### Content

The answers you receive from the lead-off questions will tell you a lot about how your students view and value budgeting as a smart financial tool. Many students may feel frustrated with budgeting because they've tried to manage their money before and feel they've failed. Sometimes budgeting is a trial and error process, but when they find a method that truly fits their lifestyle, it will make it easier to plan ahead, monitor spending and prioritize wants and needs.

Despite how they feel about this often underestimated tool, through this lesson you'll show them:

- How writing down their income and expenses will help them spend their money wisely.
- The importance of distinguishing their wants from their needs.
- Proven budgeting methods.
- How to customize a spending plan to fit their lifestyle.

Use the content and resources on pages 2, 3, 4 and 5 of the *Your Money Matters* college guide to educate your students about the basics of living on a college budget and creating a spending plan. Ask your students the following questions for feedback or comments.

- Which of the "Make Your Money Matter" tips on pages 2 and 3 would be easiest to implement? Which ones would be more difficult?
- Of the budgeting methods described, which ones would you like to try? What are the pros and cons of each?
- What money-savings tips could you incorporate to reach your financial goals?

**Teacher’s Note:** Your students may resist the idea of creating a spending plan to help them manage their finances. They may think budgeting is too hard, or too boring, or they may be scared to see how little money they have to work with. Encourage them to focus on the positives rather than the perceived negatives. A spending plan is much like the syllabus they were given at the beginning of the semester. It serves as a guide to help them stay on the right path. Once they realize that they’re in control of determining their wants and needs and prioritizing how they handle them, they may actually find that budgeting isn’t restrictive, it’s empowering!

## Application

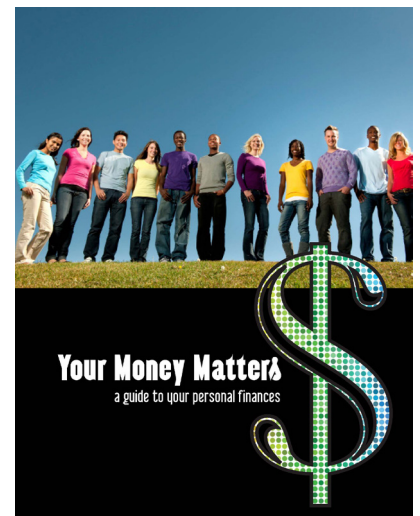
Now that your students are familiar with the basics of budgeting, divide them into dyads or small groups and distribute “Susie Smith’s Spending Profile.” Ask your students to review Susie’s story, then analyze her spending plan to identify her wants and needs and determine ways that she can make ends meet until she finds a new roommate. Once finished, ask a team representative to share the edits they made, explain the reasons for each and share how much Susie saved because of their changes. If time allows, let class members discuss their proposed changes and offer suggestions to create an even better spending plan for Susie.

**Teacher’s note:** It’s important to emphasize that while each group offered different solutions to Susie’s budgeting situation, there’s truly no right or wrong answer. Everyone has different spending priorities that will ultimately influence how and where they spend their money. This exercise allows students to look critically at how someone else has chosen to handle their personal finances. Hopefully after completing this exercise, your students will be able to look at their individual financial situations with a new perspective and make adjustments where needed.

## Additional Activity

Ask students to visit **OklahomaMoneyMatters.org** to explore the Living on a College Budget self-paced, online learning module to learn more about successfully managing their money while in school. Once they feel comfortable with the basic concepts of creating a customized budget, encourage them to use the interactive budget calculator to create their own college spending plan.

To request classroom copies of Oklahoma Money Matters’ College *Your Money Matters* guide, call 800.970.OKMM or email **OklahomaMoneyMatters@ocap.org**. To learn more about OKMM, visit our website, **OklahomaMoneyMatters.org**



# SUSIE SMITH'S MONTHLY SPENDING PLAN

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- Susie is a junior who majors in biology and lives off-campus with her roommate, Mackenna. They share many household expenses like groceries, utilities and internet service.
- Susie is an assistant manager at a coffee shop. She works 30 hours per week and earns \$10.25 per hour. After state and federal taxes, she brings home approximately \$1,000 each month.
- She wears khaki pants and a nice collared shirt to work and budgets for both casual and professional clothing.
- Susie is covered on her parents' health insurance until she turns 26. They also help with her monthly car payment, auto insurance premium and fuel each month.
- Susie pays for a monthly gym membership.
- Susie charged her first semester's tuition to her credit card. She budgets for more than the minimum payment each month and pays more when she can.
- This semester, she borrowed a federal student loan to pay her college expenses. She currently has \$500 left to spend.
- Susie budgets \$15 per month for car maintenance. Every three months she has enough money for an oil change.
- She enjoys playing her favorite candy-themed game app on her phone. She often splurges to play bonus features and extra levels.
- She runs a moderately popular health and wellness blog. To give her followers a more user-friendly experience, she pays a monthly \$7 fee for upgraded features.
- She spends her free time with her boyfriend. They often go out for dinner and to see a movie.
- Susie wants a pet, but her apartment complex won't allow one. Instead, she donates about 5 percent of her income to her favorite animal shelter.
- Susie went out of town for the weekend. While she was away, Mackenna packed her belongings and moved out. Susie must figure out how to pay all the monthly expenses until she finds a new roommate.

# SUSIE SMITH'S MONTHLY SPENDING PLAN

INCOME	EXPECTED	ACTUAL
Wages (after taxes)	\$1,000	\$1,000
Help from parents	\$275	\$275
Misc. income (loan refund)	\$500	\$500
<b>TOTAL INCOME</b>	<b>\$1,775</b>	<b>\$1,775</b>

Susie is a college student with money troubles. She needs your help to get back on track.

Begin by following the example below to identify which of Susie's expenses are wants (W) and which are needs (N). Then, read her story on the back of this page and help her adjust her spending plan.

		BUDGETED	ACTUAL
WANT OR NEED	SAVINGS		
N	Emergency savings	\$40	\$40
	Short-term savings	\$10	\$0

		BUDGETED	ACTUAL
WANT OR NEED	HEALTH/ WELLNESS		
	Medical co-pays	\$0	\$50
	Gym membership	\$35	\$35

WANT OR NEED	DEBT PAYMENTS		
	Auto loan	\$250	\$250
	Credit card	\$45	\$45

WANT OR NEED	FOOD		
	Groceries*	\$75	\$60
	Dining out	\$45	\$85

WANT OR NEED	HOME/ UTILITIES		
	Rent*	\$350	\$350
	Renter's insurance	\$20	\$20
	Electricity*	\$50	\$72
	Water/trash/sewer*	\$50	\$65
	Natural gas*	\$25	\$45

WANT OR NEED	COMMUNICATIONS		
	Cellphone	\$65	\$99
	Internet*	\$35	\$35

WANT OR NEED	TRANSPORTATION		
	Fuel	\$100	\$91
	Insurance	\$66	\$66
	Maintenance	\$15	\$25
	Auto repairs	\$0	\$100

WANT OR NEED	PERSONAL		
	Toiletries	\$25	\$25
	Grooming	\$0	\$75

WANT OR NEED	CLOTHING		
	Casual	\$10	\$20
	Professional	\$20	\$20
	Special occasion	\$0	\$15

WANT OR NEED	ENTERTAINMENT		
	Music/movie streaming services	\$20	\$20
	Blog fees	\$7	\$7

WANT OR NEED	MISCELLANEOUS		
	Cleaning supplies*	\$0	\$10
	Household items	\$0	\$25
	Gifts	\$0	\$25

**TOTAL EXPENSES**                      \$1,358                      \$1,775