

Budgeting Activity

High School

Items Needed

- Copies of OKMM's *Your Money Matters* high school guide for each student
- Copies of the Make Your Money Matter scenario cards
- Copies of the monthly spending plan worksheet on page 3 of the *Your Money Matters* guide

Opening Activity/Dialogue

- In your own words, what does it mean to follow a budget?
- What types of words—negative or positive—come to mind when you think about budgeting?
- Have you or someone you know tried to follow a budget? What was the experience like? Was it easy to follow?

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 will see the value in planning ahead and charting future expenses on paper through a monthly budget; others will think of budgets as a boring, restrictive way to limit their spending.

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

- how a budget is actually a spending plan, a great tool to help them spend their money wisely.
- ways to make the most of their monthly budget and save for things they want and need.
- the nuts and bolts of a basic spending plan.
- how to make decisions and distinguish their wants from their needs.
- how to apply a spending plan to real-life issues they may be facing.

Use the content and resources on pages 2 and 3 of the high school *Your Money Matters* guide to educate your students about the basics of budgeting. You may want to ask a student or two to read the tips on page 2 aloud and ask for feedback or comments about each one. For example:

- Do your students feel a constant need to keep up with the Joneses?
- Do they see the difference in their wants versus their needs?
- Are they currently saving 10% of their income? Have they ever had a true emergency when they needed cash right away?
- What big-ticket items are they saving for?
- Are they willing to create and follow a spending plan? Encourage them to try it for at least one month.
- Do your students feel the pressure to have and use a credit card?



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Application

Now that your students are familiar with the basics of budgeting, divide them into small groups and distribute the Make Your Money Matter scenario cards and a copy of the spending plan on page 3. Using the information provided on the cards, give your students time to create a budget that fits each individual's specific needs. Once finished, have a team representative read the scenario and tell the class about the budget they developed. Ask class members to offer suggestions and ideas to create a better spending plan for the individual.

Make Your Money Matter Scenario Cards

Scenario 1:

Travis is a high school junior and lives with his mom and dad in southwest Oklahoma. He goes to a rural school and is very active in several extracurricular programs and sports. His parents bought a new vehicle last year, so they passed down their old car—which is paid for—to Travis and also cover his insurance cost.

Travis drives 12 miles round trip to school and then another 20 miles round trip to work four days each week at a local grocery store, where he works 25 hours per week and makes \$7.50 per hour. Out of his paycheck, he is responsible for his own gas, clothes, entertainment and school expenses. Plus, he must cover half of his cell phone bill. Travis is saving for his senior pictures, which he'll take this upcoming summer. He plans to attend a local junior college and live at home, so his parents have agreed to pay for his books and tuition.

What might Travis' spending plan look like?

Teacher Notes/Comments:

There's no right or wrong budget for Travis; you may want to point out that spending plans aren't one-size fits all. Depending on special situations and needs, everyone's spending plan will look a little different.

A few things to note:

- Did your students think about taxes? Net pay, not his monthly gross pay of \$750, is needed when developing his spending plan. Let's assume he's in the 20% tax bracket and his net pay is \$600 per month.
- Regarding savings, Travis should be saving at least \$60 each month toward his short-term goal, which is his senior pictures. Do your students have at least 10% allotted to this category?
- Did your students assign every dollar or do they have funds left over?

Scenario 2:

Lindsi attends school in the Oklahoma City metro area and lives within walking distance to school and work. Her best friend, Karen, has a car, so right now she has no need for transportation. She would, however, like to save up to buy a used vehicle before she heads to college in three years.

It's summertime and Lindsi is working 30 hours each week at a local clothing store and baby-sits on Friday and Saturday nights for couples in her neighborhood. She makes \$60 per week baby-sitting and \$180 per week at the retail store.

Lindsi's parents have been teaching her about managing her money since she was very young. Instead of buying her clothes, school supplies and other needed items, they give Lindsi \$75 each month and allow her to budget for these costs. They also pay for her cell phone plan.

Lindsi is planning to attend a four-year university after she graduates. She's signed up to receive Oklahoma's Promise, which will pay for her tuition, but she knows she'll need to save money to pay for additional college expenses.

What might Lindsi's spending plan look like?

Teacher Notes/Comments:

- What is Lindsi's total expected monthly income? Did your students think about taxes withheld from her retail job paycheck? Assuming she's in the 20% tax bracket, her net income from the retail store is \$576. With her baby-sitting money and allowance from her parents, her total monthly income should be \$891.
- Lindsi should have a short-term savings goal for her car and savings for college. Is she saving at least 10% for each?

Scenario 3:

Carlos is a senior and is looking forward to taking his girlfriend, Rachel, to the prom this spring, but he needs to save his money to rent a tux. Carlos works part-time at a car wash and brings home \$150 each week. He bought a used car last month and his payment is \$200 per month. His parents cover his insurance, but he must cover his gas to and from work and school. Carlos also has an iPhone, which costs \$85 per month.

Carlos has three brothers, so his parents don't have a lot of extra money to help contribute toward his monthly expenses. He hopes to attend college this fall and plans to live at home, but he needs to save up to pay for his tuition and books. In order to afford the fall semester, he needs to contribute \$200 each month to his college savings account.

What might Carlos' spending plan look like?

Teacher Notes/Comments:

- With his car payment, college savings and phone payment, Carlos is already working with a tight budget. How can he rework his spending in order to afford to take Rachel to the prom?
- What can Carlos do to increase his monthly income or decrease his spending?
- Is his iPhone a need or a want?

To request classroom copies of Oklahoma Money Matters' *Your Money Matters* guide, call 800.970.OKMM or e-mail OklahomaMoneyMatters@ocap.org. To learn more about OKMM, visit our website, OklahomaMoneyMatters.org.

