

Lesson 30

Budget Your Money

Objectives

- To analyze and formulate the costs of running a modern household
- To appreciate our parents' or guardians' efforts in running a household

Notes to the Teacher

Students often have very little idea about how expensive running a household is. This lesson will allow them to explore various examples of different situations and the variety of expenses involved in each of them.

Constructing a budget is fundamental to building a prosperous future. Students must know how to manage their money to avoid unnecessary consumer debt, credit hassles, and legal entanglements. Students are usually receptive to utilitarian discussions that come out of this lesson.

Encourage students to ask specific questions, and if you are comfortable, do not hesitate to share personal information with them. In other words, do not be afraid to tell them your living situation and how much things actually cost you.

This lesson may span two classes. Vibrant discussions may occur.

Corresponding Readings

Handout 32, A–C

Procedure

1. Ask students how much they think it costs per month to run the household that they live in, and have them jot that number down on a scrap sheet of paper. They can refer to this number once this lesson is completed.
2. Ask students to imagine that they are now out on their own (having graduated from college or high school and are gainfully employed). Distribute **Handout 35**. Working alone, have them fill in their guesses as to what they think the various bills will cost when they venture out on their own.
3. Explain some of the other categories if they ask. For instance, young people want to furnish apartments, buy clothes, and perhaps travel. “New Stuff” includes things that they do not have now but will want to buy. “Student Loans” will depend upon their education choices after high school. “Car” and “Car Insurance” will obviously depend on their choices. Reassure them that it is okay to guess at these figures.
4. Draw students’ attention to the disclaimer underneath the directions. They must converse with a parent or guardian to receive credit for the assignment. They should get the figures for the column marked “Your Folks.”
5. Have students complete the “Your Estimate” column. Allow enough time for completion. Discuss any problems that students had.
6. On the second day, review some of the more remarkable points brought up on the previous day. Then ask students if they found out any interesting points about their family budgets. Were there any amazing revelations?
7. After about fifteen minutes, allow students to complete the math at the bottom of the page. Walk through this with them. Be sure to explain that the extra .25 added onto their budget is to compensate for taxes.
8. Then, if time allows, run through some of the figures with them. Point out some of the high and low figures.
9. Also, if time allows, conduct a discussion with the class as to what the point-by-point costs of living would be. If time does not allow, then have this discussion the following day.
10. Conclude the lesson by asking the class to attempt to write a list of suggestions that could be given to young people leaving school. Write the responses on the board as a list of *Dos* and *Don'ts*.

My Budget

Directions: Fill in the first column of the following chart with figures that you think you will pay per month when you first enter the “real world.” Then go home and inquire as to how much your parents or guardians pay for these things. In class, we will fill in the last column on the second day of the lesson.

Note to parent or guardian: Please feel free to be vague or withhold information from your child. An estimate is sufficient, of course.

Yes, my child did converse with me. Signature _____

Monthly Expenses	Your Estimate	Your Folks	Your Upcoming Reality
Housing			
Electric bill			
Gas bill			
Water			
Cable			
Phone			
Car			
Car insurance			
Groceries			
Gas for car			
Health/Hygiene			
Savings			
Clothes			
New stuff			
Student loans			
Entertainment			
Totals			

- _____ 1. Add up the third column.
- _____ 2. Multiply that number by 12.
- _____ 3. Multiply line two by 1.30.
- _____ 4. That is what you need to make every year.