

The Art of Budgeting

Overview

A personal budget is a financial plan that allocates future income toward expenses, savings, and debt repayment. “Where does the money go?” is a common dilemma faced by many individuals and households when it comes to budgeting and money management.

Effective money management starts with a goal and a step-by-step plan for saving and spending. Financial goals should be realistic, be specific, have a timeframe, and imply an action to be taken. This lesson will encourage students to take the time and effort to develop their own personal financial goals and budget.

In this chapter students will monitor their spending habits (in writing) and will be able to better obtain the most value for their available dollars. We will also demonstrate that by carefully considering needs and wants, an individual or family will spend appropriate amounts for current living expenses, while saving and investing for long-term financial security.

Goals

Assist in identifying and prioritizing personal and financial goals, create a plan to achieve those goals, and provide practice in setting up and maintaining a personal budget.

Lesson Objectives

- Identify and prioritize some of your personal and financial goals
- Identify the steps you can take and the resources you will need to achieve your goals
- Identify and examine your current spending behaviors and patterns
- Understand what it means to budget, and identify the reasons to maintain a budget
- Create and maintain a personal budget that supports your personal and financial goals

Activities

What Are Your Goals?

- Ask students what some of their goals are, based on their life situation. List them at the front of the room, separating them into short-, intermediate-, and long-term goals.
- Pick one goal from each group. Have the class brainstorm steps they can take and the resources needed to achieve those goals.

Where Does Your Money Come From?

- Have students identify their current or potential (new job, career change) sources of income.

- Discuss the feelings of being financially dependent vs. financially independent.

Where Does Your Money Go?

- Have students keep a record of everything they spend during a one-month period. Ask students what patterns they can see in their spending habits.
- Discuss topics such as impulse buying, how to decide what to purchase, and what factors might influence purchasing decisions.

Setting Up and Maintaining a Personal Budget

- Have students set up a personal budget that supports their personal and financial goals.
- Ask students to try to stick to their budget for one month.

Homework

Students will take part in an online discussion in which they will:

- A) Create a story about someone's life. This could be their own or a fictional situation. The story will include income, family, responsibilities, and the next major purchase they are planning.
- B) After everyone has posted their scenario, each student will act as a financial advisor and set up a budget for their customer.
- C) Finally, each student will go back to their original story, read and analyze the budget that has been set up, and comment on at least one area they have a question about, would like to change or challenge, or really agree with and why.

This will all take place on the school's Present.ly account and will allow the entire class to view different students' comments and thoughts. This will bring all of the lecture and learning from the classroom into play in a real life situation that the students will create, look to solve, and then perfect.