Lesson 4: Back to School
Part 3a: Budgeting Basics

Lesson Description

In this lesson, students look at the financial lessons that a teen and her family learned while they were displaced from their home and community following Hurricane Katrina. This lesson examines how creating and maintaining a budget helps individuals achieve personal and financial goals. The Power Point–based lesson is designed for personal finance and other related classes.

The video component of the lesson shares the personal and financial lessons learned by a teenage girl, her family, and friends during their forced evacuation from and difficult return to New Orleans as a result of Hurricane Katrina.
Time Required
One 50–55-minute class period for entire lesson.

Concepts

- Budget
- Deductions
- Emergency fund
- Exempt/Nonexempt worker
- Expenses, fixed and variable
- Income, gross and net
- Income, salary and wages
- Scarcity
- Withholdings, required and voluntary

Objectives
Students will be able to:

- Explain and use the vocabulary associated with budgeting.
- Identify the purpose of a budget.
- Implement the budgeting steps.
- Recognize the need for financial preparedness in the face of a disaster.

Materials

- Presentation: *Katrina’s Classroom* Lesson 4, Part 3—PowerPoint presentation
- “Back to School” video: DVD, flash drive, or online (www.youtube.com/watch?v=KXvC-CVO1Mk)
- Handout 5: “Expense Tracker,” one copy per student
- Handout 6: “Budget Worksheet,” one copy for each group
- Handout 7: “Budget Worksheet: Scenario Cards,” one copy for each group
LESSON 4: BACK TO SCHOOL

National Curriculum Standards

COMMON CORE STANDARDS

<table>
<thead>
<tr>
<th>Grades 6–8 students</th>
<th>Grades 9–10 students</th>
<th>Grades 11–12 students</th>
</tr>
</thead>
<tbody>
<tr>
<td>College and Career Readiness Anchor Standards for Reading Integration of Knowledge and Ideas</td>
<td></td>
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</tr>
<tr>
<td>7. Integrate and evaluate content presented in diverse media and formats, including visually and quantitatively, as well as in words.</td>
<td></td>
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</tr>
</tbody>
</table>

| College and Career Readiness Anchor Standards for Speaking and Listening Comprehension and Collaboration | | |
| 1. Prepare for and participate effectively in a range of conversations and collaborations with diverse partners, building on others’ ideas and expressing their own clearly and persuasively. | | |

| College and Career Readiness Anchor Standards for Speaking and Listening Presentation of Knowledge and Ideas | | |
| 4. Present information, findings, and supporting evidence such that listeners can follow the line of reasoning and the organization, development, and style are appropriate to task, purpose, and audience. | | |

JUMP$TART NATIONAL PERSONAL FINANCE STANDARDS

<table>
<thead>
<tr>
<th>8th Grade Students Additional Expectations</th>
<th>12th Grade Students Additional Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and Money Management</td>
<td></td>
</tr>
<tr>
<td>Standard 1: Develop a plan for spending and saving.</td>
<td></td>
</tr>
<tr>
<td>▪ Prepare a personal spending diary.</td>
<td>▪ Explain how to use a budget to manage spending and achieve financial goals.</td>
</tr>
<tr>
<td>▪ Discuss the components of a personal budget, including income, planned saving, taxes, and fixed and variable expenses.</td>
<td>▪ Identify changes in personal spending behavior that contribute to wealth building.</td>
</tr>
<tr>
<td></td>
<td>▪ Given a scenario, design a personal budget for a young person living alone.</td>
</tr>
<tr>
<td></td>
<td>▪ Analyze how changes in circumstances can affect a personal budget.</td>
</tr>
</tbody>
</table>
Lesson Procedures

Specific instructions for PowerPoint are highlighted with a dotted border.

Display the infographic prior to beginning the lesson.

SLIDE 1. TITLE SLIDE

This lesson teaches budgeting to achieve personal financial goals and to prepare for emergency situations.

SLIDE 2. LESSON OBJECTIVES

In this lesson, we learn about and implement the components of a budget.

SLIDE 3. “BACK TO SCHOOL” VIDEO

Explain to students that they are going to watch the video “Back to School,” which tells the story of a family from Harvey, Louisiana, whose home and community Hurricane Katrina destroyed. Jamie, a 12th grader at the time of the storm, and her family found themselves in a financial emergency similar to what many people experienced in the aftermath of Hurricane Katrina when they were unable to return home for several months. Pay close attention to what Jamie’s family relied on to help pay for what they needed.

Watch the Katrina’s Classroom “Back to School” video (www.youtube.com/watch?v=KXvC-CVO1Mk).

SLIDE 4. ASSESSING THE IMPACT OF FINANCIAL PREPAREDNESS

ASK THE STUDENTS

What did Jamie’s friends recommend in order to be financially prepared?

Possible responses: Having an emergency fund; not living paycheck to paycheck.

An emergency fund can be vital when dealing not only with natural disasters but also with unexpected life situations such as a job loss. An emergency fund is money set aside that can be accessed quickly for unexpected expenses. A general rule of thumb for an emergency fund is to have three to six months’ worth of living expenses.

ASK THE STUDENTS

How was Jamie able to use the money she had earned and saved?
Possible responses: She purchased clothes; the money she had saved was available for her to use when she was evacuated to Houston.

Reinforce the fact that by having saved some of her earnings, Jamie was prepared for the unexpected.

Remind the students that Jamie mentioned in the video that she was on a tight budget. Explain that a budget is a general plan for your money.

**ASK THE STUDENTS**

How might having a budget help you achieve your financial goals?

Possible responses: The budget provides a plan for how to spend the money; the budget might include funds dedicated to saving; the budget helps you track your income and expenses.

How might getting a good education help ensure your financial future?

Possible responses: Higher levels of education generally have higher incomes; people with higher levels of income generally earn more over a lifetime; you may be able to save larger amounts if you earn a higher income and control spending.

**SLIDE 5.  BUDGETING**

Tell students they are going to learn about the budgeting process as well as how a budget may help them to achieve their education and financial goals.

**SLIDE 6.  MANAGING YOUR MONEY: THE BUDGET**

Refer to the “What is a budget?” section of the infographic with the definition of a budget.

Explain to students that a budget is a plan that helps you manage your money by balancing your income with your expenses. It is an itemized summary of probable income and expenses for a given period, usually monthly.

Creating a budget helps you better to understand where your money goes. A budget is a tool that helps you live within your means, reach your goals, and increase your wealth. When you keep track of your money and stick to your budget, you are in control. If your budget is realistic and you follow your budget plan, you will be able to pay for the things you need and save money for the things that are important to you.

Since money is a scarce resource, you must make decisions about how to allocate money. **Scarcity** means that there are unlimited human wants and needs in a world of limited resources.
SLIDE 7. MANAGING YOUR MONEY: THE BUDGET (SLIDE WITH BUBBLES)

Tell the students that the budgeting process has five key components: 1) Determine income; 2) Identify expenses and track spending; 3) Develop the budget plan; 4) Implement and track the budget; and, 5) Review and adjust the budget. Explain that the class will be reviewing each component more closely.

SLIDE 8. THE BUDGET: DETERMINE INCOME

Refer to the “Determine income” section of the infographic.

The first step in the budget process is to calculate all your income. **Income** is money received through work or investments or from other sources. Let’s explore some of the various types of income.

People receive income for their labor. Income falls into two categories: wages and salaries. **Wages** are payment to workers for labor or services rendered, generally on an hourly, daily, or weekly basis. Wages will vary between pay periods based on the number of hours worked. An hourly worker is also known as a **nonexempt worker** and may receive additional compensation for overtime or variable work arrangements. **Salaries** are fixed regular payments, typically paid on a monthly or biweekly basis. Salaries are often expressed in terms of an annual sum. For example, a person may have a salaried position that pays $35,000 a year. Salaried workers are **exempt workers** since they generally do not receive overtime pay.

**ASK THE STUDENTS**

*For those of you who currently have a job, how are you paid—with an hourly wage or with a salary?*

Possible responses: Many students will answer that they are paid with an hourly wage.

Explain that the total amount earned for an individual’s work is called **gross pay** (or **gross income**). For the hourly worker who makes $10 an hour and works 40 hours a week, the gross weekly pay is $400. Let’s say a salaried worker has a gross annual pay of $35,000. Divide $35,000 by 52 weeks to calculate a salaried worker’s gross weekly pay—in this case, $673.08.

**Net pay** (or **net income**) is the amount the employee actually receives after any deductions are withheld from gross pay. Students should use net pay to develop their budgets. **Deductions** may be either required or voluntary withholdings. To comply with government regulations, employees pay **required withholdings** such as federal income tax; state income tax, where applicable; and Social Security and Medicare taxes. **Voluntary withholdings**—such as employer-sponsored health insurance fees, retirement plan contributions, and charitable contributions—provide more discretion since employees can change the level of withholding.
ASK THE STUDENTS

For the hourly worker with gross pay of $400, what would his or her net pay be after required deductions of 20 percent?

Answer: $320 ($400 x 0.20 = $80; $400 - $80 = $320)

The worker’s weekly take-home, or net, pay would be $320. This amount would be used for budgeting.

People may also receive income from sources such as gifts, allowances, or interest from savings or other interest-bearing accounts. Postsecondary students may also have income from scholarships, grants, or other student aid.

Have students identify all their sources of income. Remind them that for budgeting purposes, they should consider all their available income sources.

SLIDE 9. THE BUDGET: IDENTIFY EXPENSES AND TRACK SPENDING

Refer to the “Identify expenses and track spending” section of the infographic.

Tell students that the most detailed, essential part of the budget process is identifying expenses and tracking spending.

Have students begin by listing all their spending. They should know what they owe. Help students distinguish between fixed and variable expenses.

ASK THE STUDENTS

What do you think the difference is between fixed and variable expenses?

Possible responses: Fixed expenses are always the same; variable expenses may be different each month.

Fixed expenses do not change from month to month—for example, rent, car, insurance, and student loan payments. Because fixed expenses are the same each month, it is easier to begin the budget process with them. Variable expenses fluctuate from month to month—for example, utilities, food, entertainment, and gifts. Heating a home in December is more expensive than in April, for instance. Sometimes utilities and other businesses offer “levelized” billing, which allows consumers to pay a fixed sum each month. However, in the case of utilities, if the consumer uses more energy than paid in the fixed sum, the consumer will receive a lump sum bill.

Many fixed and variable expenses are planned, but there also are unplanned expenses, like an unexpected birthday present or a flat tire.
When budgeting, always consider ongoing needs and identify how much income is needed to cover expenses. Maintaining a budget helps to prepare for the unexpected. Tracking spending identifies how much and on what money is being spent.

### SLIDE 10. TRACKING YOUR EXPENSES

Again, refer to the "Identify expenses and track spending" section of the infographic, specifically "Where does your money go?"

Have you ever asked yourself, "Where did my money go?" Sometimes it seems as though money just disappears. Review the example with your students.

In this example, $4.75 in cash was used to pay for a favorite coffee drink at a specialty coffee shop.

**ASK THE STUDENTS**

**Why might it be easy to forget you have spent money on this purchase?**

Possible responses: Paid cash, which may make it harder to keep up with these sorts of expenses; don’t keep track of food expenses.

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**How do you think that tracking expenses like this purchase might help in the budgeting process?**

Possible responses: Helps me become more aware of money spent; I might make different decisions about how to spend money.

**As people become more aware through the budgeting process, they sometimes consider alternative ways to spend their money.**

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**What might be an alternative to making this purchase?**

Possible responses: Make coffee at home; make fewer purchases; buy less expensive coffee.

**Answers will vary for each individual since we all have our own preferences and priorities.**

Tracking expenses can help solve the problem of wondering where money went and will allow for more accurate budgeting.
SLIDE 11. TRACKING YOUR EXPENSES

Tell students that to gain a better understanding of how they are spending their money, they will think about their spending for the last couple of days.

ACTIVITY INSTRUCTIONS

Distribute a copy of Handout 5: “Expense Tracker” to each student or have students record their responses on a sheet of paper. Handout 5 includes a table with the information that students need to report for the expenses. Tell students that for each expense, they should include the date, the item purchased or the expense, the amount paid, the payment method (cash, check, ATM or debit card, credit card, or autodraft), and whether it is a fixed or variable expense.

SLIDE 12. TRACKING YOUR EXPENSES DEBRIEFING

Use the following questions to debrief the activity.

ASK THE STUDENTS

What types of goods and services were purchased?

Possible responses: Food, gas for vehicle, clothes.

What payment methods were used?

Possible responses: Cash, debit card, credit card.

Remind students that if they paid with a credit card, they need to budget this payment.

Did the way you paid affect how much you spent?

Possible responses: Yes, I spent less when I used cash; no, I would spend the same no matter what.

Which expenses were fixed and which were variable?

Possible responses: Auto insurance and car payment were fixed; gas and food were variable.
Any surprises regarding how much was being spent?

Possible responses: Yes, I was spending more than I realized; no, I know what I am spending my money on.

What income did you have that paid for these expenses?

Possible responses: Wages from my job; allowance from parents; gift money.

Did tracking make you rethink any of your purchases?

Possible responses: Yes, I might not eat out as much; no, I will still spend the same.

What influenced your spending—people, situation, emotion?

Possible responses: Being with friends; limited amount of time between school and other activities.

How did the purchase make you feel? What about now?

Possible responses: Good because I had money to spend; upset because I was spending instead of saving my money.

Tell the students that tracking their spending is not intended to make them feel bad about their purchases. Rather, it is meant to empower them as they build a foundation for their budget.

SLIDE 13. THE BUDGET: DEVELOP THE BUDGET PLAN

Refer to the “Develop the budget plan” section of the infographic.

Tell students they have the key components—income and expenses—necessary for completing their budgets.

As they develop their budgets, remind them to weigh additional considerations based on their personal values and goals. For example, many people feel it is important to pay themselves first by building savings into the budget at the outset rather than after accounting for all other expenses. One strategy is automatically to deduct savings from a paycheck or checking account.
into a savings account each month and then to base the budget on what remains. It is important to have savings to compensate for potential income shortfalls.

Remind students that an emergency fund will help them to meet financial goals and unexpected expenses.

**SLIDE 14. CREATE A BUDGET**

Tell students they are now going to explore the budget plan using the sample budget on the screen.

**ASK THE STUDENTS**

What main components of the budget are listed?

Possible responses: Income, fixed expenses, variable expenses.

What might be the source of the income?

Possible responses: Wages, salary, allowance.

Why are rent, cell phone, and car insurance included as fixed expenses?

Possible responses: These expenses are the same every month; the amounts of these expenses generally don’t change.

Explain that cell phone charges are fixed as long as you stay within the plan. However, if you incur overage charges, you need to include the overage charge as a variable expense. Additionally, with expenses like car insurance, you often pay the expense quarterly rather than monthly. If you pay quarterly, you should include it in the monthly budget as a fixed expense so you can save the necessary funds.

**ASK THE STUDENTS**

In addition to the listed variable expenses, what other expenses might be included in this category?

Possible responses: Entertainment, gifts.

How do the total expenses reconcile to the income? In other words, are expenses more or less than income?

Possible responses: Expenses are less than income; person is living within his or her means.
What might be done with the extra money?

Possible responses: Emergency fund, postsecondary savings, entertainment.

How would this be included as part of the budget?

Possible responses: Depending on the income situation, include as fixed or variable expenses.

Refer to the “Develop the budget plan” section of the infographic for additional examples of fixed and variable expenses as well as the savings line item.

ASK THE STUDENTS

What sources of income are listed on the infographic?

Possible responses: Allowance, financial gifts.

Why would savings be listed as an expense?

Possible responses: As a strategy to “pay yourself first” before other expenses, to ensure that funds are put into a savings account.

Why would savings be an important part of budgeting?

Possible responses: Planning for future purchases, dedicating funds to an emergency fund.

Why might food be listed as a variable expense rather than a fixed expense?

Possible responses: If students need to eat out when traveling for school activities, they could choose to spend more or less in this area based on where they choose to eat.
Tell the students they will complete a group budget activity.

**ACTIVITY INSTRUCTIONS**

Divide students into groups of two or three.

Read the following scenario:

You recently graduated from college and started a new job. Your net pay is $2,000 a month. In your groups, develop a budget in the **Estimate** column. You need to indicate how you would spend your money. Be careful not to go over budget. After you complete your estimate, you will receive your scenario cards. Take turns drawing a card from the stack of scenarios. Each of you should enter the value of the card under the **Actual** column for the appropriate category on the monthly budget worksheet. Remember to add dollar signs and decimal points. Once you have drawn all the cards, total the fixed and variable expenses, and calculate the surplus or deficit. Then answer the questions at the bottom of the worksheet.

**SLIDE 16. BUDGET SCENARIOS**

Distribute a copy of Handout 6: “Budget Worksheet” to each student.

Once students have completed the estimate, distribute Handout 7: “Budget Worksheet Scenario Cards.”

After the groups complete the actual budget and related question, have a student read the scenarios cards starting with number 1 (cards are numbered on the bottom right corner). Then have the student assign the expense to the appropriate category.

**PowerPoint instructions**

Click the Enter key (or the advance button) to reveal the answers under the actual column for the scenario. Repeat for each scenario. After all scenarios are read, click the Enter key (or the advance button) to reveal total fixed expenses, total variable expenses, total expenses, and surplus or deficit.

**SLIDE 17. BUDGET SCENARIOS DEBRIEFING**

**ASK THE STUDENTS**

How did your group’s estimates differ from the actual column?

Possible responses: Estimate was close to actual expense; estimate was much different.

How much did you estimate as savings each month?
Possible responses: Answers will vary.

Were there expenses on this budget that were not listed in the categories?
Possible responses: Cable, Internet, cell phone, credit card bills.

If you had to pay for these expenses, where would the money come from?
Possible responses: Savings; cutting back in other areas; finding sources of additional income.

Tell students they have just successfully developed a budget based on income and expenses and they will now learn the rest of the steps in the budgeting process.

SLIDE 18. THE BUDGET: IMPLEMENT AND TRACK

Refer to the “Put your plan into action” section of the infographic, specifically, “1. Implement the budget.”

Once you have developed a budget plan, the next step is to implement the plan. This step can be difficult because it may involve having to go on a financial diet to cut expenses and begin saving. As part of this step, continue to track expenses, as budgeting is a work in progress. Remind students to use whatever tracking method works best for them, whether it is using an app on a mobile phone or keeping a spreadsheet of expenditures.

SLIDE 19. THE BUDGET: REVIEW AND ADJUST

Refer to the “Put your plan into action” section of the infographic, specifically, “2. Review budget at least monthly” and “3. Make necessary adjustment for your situation.”

Use the information that is gained from implementing and tracking to review and adjust the budget accordingly. Especially when first starting out with the budget plan, review the budget monthly. Review your documents and make notes about your ability to follow the budget. It may be necessary to make adjustments. For example, you may find that you’ve allotted too much money for entertainment and not enough for food.

It may be useful to consider the following as part of the review:

Have income sources changed? Does your income cover your expenses?

ASK THE STUDENTS

Why would sources of income make a difference?
Possible responses: Hourly workers may not have the same amount of income each month; a person may spend more than what he or she makes.

Also consider where and when you are spending money. Are you saving regularly? Has anything changed your income, spending, and saving?

What might affect your income, spending, and saving?

Possible responses: Loss of job (loss of income); adding more hours at work for an hourly position (gain in income); unexpected life events and emergencies.

Finally, consider whether you are achieving your personal financial goals.

A careful review of your current budget, spending habits, and responsibilities helps paint a picture of your financial situation. Remind students that budgets can change at any time based on their particular circumstances.

SLIDE 20. IN SUMMARY

PowerPoint instructions

Click the Enter key (or the advance button) to reveal each summary point.

Refer to the infographic.

In this lesson, we learned that:

• Budgeting puts you in control of your money and helps you understand the allocation of your income.
Handout 5: Expense Tracker

**Directions**

To gain a better understanding of how you spend your money, think about your spending for the last couple of days. For each expense, include the date, the item purchased or expense, the amount paid, and the payment method (cash, check, ATM or debit card, credit card, or autodraft).

<table>
<thead>
<tr>
<th>Date</th>
<th>Item purchased/Expense</th>
<th>Amount</th>
<th>Payment method</th>
<th>Fixed or variable expense</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>cash, check, ATM/Debit card, credit card, autodraft</td>
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<td>cash, check, ATM/Debit card, credit card, autodraft</td>
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<td>cash, check, ATM/Debit card, credit card, autodraft</td>
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<td>cash, check, ATM/Debit card, credit card, autodraft</td>
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<td>cash, check, ATM/Debit card, credit card, autodraft</td>
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</tr>
</tbody>
</table>
Handout 6: Budget Worksheet

Directions

You recently graduated from college and started a new job. Your net pay is $2,000 a month. With your group, develop a budget in the Estimate column. You will need to indicate how you would spend your money. Be careful not to go over budget. After you complete your estimate, you will receive your scenario cards from your teacher. Take turns drawing a card from the stack of scenarios. Each of you should enter the value of the card under the Actual column for the appropriate category on the monthly budget worksheet. Remember to add dollar signs and decimal points. Once you have drawn all cards, sum up the fixed expenses and variable expenses, and then calculate the surplus/deficit. When you have completed the worksheet, answer the questions at the bottom.

<table>
<thead>
<tr>
<th>Income</th>
<th>Estimate (based on $2,000)</th>
<th>Actual (based on scenario cards)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renter’s insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobile loan payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobile insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total fixed expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Variable expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Groceries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dining out</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gasoline</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car maintenance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothing and personal upkeep</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entertainment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total variable expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SURPLUS (DEFICIT)</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Handout 6: Budget Workshop (continued)

Discuss your findings as a group.

• How did your group’s estimates differ from the scenario?
• How much did you estimate as savings each month?
• Were there expenses on this budget that were not listed in the categories?
• If you had to pay for these expenses, where would the money come from?
**Handout 7: Budget Worksheet Scenario Cards**

**Teacher Directions**

Copy and cut apart the cards. Give one set of cards (or one complete page) to each group of students after they complete their budget estimate.

**Student Directions**

Use the scenario cards to complete the **Actual** budget column.

<table>
<thead>
<tr>
<th>You pay a $250 car payment every month.</th>
<th>You receive your monthly net income of $2,000.</th>
<th>You pay rent of $450 per month.</th>
<th>You pay your medical insurance of $100 a month.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>You pay your renter’s insurance of $25 a month.</td>
<td>You make your monthly car insurance payment of $75.</td>
<td>You pay for monthly groceries of $200.</td>
<td>Your monthly utilities are due. You owe $125 for power and water.</td>
</tr>
<tr>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Your monthly bill for gasoline comes in and you pay $75.</td>
<td>It’s your mother’s birthday. You purchase a $25 present.</td>
<td>Your monthly student loan payment is $325.</td>
<td>You go to a movie with a friend that costs $10.</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Every month, you put $75 into savings for a vacation at the beach.</td>
<td>You hit a pothole and have a flat tire. You must pay $100 for a new tire.</td>
<td>You went out to eat three times this month, spending a total of $75.</td>
<td>You find the perfect outfit for your date this weekend. You pay $75.</td>
</tr>
<tr>
<td>13</td>
<td>14</td>
<td>15</td>
<td>16</td>
</tr>
</tbody>
</table>
Katrina's Classroom was developed by a team of senior economic and financial education specialists at the Federal Reserve Bank of Atlanta.

Claire Loup, New Orleans Branch • Julie Kornegay, Birmingham Branch • Jackie Morgan, Nashville Branch

For additional classroom resources and professional development opportunities, please visit www.frbatlanta.org/education