

## **Lesson Plan Managing Money-Budget Choices**

### **Summary**

Learners will explore needs and wants and practice making budget choices.

### **Big Idea**

Understanding the difference between needs and wants can help you budget your money,

### **Essential Questions:**

How can you distinguish between a need and a want?

How does understanding the difference between a need and a want help you make budget decisions?

### **Vocabulary to Teach**

**Budget:** A plan outlining what money you expect to earn or receive (Income) and how you will save or spend it (Expenses).

**Needs:** Basic things people must have to survive, like food, clothing, shelter, resources to do their jobs, transportation, and computers, and resources to help build and protect their future needs like emergency savings and insurance.

**Wants:** Upgrades or things that would be nice but are not necessary for living, working, or protecting what you have.

### **Objectives**

Learners will differentiate between needs and wants.

Learners will make budget choices based on needs and wants.

### **National Standards for Personal Finance Education 2021**

Earning Income, I Saving III and Spending II

### **Materials & Duration**

Calculator, Copy of Budgeting Needs and Wants handout, Pen/pencil. 60 minutes

### **Accommodations/Modifications**

Read Aloud, Scribe, Enlarged print, Calculator, Visual Aides

Modified assignment: select three expense items. i.e., rent, electricity, and streaming TV services to determine whether they are a need or want.

## **Directions**

Ask learners if they have heard someone say I can't buy something because it's not in my budget. Ask learners to explain what they think the phrase means. Distribute the Budgeting for Needs and Wants Handout. Direct learners to work in small groups to read and then calculate the cost of items Sam spends each month to see if he stays within his monthly budget. Direct learners to decide whether each item is a need or a want, then determine what items they think should be in Sam's budget and calculate the costs. Ask learners to share their answers to the reflection questions with the group.

## **Reflections Questions**

Did Sam stay within budget?

What can Sam do to stay within his budget?

What items did you think should be in Sam's budget?

## Budgeting for Needs and Wants Hand Out

### Directions

1. Read the scenario
2. Follow the steps to figure out Sam's monthly budget
3. Answer the reflection questions

### Scenario

Let's consider a real-life scenario. Sam, a recent high school graduate, has just moved out of his parent's house and into his first apartment. He's working at Walmart and brings home \$2000 net income each month. We'll use Sam's situation to understand the practical aspects of budgeting for needs and wants.

### Steps

1. The items in the table below are the things Sam spends money (expenses) on each month. Add the items and record them in the total box to see if Sam stays within his \$2000 monthly budget.
2. Check whether each item is a need or want.
3. Pick the needs and wants you would choose to stay in Sam's budget and add them.

Expense items	Monthly cost	Need or want	Your choices
Transportation	\$150		
Specialty coffee	\$35		
Rent	\$1500		
Streaming TV services	\$30		
Dinner out with friends	\$75		
Groceries	\$300		
Savings	\$100		
Cell phone	\$70		
Movie and snacks at the theater	\$20		
Total			

## **Budgeting for Needs and Wants Hand Out**

**Answer the reflection questions.**

Did Sam stay within budget?

What can Sam do to stay within his budget?

What items did you think should be in Sam's budget?

## Managing Money Resource Links:

### YouTube

How to Make a Budget | Money Instructor 4.11 minutes

<https://www.youtube.com/watch?v=7Sz3G-rnYZA>

Understanding Different Types of Bank Accounts | Beginners Guide | Money Instructor 4.44 minutes

<https://www.youtube.com/watch?v=O4-MtfawzAY&list=PL8ILVzj8ksWau2HfejtfZHXnpOK-rROxQ>

What is Investing? | Money Instructor 5.19 minutes

<https://www.youtube.com/watch?v=-d0D6SxFKwU>

### Consumer Financial Protection Bureau

Options for storing your savings

[https://www.fhi360.org/wp-content/uploads/drupal/documents/cfpb\\_building\\_block\\_activities\\_options-for-storing-savings\\_handout.pdf](https://www.fhi360.org/wp-content/uploads/drupal/documents/cfpb_building_block_activities_options-for-storing-savings_handout.pdf)

[https://files.consumerfinance.gov/f/documents/cfpb\\_building\\_block\\_activities\\_storing-my-savings\\_worksheet.pdf](https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_storing-my-savings_worksheet.pdf)

Including giving in your budget

[https://files.consumerfinance.gov/f/documents/cfpb\\_building\\_block\\_activities\\_including-giving-your-budget\\_worksheet.pdf](https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_including-giving-your-budget_worksheet.pdf)

Your Money, Your Goals Focus on People with Disabilities

[https://files.consumerfinance.gov/f/documents/cfpb\\_ymyg\\_focus-on-people-with-disabilities.pdf](https://files.consumerfinance.gov/f/documents/cfpb_ymyg_focus-on-people-with-disabilities.pdf)

## **Federal Deposit Insurance Corporation**

Money Smart

<https://www.fdic.gov/resources/consumers/money-smart/learn-money-smart/index.html>

## **National Disability Institute**

Financial Wellness Tools

<https://www.nationaldisabilityinstitute.org/downloads/#financial-toolkit>

## **Wells Fargo**

Hands-on Banking Money Skills You Need for Life

<https://handsonbanking.org/>

## **Community Connections:**

### **The Arc**

Financial Planning Guides

[https://thearc.org/free-financial-planning-resources-confirmation/?utm\\_source=cc&utm\\_medium=email&utm\\_campaign=cfp](https://thearc.org/free-financial-planning-resources-confirmation/?utm_source=cc&utm_medium=email&utm_campaign=cfp)

### **VCU Financial Success Center**

<https://business.vcu.edu/centers-institutes-and-labs/vcu-financial-success-center/>

## **Glossary Financial Terms:**

Consumer Financial Protection Bureau:

<https://www.consumerfinance.gov/consumer-tools/educator-tools/youth-financial-education/glossary/>