

OVERVIEW

You've analyzed what you've been spending money on and set some SMART goals to strive for. Now, the rubber meets the road and it's time to start making it happen. Your next step is to create the road map that will guide you to your destination: success.

Your map is a spending plan or budget. It should detail exactly how you're going to use your money to pay for the things you want. An effective spending plan not only multiplies your chances of success, it also helps make the journey faster and easier.

In this lesson, you will develop the skills you will need to create an effective spending plan.

LEARNING OUTCOMES

In this lesson students will learn how to create a spending plan (aka budget). Along the way they will:

- ☒ Discuss how a spending plan can help an individual manage spending habits.
- ☒ Describe what a spending plan is.
- ☒ Explain how to use a spending plan.

Students will use what they learn to create a plan to guide their spending, particularly for large purchases.

PREPARATION

- ☐ Order a Module 1 Student Guide for each student. The Guide can also be downloaded to view from the HSFPF website or copied to distribute to student.
- ☐ Preview the lesson PowerPoint presentation, learning tasks, and Module 1 Student Guide, particularly pages 22-31.
- ☐ Print or download the Student Learning Plan for this lesson so each student has a copy.

WHAT YOU WILL NEED

- ☐ Module 1 Student Guide (pages 22-31)
- ☐ PowerPoint Presentation 1-4
- ☐ Student Learning Plan 1-4
- ☐ Activity 1.7: My Income
- ☐ Activity 1.8: My Expenses
- ☐ Task: Maya's Spending Plan
- ☐ Challenge 1-C: My Spending Plan (Performance Assessment)
- ☐ Calculators, Tasks 4 and 5
- ☐ Spending Plan template, Tasks 4 and 5
- ☐ Internet access, Task 4

NOTES:

Approximate time: 45 minutes (minimum) – 90 minutes (with extension activities)

Lesson 1-4: Spending Plan

LEARNING TASKS	TEACHING NOTES	MATERIALS
<p>1. Brainstorm a list of tricks stores use to get you to buy things. Think about your experience <i>before</i> you shop as well as when you <i>go into</i> a store. Be sure to include online shopping experiences!</p>	<p>PROCEDURE TIME ESTIMATE: 5 minutes</p> <p><input type="checkbox"/> Ask students to brainstorm ways they think that businesses use sales and marketing tactics to entice shoppers to buy things. Use these questions to prompt the brainstorming [Slide 2]. (Note: mind mapping works well for this brainstorm activity.)</p> <ul style="list-style-type: none"> ▪ <i>What is in the store window to get you to walk in? What techniques are used to get you into the door?</i> ▪ <i>What is the first thing you see when you walk into the store? Are you ever tempted to buy it?</i> ▪ <i>What do you have to walk past in order to get to the object you want to buy? Did you ever pick up anything on the way?</i> ▪ <i>When standing in line at the register, have you ever picked up anything on display to buy?</i> ▪ <i>When you get your item, do you receive any coupons or flyers that will encourage you to come back? Do they have expiration dates?</i> <p>EXTENSION: For an alternate version, have older students consider a car sales pitch. If they have gone car shopping, what types of things did the salesperson do to increase the company's profits? Encourage students to go to a local car dealer with a low-end car in mind and see what the salesperson does to try to get shoppers to spend more money for a more expensive car.</p>	<p>Module 1 Student Guide</p> <p>Student Learning Plan 1-4</p> <p>SLIDE 2 – Gotcha!</p> <p>ACTIVITY</p> <p>marker board/ Smartboard</p>
<p>2. Life happens! There are so many things that happen to us that we don't plan for. Most times, these accidents cost us money. Estimate what a "repair" might cost for incidents that could involve teens.</p>	<p>PROCEDURE TIME: 10 min.</p> <p><input type="checkbox"/> [Slide 3] Transition into the lesson by previewing the Learning Outcomes in the Student Learning Plan. Point out how planning ahead on how to spend money can help reduce the possibility of overspending or buying something that isn't wanted later.</p> <p><input type="checkbox"/> By the end of this lesson, the students should be able to outline a spending plan that is reasonable for their current situation.</p> <p><input type="checkbox"/> [Slide 4] Transition into the activity by asking students to share any accidents they have encountered in the past 6 to 12 months that resulted in repair or replacement costs.</p> <p><input type="checkbox"/> Arrange for students to work individually or in small teams (2-3 students). Assign each group to conduct a quick online search to estimate the repair or replacement costs for one of the Whoops situations. Post costs for the whole class to see.</p>	<p>STUDENT GUIDE Page 23</p> <p>SLIDES 3 – Preview 4 – Whoops!</p> <p>ACTIVITY</p> <p>Internet access</p>

Lesson 1-4: Spending Plan

LEARNING TASKS	TEACHING NOTES	MATERIALS
	<p>Whoops accident scenarios:</p> <ul style="list-style-type: none"> ▪ Break flat screen TV ▪ Break laptop (hardware) ▪ Download virus on computer ▪ Fender bender (Student's fault, even if not driving or driver. Use "bumper" when searching online for information.) ▪ Flat tire (student's fault, even if not driving) ▪ Fractured/broken bone (sports or home injury) ▪ Lost cellphone ▪ Lost iPod ▪ Run out of gas (Here they have to assume they cannot walk to a gas station or call someone to help them. What would it cost for a truck/auto service company to bring gas to them?) <p>[OPTIONAL: Have students add situations to the list.]</p> <p>Note: To locate information on repair or replacement costs, have them use the phrase, "<i>How much would it cost to fix ...</i> " or "<i>How much would it cost to replace ...</i> " to search for information. For replacement costs, they can also opt to visit the websites of local retail stores that would carry that object to price out a new item. For auto repairs, imagine the item has to be completely replaced and installed professionally.</p> <p><input type="checkbox"/> Debrief by asking students if they would be able to cover the costs with cash on hand at that moment. Lead a discussion about how these types of unexpected costs might impact the ability to meet other spending obligations or derail progress towards a savings goal.</p>	
<p>3. Determine whether or not Michael and Selena have enough income for their monthly expenses and savings goals.</p> <p>Recommend ways to adjust expenses or income.</p>	<p>PROCEDURE TIME: 10 min.</p> <p><input type="checkbox"/> [Slide 5] Introduce spending plans as a way to prepare in advance for planned purchases and to have sufficient funds on hand for unexpected expenses. Introduce the concept that to create a spending plan, a person needs to 1) Identify the expected costs and savings goals, and 2) Figure out how to cover those costs (expenses) with money earned from jobs or received as allowance (income).</p>	<p>STUDENT GUIDE Pages 22-27</p> <p>SLIDES 5 – Spending Plan—Road Map for Success 6 – Can Michael and Selena Cover Expenses?</p>

Lesson 1-4: Spending Plan

LEARNING TASKS	TEACHING NOTES	MATERIALS
	<p><input type="checkbox"/> As an example, show Slide 6 so students can assess whether or not Michael and Selena have enough income to cover what they have responsibility to pay for each month. Point out their estimated income (Student Guide, page 25) and their monthly expenses (page 27).</p> <p>Click 1 on slide: Examine the expense and income amounts and challenge the students to calculate the difference (Student Guide, page 27).</p> <p>Click 2 on slide: Show the difference to check calculations.</p> <p>Lead a discussion or arrange for students to discuss in small groups how Michael and Selena can adjust their expenses (or income) to ensure they cover their monthly obligations and also have money to set aside for their goals. Point out that Selena has set a goal to save \$25 each month and Michael wants to save \$40 each week. (Student Guide, page 16)</p>	
<p>4. Complete Activity 1.7: My Income to list your sources of income. Complete Activity 1.8: My Expenses to classify how you spend your money.</p> <p>Practice creating a personal spending plan. Make sure that the total expenses don't exceed the total income.</p>	<p>PROCEDURE TIME: 20 min.</p> <p><input type="checkbox"/> [Slide 7] Introduce students to the steps to create a spending plan. Preview the steps to create a plan/budget.</p> <p><input type="checkbox"/> [Slide 8] Point out examples of income, including how Michael and Selena receive income (pages 24-25).</p> <p><input type="checkbox"/> Guide students to identify their own sources of income, Activity 1.7: My Income.</p> <p><input type="checkbox"/> [Slide 9] Describe and classify expenses as fixed, variable, and periodic. Provide examples (page 26) and reference the examples from Michael's and Selena's list (page 27).</p> <p><input type="checkbox"/> [Slide 10] Introduce students to the "pay yourself first" (PYF) strategy used to regularly set aside chunks of money to save for bigger financial goals (page 28).</p> <p><input type="checkbox"/> Guide students to complete Activity 1.8: My Expenses. If available, they can use the responses from Activity 1.2: My Disappearing Dollars to classify their expenses.</p>	<p>STUDENT GUIDE Page 24-31</p> <p>SLIDES 7 – Building a Spending Plan 8 – Predict Your Income 9 – Estimate Your Expenses 10 – Pay Yourself First 11 – Make Adjustments 12– Maya's Spending Plan</p> <p>ACTIVITIES 1.7: My Income 1.8: My Expenses Task: Maya's Spending Plan Calculators</p>

Lesson 1-4: Spending Plan

LEARNING TASKS	TEACHING NOTES	MATERIALS
	<p><input type="checkbox"/> Point out Michael's plan (page 30) to illustrate an example of a month spending plan/budget. Display Slide 11 as you suggest ways to adjust a plan so the income is equal to or more than the anticipated expenses.</p> <p><u>Click 1:</u> If expenses exceed income, determine ways to:</p> <ul style="list-style-type: none"> - decrease variable expenses - increase income - delay or decrease unnecessary expense(s) <p><u>Click 2:</u> If income exceeds expenses, this is a good opportunity to:</p> <ul style="list-style-type: none"> - increase the amount set aside for the PYF funds and savings goals - decrease the amount owed <p><input type="checkbox"/> [Slide 12] Display and distribute Maya's Spending Plan task as you preview the task with the students. Have students independently create a spending plan for Maya. Circulate around the room to make sure students put the realistic amounts on a spending plan sheet.</p> <p><input type="checkbox"/> When finished, arrange for the students to work in pairs to compare solutions. Instruct them to reach consensus on how to adjust the total income to match the total expenses. Point out that there is no one way to balance it as long as the income covers the expenses and Maya's spending needs and goals are reflected in the final plan.</p>	
<p>5. Complete Challenge 1-C: My Spending Plan to create your own spending plan for an event, financial goal, or a month of regular expenses.</p>	<p>PROCEDURE In-class or out-of-class assignment</p> <p><input type="checkbox"/> [Slide 13] Facilitate a brief discussion about the potential consequences of not following a spending plan.</p> <p><input type="checkbox"/> [Slide 14] Guide students to use what they have learned to create their own spending plans for a specific event, financial goal, or to cover their currently monthly expenses. Direct students to use information that is realistic for their current situation as they complete Challenge 1-C: My Spending Plan.</p> <p>Note: For those students who don't have regular income, arrange for them to either work from a fictitious situation or arrange to use information for an existing club project. [See Extension Task]</p>	<p>STUDENT GUIDE Pages 24-27, 30-31</p> <p>SLIDES 13 – Without a Spending Plan 14 – Challenge</p> <p>ACTIVITY Challenge 1-C: My Spending Plan</p>

Lesson 1-4: Spending Plan

LEARNING TASKS	TEACHING NOTES	MATERIALS
TAKING IT HOME Complete the Jump\$tart Reality Check.	PROCEDURE In-class or out-of-class assignment <input type="checkbox"/> Challenge students to complete the Jump\$tart Reality Check to draft a household budget/spending plan. Students may need to compare the Jump\$tart site with local data. Housing and cost of living can vary from place to place, as do salaries. You may want to help prepare students by having them research local housing costs and by asking to see the necessary household bills adults in their lives may pay, including: water, electricity, gas, sewage, water, trash, recycling, cable, Internet, landline phone, septic, property taxes, etc. This will help give students a more accurate reading on lifestyle choices they will make and what those might cost them. Resources: <ul style="list-style-type: none"> ▪ www.Jumpstart.org/reality-check.html ▪ The California Career Resource Network has another version of a “Reality Check” (www.californiarealitycheck.com/) 	Internet access
EXTENSION Create a spending plan for a class trip or club project.	PROCEDURE: In-class or out-of-class assignment <input type="checkbox"/> Challenge students to use what they have learned about setting goals and creating spending plans as they plan for a class trip or club project. Provide guidance to get them started as they research the anticipated costs of the trip or project. Then determine the amount of money students need to contribute or fundraise to cover the estimated costs.	

**EXTENSION**

Are you involved with a class or youth group project that involves raising or spending money for a trip or project? Work with the group planners to create a spending plan for a class trip or group project.

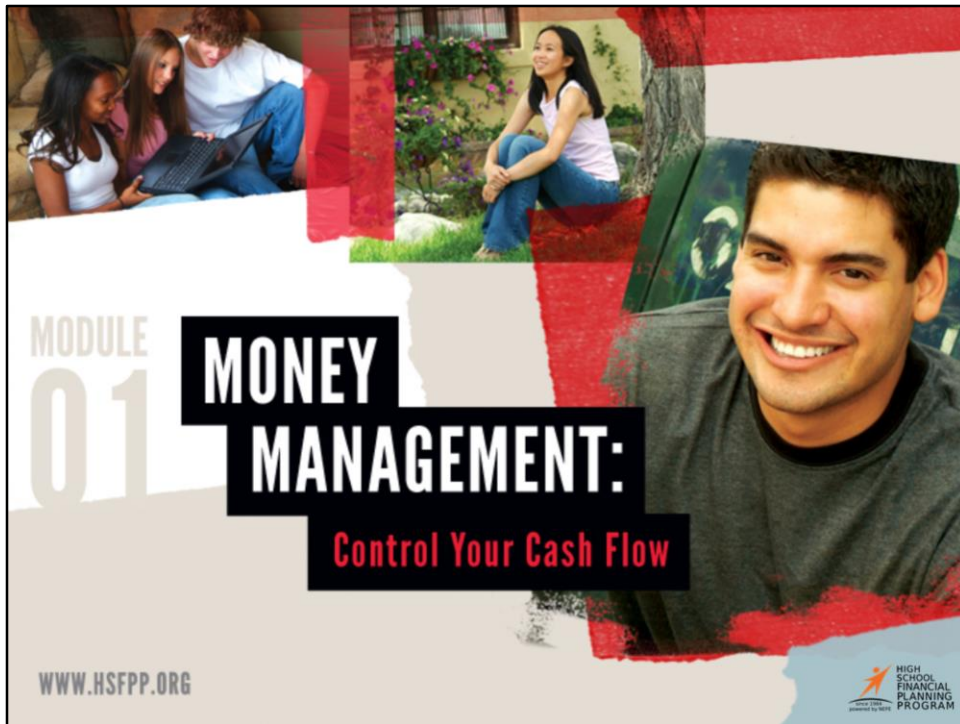
Start out by setting goals, and then estimate the expected expenses for the trip or project. Use the DECIDE model to identify income options to create a realistic spending plan to cover the anticipated expenses.

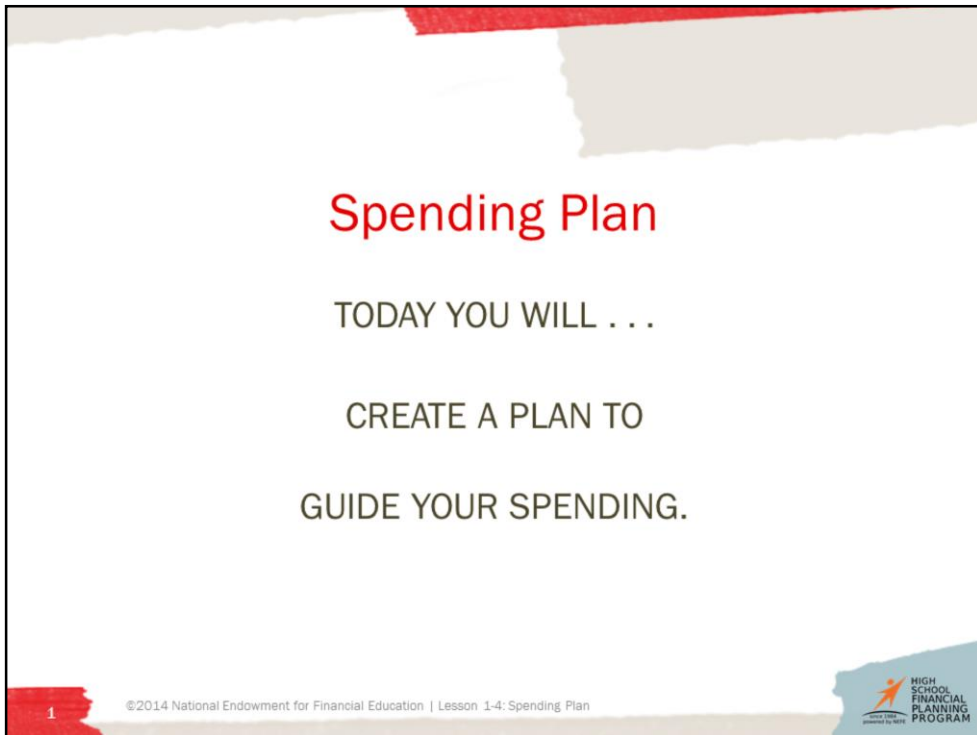
**TAKING IT HOME**

What kind of lifestyle do you expect to have? With an adult, complete the **Jump\$tart Reality Check** to imagine what your budget might be when you live on your own. (www.jumpstart.org/reality-check.html)

The adult can help explain how the different lifestyle choices you make will impact your wallet. That person can also give you a better idea of what items you *need* to have—water, power, trash removal—versus those that are *WANTS*—cable or Internet access. He or she can also let you know what other things can cost, such as medical expenses or a pet.

This short activity will let you know roughly how much you would need to earn an hour to afford your lifestyle choices. It will also give you an idea of how much education you need for a career that will support your desired lifestyle. Talk to the adult about how a job can influence lifestyle choices, as well as how lifestyle choices can impact the job you get.





- ❑ Display this slide as you transition into the lesson.

Gotcha!

- What is in the store window to get you to walk in? What techniques are used to get you into the door?
- What is the first thing you see when you walk into the store? Are you ever tempted to buy it?
- What do you have to walk past in order to get to the object you want to buy? Did you ever pick up anything on the way?
- When standing in line at the register, have you ever picked up anything on display to buy?
- When you get your item, do you receive any coupons or flyers that will encourage you to come back? Do they have expiration dates?

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- Ask students to brainstorm ways they think that businesses use sales and marketing tactics to entice shoppers to buy things. Use these questions to prompt the brainstorming . (Note: mind mapping works well for this brainstorm activity.)
- *What is in the store window to get you to walk in? What techniques are used to get you into the door?*
 - *What is the first thing you see when you walk into the store? Are you ever tempted to buy it?*
 - *What do you have to walk past in order to get to the object you want to buy? Did you ever pick up anything on the way?*
 - *When standing in line at the register, have you ever picked up anything on display to buy?*
 - *When you get your item, do you receive any coupons or flyers that will encourage you to come back? Do they have expiration dates?*

EXTENSION: For an alternate version, have older students consider a car sales pitch. If they have gone car shopping, what types of things did the salesperson do to increase the company's profits? Encourage students to go to a local car dealer with a low-end car in mind and see what the salesperson does to try to get shoppers to spend more money for a more expensive car.

Preview

Today we will answer these questions:

- How can a spending plan help me better manage my spending habits?
- What is a spending plan?
- How do I use a spending plan?

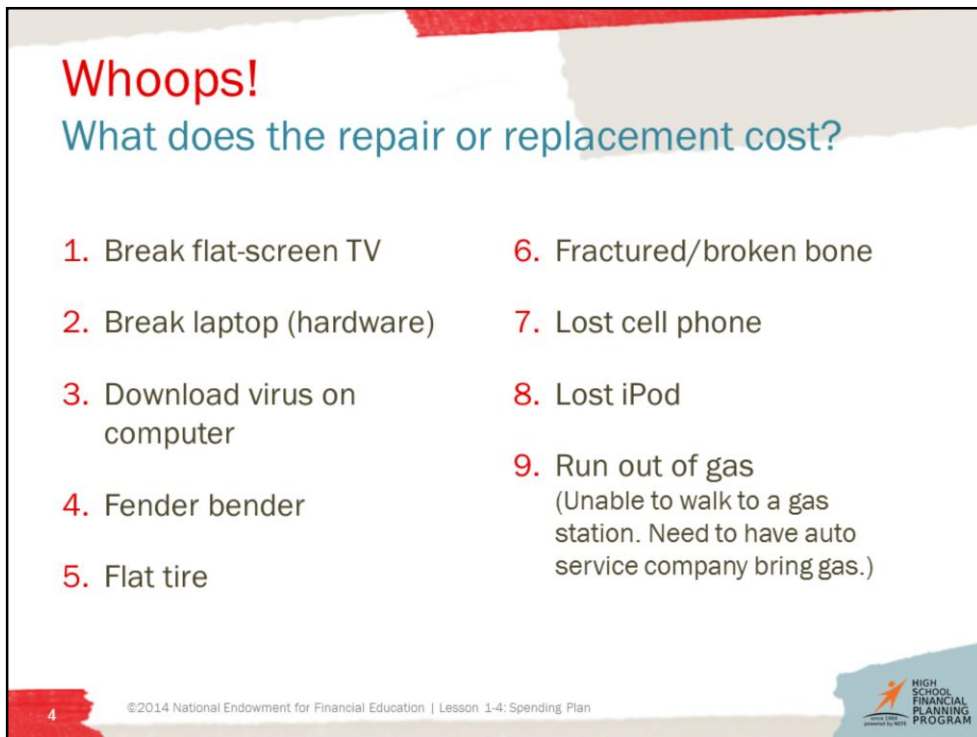
Use what you learn today to
create a spending plan.

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- ❑ Transition into the lesson by previewing the Learning Outcomes in the Student Learning Plan. Point out how planning ahead on how to spend money can help reduce the possibility of overspending or buying something that isn't wanted later.
- ❑ By the end of this lesson, the students should be able to outline a spending plan that is reasonable for their current situation.



Whoops!
What does the repair or replacement cost?

1. Break flat-screen TV
2. Break laptop (hardware)
3. Download virus on computer
4. Fender bender
5. Flat tire
6. Fractured/broken bone
7. Lost cell phone
8. Lost iPod
9. Run out of gas
(Unable to walk to a gas station. Need to have auto service company bring gas.)

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Student Guide, page 23

- ❑ Arrange for students to work individually or in small teams (2-3 students). Assign each group to conduct a quick online search to estimate the repair or replacement costs for one of the Whoops situations. Post costs for the whole class to see. [OPTIONAL: Have students add situations to the list.]

Note: To locate information on repair or replacement costs, have them use the phrase, “How much would it cost to fix...” or “How much would it cost to replace...” to search for information. For replacement costs, they can also opt to visit the websites of local retail stores that would carry that object to price out a new item. For auto repairs, imagine the item has to be completely replaced and installed professionally.

- ❑ Debrief by asking students if they would be able to cover the costs with cash on hand at that moment. Lead a discussion about how these types of unexpected costs might impact the ability to meet other spending obligations or derail progress towards a savings goal.

A presentation slide with a light beige background and a red horizontal stripe at the top. The title "Spending Plan = Road Map for Success" is in red. On the left, a grey box contains a quote by Benjamin Franklin. To the right, a list of five bullet points explains how to establish priorities. The footer includes a red box with the number 5, copyright information, and the High School Financial Planning Program logo.

Spending Plan = Road Map for Success

By failing to prepare, you are preparing to fail.
Benjamin Franklin

Establish priorities; plan in advance to:

- Make progress to achieve goals.
- Avoid “traps” and buyer’s remorse.
- Deal with unexpected costly events.
- Have money on hand when you need it.
- Put you in control of how your money is used.

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Student Guide, pages 22-27

- ❑ Introduce spending plans as a way to prepare in advance for planned purchases and to have sufficient funds on hand for unexpected expenses. Introduce the concept that to create a spending plan, a person needs to 1) Identify the expected costs and savings goals, and 2) Figure out how to cover those costs (expenses) with money earned from jobs or received as allowance (income).

Can Michael and Selena Cover Expenses?

Monthly Expenses	Michael	Selena
Cellphone	\$45	\$0
Car Insurance	\$70	\$0
Food	\$120	\$60
Gas	\$40	\$0
Clothes	\$30	\$60
Entertainment	\$100	\$40
Personal Care	\$5	\$10
Donations	\$0	\$8
Total Expenses	\$410	\$178
Estimated Income	\$544	\$160
Difference	\$134	\$(18)

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Student Guide, pages 16, 25-27

- ❑ Use this slide so students can assess whether or not Michael and Selena have enough income to cover what they have responsibility to pay for each month. Point out their estimated income (Student Guide, page 25) and their monthly expenses (page 27).

Click 1 on slide: Examine the expense and income amounts and challenge the students to calculate the difference (Student Guide, page 27).

Click 2 on slide: Show the difference to check calculations.

- ❑ Lead a discussion or arrange for students to discuss in small groups how Michael and Selena can adjust their expenses (or income) to ensure they cover their monthly obligations and also have money to set aside for their goals. Point out that Selena has set a goal to save \$25 each month and Michael wants to save \$40 each week. (Student Guide, page 16)

Building a Spending Plan

1. What are the goals?
2. How long will the plan be used?
3. How much income is available?
4. What are the anticipated expenses?
5. How does the plan need to be adjusted?

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Student Guide, pages 24-25

- ☐ Introduce students to the steps to create a spending plan. Preview the steps to create a plan/budget.

Predict Your Income

Types of Income:

- Pay
- Allowance
- Interest
- Gift money
- Sales

Tips to Predict:

- Use what is known:
 - Pay
 - Regular allowance
 - Average interest earned
- Be conservative:
 - When estimating, aim lower rather than higher
 - Don't count on windfalls

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Student Guide, pages 24-25

- ☐ Point out examples of income, including how Michael and Selena receive income (pages 24-25).
- ☐ Guide students to identify their own sources of income, **Activity 1.7: My Income**.

Estimate Your Expenses

Classify Expenses:

- **Fixed:** Known, regular payments (Internet fee)
- **Variable:** Known but irregular payments (groceries)
- **Periodic:** Known but occasional payments (school fees)

Tips to Estimate:

- Use averages for variable expenses
- Split periodic expenses into chunks
 - Example: Plan to set aside \$100 a month to pay the annual \$1,200 car insurance premium.

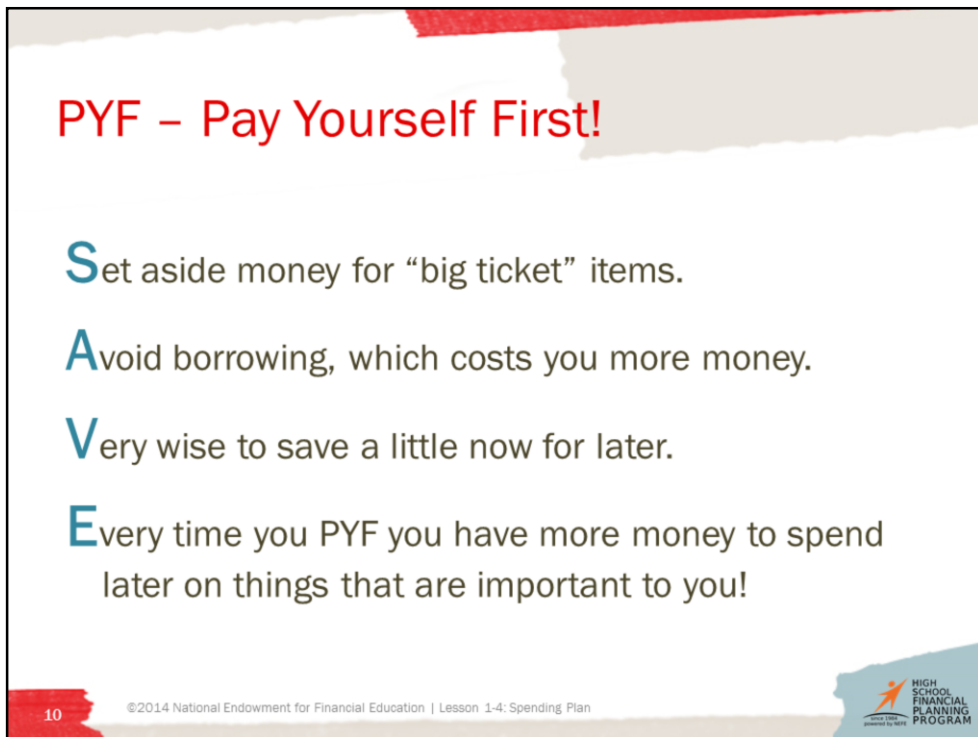
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Student Guide, pages 26-27


- ❑ Describe and classify expenses as fixed, variable, and periodic. Provide examples (page 26) and reference the examples from Michael's and Selena's list (page 27).



PYF – Pay Yourself First!

- S**et aside money for “big ticket” items.
- A**void borrowing, which costs you more money.
- V**ery wise to save a little now for later.
- E**very time you PYF you have more money to spend later on things that are important to you!

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Student Guide, page 28

- ☐ Introduce students to the “pay yourself first” (PYF) strategy used to regularly set aside chunks of money to save for bigger financial goals.
- ☐ Guide students to complete **Activity 1.8: My Expenses**. If available, they can use the responses from Activity 1.2: My Disappearing Dollars to classify their expenses.

Make Adjustments

Ideal Situation: Spend at or below your means

Income > or = Expenses

<u>If Expenses > Income</u>	<u>If Income > Expenses</u>
↓ variable expenses	↑ PYF savings funds
↑ income	↓ any loan obligations
↓ unnecessary expenses	

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Student Guide, page 30

- ☐ Point out Michael's plan (page 30) to illustrate an example of a month spending plan/budget. Display this slide as you suggest ways to adjust a plan so the income is equal to or more than the anticipated expenses.

Click 1: If expenses exceed income, determine ways to:

- decrease variable expenses
- increase income
- delay or decrease unnecessary expense(s)

Click 2: If income exceeds expenses, this is a good opportunity to:

- increase the amount set aside for the PYF funds and savings goals
- decrease the amount owed

Maya's Spending Plan

Scenario


Maya is a senior in high school who works part time. She is expected to pay her car loan and a few other bills. Help her set up a spending plan to cover her expenses and also allow room to save money for a trip and college tuition.

Answer the following as a guide to complete your task:

- What are Maya's goals?
- How much is her income?
- What are her fixed expenses?
- How should her variable expenses be adjusted?

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- ❑ Display and distribute Maya's Spending Plan task as you preview the task with the students. Have students independently create a spending plan for Maya. Circulate around the room to make sure students put the realistic amounts on a spending plan sheet.
- ❑ When finished, arrange for the students to work in pairs to compare solutions. Instruct them to reach consensus on how to adjust the total income to match the total expenses. Point out that there is no one way to balance it as long as the income covers the expenses and Maya's spending needs and goals are reflected in the final plan.

Without a Spending Plan

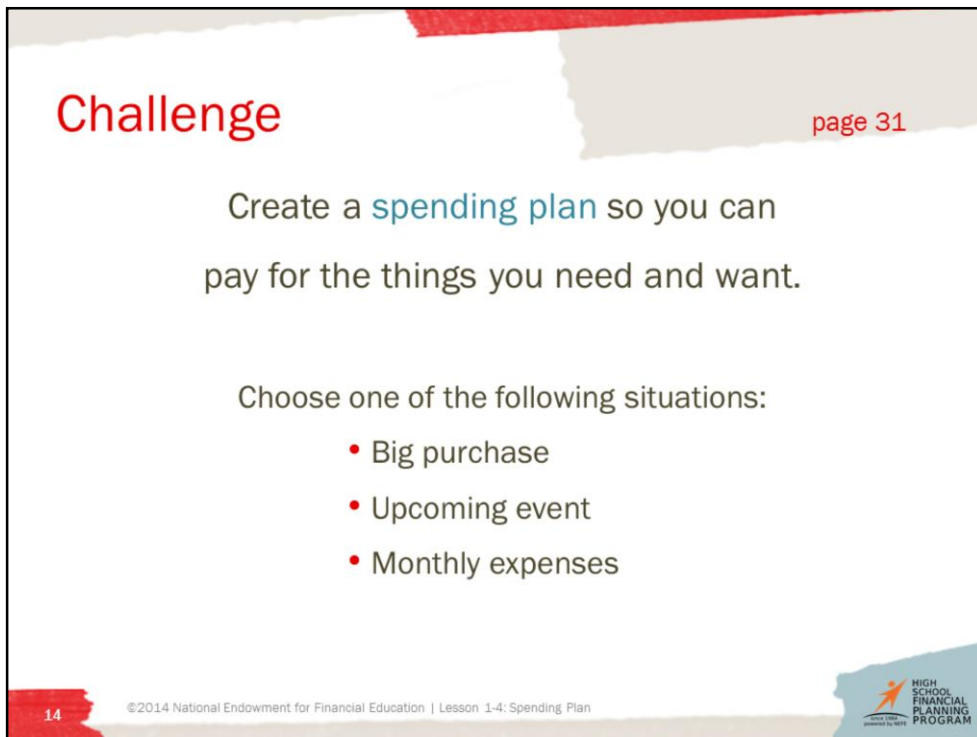
- May come up short on money before the next paycheck or allowance payment
- More likely to not reach long-term spending goals
- Added stress if struggling to keep up with payments
- May need to give up something you planned if money needs to be used for unexpected emergencies
- Give up independence if you need to rely on others for financial help

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- ❑ Facilitate a brief discussion about the potential consequences of not following a spending plan.

A slide titled 'Challenge' in red text. The background is white with a torn paper effect at the top and bottom. The top right corner says 'page 31' in red. The main text is centered and reads: 'Create a spending plan so you can pay for the things you need and want.' Below this, it says 'Choose one of the following situations:' followed by a bulleted list: 'Big purchase', 'Upcoming event', and 'Monthly expenses'. At the bottom left, there is a red box with the number '14'. At the bottom center, it says '©2014 National Endowment for Financial Education | Lesson 1-4: Spending Plan'. At the bottom right, there is a logo for the 'HIGH SCHOOL FINANCIAL PLANNING PROGRAM' with a stylized orange figure.

Student Guide, page 31

- ❑ Guide students to use what they have learned to create their own spending plans for a specific event, financial goal, or to cover their currently monthly expenses. Direct students to use information that is realistic for their current situation as they complete **Challenge 1-C: My Spending Plan**.

Note: For students who don't have regular income, arrange for them to either work from a fictitious situation or arrange to use information for an existing club project or youth program. [See Extension Task]



OVERVIEW

You've analyzed what you've been spending money on and set some SMART goals to strive for. Now, the rubber meets the road and it's time to start making it happen. Your next step is to create the road map that will guide you to your destination: success.

Your map is a spending plan or budget. It should detail exactly how you're going to use your money to pay for the things you want. An effective spending plan not only multiplies your chances of success, it also helps make the journey faster and easier.

In this lesson, you will develop the skills you will need to create an effective spending plan.

LEARNING OUTCOMES

In this lesson you will learn how to create a spending plan. Along the way you will:

- ☒ Discuss how a spending plan can help you manage your spending habits.
- ☒ Describe what a spending plan is.
- ☒ Explain how to use a spending plan.

You will use what you learn to create a plan to guide your spending, particularly for large purchases.

LEARNING TASKS

These tasks match pages 22-31 in Student Guide 1.

__ 1.	Brainstorm a list of tricks stores use to get you to buy things. Think about your experience <i>before</i> you shop as well as when you go <i>into</i> a store. Be sure to include online shopping experiences!
__ 2.	Life happens! There are so many things that happen to us that we don't plan for. Most times, these accidents cost us money. Estimate what a "repair" might cost for incidents that could involve teens.
__ 3.	Determine whether or not Michael and Selena have enough income for their monthly expenses and savings goals. Recommend ways to adjust expenses or income.
__ 4.	Complete Activity 1.7: My Income to list your sources of income. Complete Activity 1.8: My Expenses to classify how you spend your money. Practice creating a spending plan. Make sure that the total expenses don't exceed the total income.
__ 5.	Complete Challenge 1-C: My Spending Plan to create your own spending plan for an event, financial goal, or a month of regular expenses.



EXTENSION

Are you involved with a class or youth group project that involves raising or spending money for a trip or project? Create a spending plan for a class trip or group project.

Start out by setting goals, and then estimate the expected expenses for the trip or project. Use the DECIDE model to identify income options so you can create a realistic spending plan to cover the anticipated expenses.



TAKING IT HOME

What kind of lifestyle do you expect to have in ten years? With an adult, complete the **Jump\$tart Reality Check** to imagine what your budget might be when you live on your own. (www.jumpstart.org/reality-check.html)

The adult can help explain how the different lifestyle choices you make will impact your wallet. That person can also give you a better idea of what items you *need* to have and also let you know what things can cost, such as medical expenses or a pet.

This short activity will let you know roughly how much you would need to earn an hour to afford your lifestyle choices. It will also give you an idea of a career that will support your desired lifestyle. Talk to the adult about how a job can influence lifestyle choices, as well as how lifestyle choices can impact the job you get.

Activity 1.7: My Income

NAME:

DATE:

1. What kinds of income do you normally receive throughout the year?
2. Are there certain times when you seem to earn more money than usual?
3. What are some predictions you can make about your income this year based on what you've earned before?

Activity 1.8: My Expenses

NAME:

DATE:

Directions:

Use your spending log from **Activity 1.2 My Disappearing Dollars** to group your expenses into categories. Calculate what percent of your total spending is used for each category.

<u>Percent</u>	<u>Expense Type</u>
%	
%	
%	
%	
%	
%	
%	
%	
<hr/>	
100%	

Task: Maya's Spending Plan

NAME:

DATE:

Scenario:

Maya is a senior in high school. She earns \$8 an hour working approximately 25 hours a week at the local grocery store. An estimated 30 percent of her pay is deducted for taxes. Maya also earns approximately \$15 each month in interest on savings.

Maya still owes money on her used car (\$235 a month), but she doesn't pay rent because she lives with her parents. She is responsible for the following expenses every month: cellphone (\$35–\$45), gas (\$40–\$60), and auto insurance (\$50). Maya likes to play video games and listen to music, so she frequently buys games and music. Maya typically buys her own clothes and electronic gadgets, but she also receives gifts from her family for special occasions.

One of Maya's short-term goals is to take a trip to visit her grandparents right after graduation. She expects this to cost \$1,000, and she has already saved \$500. A long-term goal is to attend college over the next four to five years at the local state school. She plans to pay part of the tuition with scholarship money and from her savings. So far she has set aside \$7,000 for her college fund.

Directions:

Create a monthly spending plan for Maya using the information provided. Use this Spending Plan worksheet to build the plan. (Option: Download the spreadsheet file from www.hsfpp.org to easily adjust the income and expense amounts.)

Task: Maya's Spending Plan

Step 1: List Maya's anticipated monthly income sources and amounts. Calculate the total income she expects to receive in a month.

Maya's Monthly Income:	Amounts
Maya's Total Income:	

Step 2: Add expense categories and insert predicted amounts for each category. Remember to include "pay yourself first" amounts to build up Maya's trip fund and college fund. Calculate the predicted total amount needed to cover expenses and savings goals.

Maya's Monthly Expenses and PYF:	Amounts
Maya's Total Expenses:	

Step 3: Compare the total income to total expenses. Make adjustments to the expense amounts to ensure that Maya can cover the expenses with the income she expects each month.

Total Income:	
Total Expenses:	
Difference:	

Task: Maya's Spending Plan

NAME: **KEY**

DATE:

Scenario:

Maya is a senior in high school. She earns \$8 an hour working approximately 25 hours a week at the local grocery store. An estimated 30 percent of her pay is deducted for taxes. Maya also earns approximately \$15 each month in interest on savings.

Maya still owes money on her used car (\$235 a month), but she doesn't pay rent because she lives with her parents. She is responsible for the following expenses every month: cell phone (\$35–\$45), gas (\$40–\$60), and auto insurance (\$50). Maya likes to play video games and listen to music, so she frequently buys games and music. Maya typically buys her own clothes and electronic gadgets, but she also receives gifts from her family for special occasions.

One of Maya's short-term goals is to take a trip to visit her grandparents right after graduation. She expects this to cost \$1,000, and she has already saved \$500. A long-term goal is to attend college over the next four to five years at the local state school. She plans to pay part of the tuition with scholarship money and from her savings. So far she has set aside \$7,000 for her college fund.

Directions:

Create a monthly spending plan for Maya using the information provided. Use this Spending Plan worksheet to build the plan. (Option: Download the spreadsheet file from www.hsfpp.org to easily adjust the income and expense amounts.)

Task: Maya's Spending Plan

Step 1: List Maya's anticipated monthly income sources and amounts. Calculate the total income she expects to receive in a month.

Maya's Monthly Income:	Amounts
Paycheck (\$25 x 8 hours x 4 weeks) minus 30% taxes	\$560
Savings interest	\$ 15
Maya's Total Income:	\$575

*The marked expenses indicate where responses will vary based on the limited details provided in the scenario. Regardless of the specific expense amounts assigned to each category, the Total Expenses should equal the Total Income (\$575).

Step 2: Add expense categories and insert predicted amounts for each category. Remember to include "pay yourself first" amounts to build up Maya's trip fund and college fund. Calculate the predicted total amount needed to cover expenses and savings goals.

Maya's Monthly Expenses and PYF:	Amounts
*PYF – Trip Fund	\$ 40
*PYF – College Fund	\$ 70
Car loan (fixed)	\$235
Auto insurance (fixed)	\$ 50
*Gas	\$ 50
*Cellphone	\$ 40
*Clothing	\$ 40
*Games/Movies/Electronics	\$ 30
*Gifts	\$ 20
Maya's Total Expenses:	\$575

Step 3: Compare the total income to total expenses. Make adjustments to the expense amounts to ensure that Maya can cover the expenses with the income she expects each month.

Total Income:	\$575
Total Expenses:	\$575
Difference:	\$ 0

Challenge 1-C: My Spending Plan

NAME:

DATE:

For this challenge task, create a spending plan to guide your spending for the next several weeks or the next month, or create a plan for a specific large purchase. Add this plan to your personal financial planning portfolio to use as a model whenever your future circumstances change.

Directions:

Do you have to pay for a major purchase, save money for an upcoming event such as a class trip, or take responsibility for regular expenses every month? Apply what you have learned about spending plans as you complete this challenge to plan for your spending responsibility.

- ☐ 1. Preview the criteria listed in the Scoring Guide to plan for your assessment.
- ☐ 2. Review your financial goals and spending log.
- ☐ 3. Write up a spending plan so you can pay for the things or events you need and want. Use the form below or create your own spreadsheet.
- ☐ 4. Self-assess your work using the Scoring Guide. Optional: Ask a classmate or family member to peer assess your work using the Scoring Guide to evaluate your work.

Purpose of My Spending Plan:

My Income:	Amounts
My Total Income:	\$

My Expenses:	Amounts
My Total Expenses:	\$

Challenge 1-C: My Spending Plan

NAME: _____

DATE: _____

Required Criteria		Status
Content		
1.	In one sentence you state what you want to achieve as a result of the spending plan.	acceptable not acceptable
2.	Outcome involves a specific situation such as a major purchase goal or a specific time period (month or semester).	acceptable not acceptable
3.	You justify how the spending plan is relevant to existing circumstances and values (or a mock situation).	acceptable not acceptable
4.	Income amounts can be expected and do <u>NOT</u> include “chance” income.	acceptable not acceptable
5.	Each income category is labeled to identify the source or type.	acceptable not acceptable
6.	Each expense category is labeled to identify the type.	acceptable not acceptable
7.	Spending Plan contains a Pay Yourself First (PYF) element.	acceptable not acceptable
8.	Evidence is provided to verify the anticipated expense amounts.	acceptable not acceptable
9.	Total expenses do NOT exceed total income.	acceptable not acceptable
10.	You state how the Spending Plan can be adjusted after the Plan is deployed if total <u>expenses</u> turn out to be more than anticipated.	acceptable not acceptable
11.	You state how the Spending Plan can be adjusted after the Plan is deployed if actual <u>income</u> turns out to be more than anticipated.	acceptable not acceptable
General		
12.	Spending Plan includes a label with title and date range.	acceptable not acceptable
13.	Documentation is neat and easy to read.	acceptable not acceptable
14.	Calculations are accurate.	acceptable not acceptable

Feedback: _____

Score: _____ / _____