

# Budgeting

One class meeting (2 hours)

## Lesson at a Glance

### SUMMARY

Money issues are a leading cause of family stress. Many parents with limited incomes and financial resources find it difficult to “make ends meet” while providing their families with a good quality of life. They know they must provide for life’s essentials—food, clothing, and shelter—but they also want to be able to afford some of life’s pleasures. In this lesson, students will discuss and explore strategies for saving money and creating a household budget, including using coupons, packing a lunch, paying cash, and listing expenses. Students will also draft an individual budget, calculate the pros and cons of using rent-to-own, and write about themselves as money managers.

### GOAL

To manage personal finances effectively

### LEARNER OUTCOMES

- Students will be able to identify and explain verbally and in writing at least three strategies for saving money.
- Students will be able to identify and explain verbally and in writing five key steps in creating a budget.
- Students will be able to set up the math operations and do the calculations necessary to compare the costs of renting-to-own versus saving for a large purchase.

### MATERIALS

#### VIDEO:

**Lifelines: Family Budget: Episode 10: Length 4:53, start time 7:26**

**Question Man: Rent-to-Own: Episode 16: Length 3:52, start time 1:24**

#### PRINT:

**How To: Make A Household Budget: Issue 10, pages 4 and 5**

**Learn About: Rent-to-Own: Issue 16, page 3**

### ACTIVITIES

- View two TV411 video segments
- Complete two TV411 workbook sections
- Review 18 vocabulary words
- Freewrite about money management
- Discuss strategies for cutting costs and for making a budget
- Discuss the feasibility of a money-saving strategy to the class
- Develop an individual draft budget
- Discuss strategies for making large purchases
- Calculate the cost of renting-to-own versus saving to buy
- Write about being a money manger

## Step by Step

### 1. INTRODUCING THE CONTENT

#### Pre-Viewing Activities

##### Focused Freewrite:

Students freewrite for 5 minutes on the issue of money and money management.

##### Possible prompts:

- What are some of your earliest memories about money?
- What are some of the things your family taught you about money?
- Do any of you use a budget?
- Use familiar sayings about money to elicit response, if applicable:
  - “Time is money”
  - “A penny saved is a penny earned”
  - “Waste not, want not”
  - “Penny wise, pound foolish”
  - “Save for a rainy day”
  - “The best things in life are free”
  - “Money can’t buy love/happiness”

### VOCABULARY REVIEW

(listed as they appear in the video)

credit  
 establishing  
 debt  
 consumer  
 budget  
 advocacy (Advocacy is the “Buzzword” for this Episode)  
 income  
 determine  
 creditors  
 expenses  
 minimum  
 ledger  
 utility  
 vehicle  
 eliminate

### 2. MODELING THE STRATEGY

#### View Video

Lifelines: Family Budget:  
 Episode 10: Length 4:53,  
 start time 7:26



A young couple with credit card debt visits a credit counselor. They learn how to create a budget and learn cost-saving measures that help them stay within their budget, such as: using coupons, packing a lunch, cutting up their credit cards, and reducing extra expenses.

“We want to be able to get our debts paid off, have extra money, and get some savings going.”

## Budgeting



## Step by Step (cont.)

## 3. MINING THE STRATEGY

## Post-Viewing Activities

## Discuss

- What are some of the strategies and tips they gave in the video for saving money and/or creating a budget? List responses on the board.

## Possible responses:

- Use coupons
- Write a shopping list
- Pack your lunch
- Always pay cash
- Don't use credit cards
- Don't keep credit cards in your purse or wallet
- Do you want to add any strategies of your own that aren't on this list?

**“We cut and trimmed and looked at different areas where we could save.”**

## 4. EXTENDING AND PRACTICING THE STRATEGY

## Discuss

Divide class into four groups. Each group discusses one of the quotes from the video listed below. Each group presents to the class.

- Do you agree with these statements?
- Is this something you do/follow already?
- Is this something you would like to do?
- Are there reasons why this would not be possible for you or other people to do?

*“Well, when I grew up in Sweden, I was kind of raised that if you don't have the cash to pay for it, you can't afford it.”*

*“For a successful budget to work, I think it's important to know how much you owe and how much you spend and to see it on paper.”*

*“Set up a place that is kind of like Bill Central. You should have everything—all your checkbooks and bank stuff in one spot.”*

*“If you have to have a credit card for booking things and stuff, you shouldn't have it in your wallet or in your purse, because if you have it with you, you will spend.”*



## Step by Step (cont.)

### Workbook Activities

Working in small groups, students read and complete as much as possible of pages 4 and 5 Issue 10, *How To: Make a Household Budget*.

**Note:** You may want to enlarge the blank budget forms on these pages to make them easier for the students to use. Also, you may choose to have students work individually due to the sensitive and private nature of the information concerned—income and expenses.

Students read about how to create a budget, how to use their monthly expenses to calculate their annual expenses, and how to deduct expenses from income to determine extra money for savings. As they read, students are guided through the process with examples from a model budget. Students fill in a blank budget form, calculate how to save for a goal, and list the expenses they could cut from their budget in order to reach a goal.

“I  
can see why  
people  
rent-to-own,  
because they  
get it  
right away”

## 5. INTRODUCING THE CONTENT

### Pre-Viewing Activities

#### Discuss

After completing the workbook activities on saving for a goal, students discuss their strategies for making major purchases such as a TV, washing machine, or stereo. List responses on the board.

- What do you do when you need to buy something big?

**Possible responses:**

- Live without it
  - Save at home
  - Save in a bank
  - Borrow money from a friend or employer
  - Get an advance at work
  - Use a credit card
  - Rent-to-own
- Do you always use the same method?
  - When might you use one method over another?
  - What are the advantages and disadvantages of each method?



## Step by Step (cont.)

6. MODELING  
THE STRATEGY

View Video

Question Man:

Rent-to-Own:

Episode 16: Length 3:52,  
start time 1:24

When confronted with what seems like a great rent-to-own deal on a washing machine, Question Man uses addition and subtraction to figure out whether it's better to rent or buy.

VOCABULARY  
REVIEW(listed as they appear in the  
video)

deluxe

schlepping

state of the art

## 7. MINING THE STRATEGY

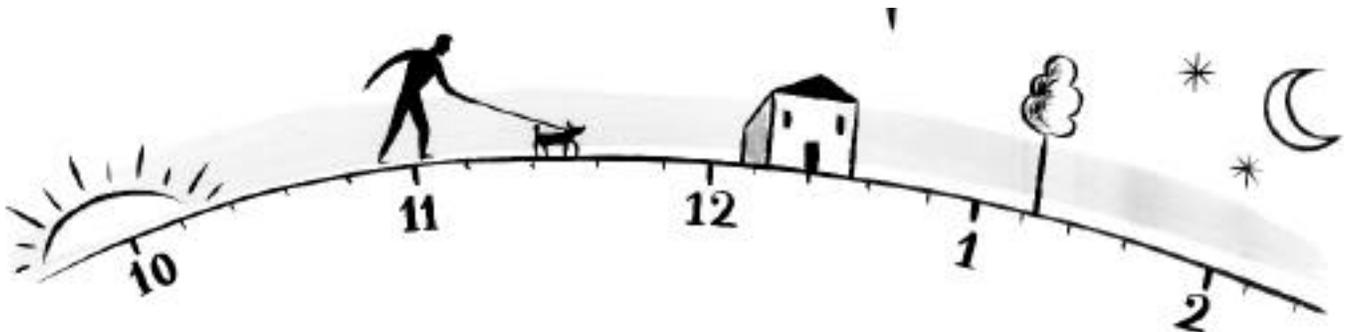
## Post-Viewing Activity

## Focused Freewrite

Students freewrite for 5 minutes on the issue of renting-to-own.

## Possible prompts

- Have you ever used rent-to-own?
- If so, how did it work for you? Were you happy with it? Was it a good deal? Was it a bad deal?
- What are some of the reasons the video gives that someone would want to use rent-to-own?
- What are some of the reasons the video gives for not using rent-to-own?



## Step by Step (cont.)

## 8. EXTENDING AND PRACTICING THE STRATEGY

## Workbook Activities

Working in small groups, students read and complete page 3 in Issue 16, *Learn About: Rent-to-Own*.

Using an advertisement for a rent-to-own TV, students are guided through the calculations necessary to figure out if it is a good deal. They use the weekly payment to figure out how much they would pay in total for the TV and compare this amount to the price of the TV if they bought it outright. Students also read about the strategy of saving up for the TV. Using another advertisement for a rent-to-own washing machine, students do the calculations and comparisons necessary to figure out whether renting to own or buying is the better deal.

## Focused Freewrite

Students freewrite for 5 minutes on the following to pics/questions:

- What is your money style or personality? Are you a cash or credit spender? A saver? A lender? A borrower?
- In what ways can you make your management of money more efficient?
- Would keeping a budget work for you?

## PORTFOLIO

Students save their completed workbook pages, freewriting, presentation notes, and lists of strategies in their portfolios.

## HOMEWORK

Using actual bills, students complete and/or revise the budget started in the workbook pages.

## RELATED VIDEO AND PRINT

## Budgeting

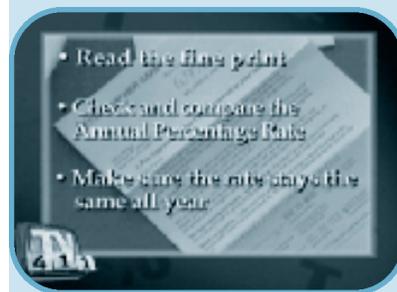
## VIDEO:

Street Beat: Saving Money: Episode 10: Length 00:30, start time 12:48

## Credit Cards

## VIDEO:

America's Smartest Moves: Credit Cards: Episode 10: Length 3:41, start time 15:17



Pop Quiz: Question: "What is the average balance Americans carry on their credit cards?": Episode 16: Length 00:26, start time 5:16



Pop Quiz: Answer: "What is the average balance Americans carry on their credit cards?": Episode 16: Length 1:22, start time 17:33