



MOUNTAIN MONEY ADVENTURES

Teen Camp

Ages
13-19

Teens and Budgeting

{ <http://youth.macu.com> }

Mountain America Credit Union knows that it's never too early to start learning critical money management skills. That's why we've put this information together for teachers and educators to use. *Educating today's youth for a better tomorrow.*



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Teens and Budgeting



Unit Concept: Students will understand that having a written financial plan (a budget) is a necessary part of responsible money management. The lessons included will give teenage learners a way to connect budgeting to their personal wants and needs. Students will practice both planning a budget and making trade-offs based on wants and needs.

These lessons are designed to compliment your state standards and are based on recommended Standards from the National Council of Teachers of Mathematics:

Content Standards:

Numbers and Operations: Students will be able to perform computations in different ways. Students should be able to explain their method, understand that many methods exist and see the usefulness of methods that are efficient, accurate and general.

Data Analysis and Probability: Students will learn to formulate questions and collect, organize and display relevant data.

Process Standards: Students will see mathematical connections in the rich interplay among mathematical topics, in contexts that relate mathematics to other subjects and in their own interests and experience.

And from the National Council on Economic Education's National Standards:

Standard 1: Scarcity: Students will learn that productive resources are limited. Therefore, people can't have all the goods and services they want; as a result, they must choose some things and give up others.

Lesson Objectives: Students will practice making choices based on limited funds. The students will learn how to read, interpret and create a personal budget worksheet that includes income and expenses.

Brain Warmers:

1. Describe two wants and two needs in your life.
2. Tell about something you'd really like to have but can't currently afford to buy.
3. What power would a written plan for spending your money give you?
4. Think about something you would really like to have. Now explain how you could go about saving and earning money for that item.

Main Points:

- Personal budgeting is a powerful financial tool because it:
 - o Allows you to know how you spend your funds.
 - o Helps you save for large purchases and emergencies.
 - o Is flexible enough to change with your needs.
- Budgets are based on your income and expenses over a set period of time.
- Expenses include:
 - o Fixed expenses that are the same from month to month. (Rent, car payment, etc.)
 - o Flexible expenses change monthly. (Groceries, medical bills, fuel, etc.)
 - o Discretionary spending is what you spend for items you don't need, but want. (Entertainment, buying CDs, a latte, etc.)

Teacher Tips

Begin both lessons by reading the Budget Register/Chart with students. Answer any questions. Have students complete the handout individually or in groups. Discuss the results together.

Lesson #1: My Monthly Budget: Students will use the attached handout to practice making budget entries and calculations.

Lesson #2: On Your Own: Students will create a household budget based on a fictional job.

Student Handout 1

Lesson #1: My Monthly Budget

Name _____

Pretend that this is your budget for the month. Notice how entries have been added and totaled each time. Use the information to answer the questions below.

My Monthly Budget

A Register

Description	Income (+)	Expenses (-)	\$\$\$ Available
Birthday gifts	50		50

B Register

Description	Income (+)	Expenses (-)	\$\$\$ Available
Birthday gifts	50		50
Job	125		175

C Register

Description	Income (+)	Expenses (-)	\$\$\$ Available
Birthday gifts	50		50
Job	100		150
Movie w/friends		16	134

D Register

Description	Income (+)	Expenses (-)	\$\$\$ Available
Birthday gifts	50		50
Job	100		150
Movie w/friends			

Student Handout 2

Lesson #1: My Monthly Budget

Name _____

1. Add the following items to C Register: Pay for baby-sitting \$25, savings fund \$20 and saving for a car \$25. What is your available balance?

2. What is your total income each month?

3. What are your total expenses each month?

4. You really want to buy a car. You need to save another \$500 to meet your goal. How long will it take with your current budget?

5. What is the shortest amount of time in which you could purchase a car if you put all the remaining monthly funds towards that savings?

6. Make these adjustments in Register D:

You spend twice the amount on movies out.

You double your car savings.

You bought new clothes at \$45 for a school event.

Don't forget to bring down any other items from Register C.

What is your current available balance?

Teacher Reference 1

Lesson #1: My Monthly Budget

A Register

Description	Income (+)	Expenses (-)	\$\$\$ Available
Birthday gifts	50		50

B Register

Description	Income (+)	Expenses (-)	\$\$\$ Available
Birthday gifts	50		50
Job	125		175

C Register

Description	Income (+)	Expenses (-)	\$\$\$ Available
Birthday gifts	50		50
Job	100		150
Movie w/friends		16	134
Babysitting	25		159
Savings		20	139
Save for a car		25	114

D Register

Description	Income (+)	Expenses (-)	\$\$\$ Available
Birthday gifts	50		50
Job	100		150
Movie w/friends		32	118
Save for a car		50	68
New Clothes		45	23
Babysitting	25		48

Teacher Reference 2

Lesson #1: My Monthly Budget

Name _____

1. Add the following items to C Register: Pay for baby-sitting \$25; Savings fund \$20, Saving for a car \$25. What is your available balance?

\$114

2. What is your total income each month?

\$175

3. What are your total expenses each month?

\$61 (175-114)

4. You really want to buy a car. You need to save another \$500 to meet your goal. How long will it take with your current budget?

20 months. $\$500/25=20$.

5. What is the shortest amount of time in which you could purchase a car if you put all the remaining monthly funds towards that savings?

3 ½ months. $114+25= 139/\text{mo. } 500/139=3.59$

6. Make these adjustments in Register D:

You spend twice the amount on movies out.

You double your car savings.

You buy new clothes at \$45 for a school event.

Don't forget to bring down any other items from Register C.

What is your current available balance? **\$48**

Student Handout 3

Lesson #2: On Your Own

Name _____

Congratulations! You’ve just moved out of your parent’s house and have your first full-time job. It’s starter pay, but has excellent potential.

You make about \$20,000 a year. After taxes you have \$1,100 each month that you need to divide among your various expenses. Complete the chart and use the information to answer the questions below.

(To calculate percentages multiply the total amount by the decimal-based percent. For instance, to calculate the housing amount you would multiply 1100 x .30 to get \$330.)

On Your Own - My Monthly Budget

Expenses	Percentage	Amount (\$)
Monthly Income		\$1100
Housing	30%	
Food	20%	
Transportation	12%	
Medical	12%	
Clothing	10%	
Savings Fund	10%	
Fun Stuff	4%	
Emergency Funds	2%	

1) Double check your calculations by adding the amounts you calculated- don’t add the monthly income. If your calculations are correct, this will add up to your total monthly income.

2) You rent an apartment with two roommates. The total rent is \$900/month. You decide to add the remaining money allocated for rent to your emergency funds. Good thing! Your new-to-you car gets a flat and you have to buy a new tire that costs \$80. How many months of emergency saving would it take you to save for the tire without the added funds from the housing budget?

With the added funds?

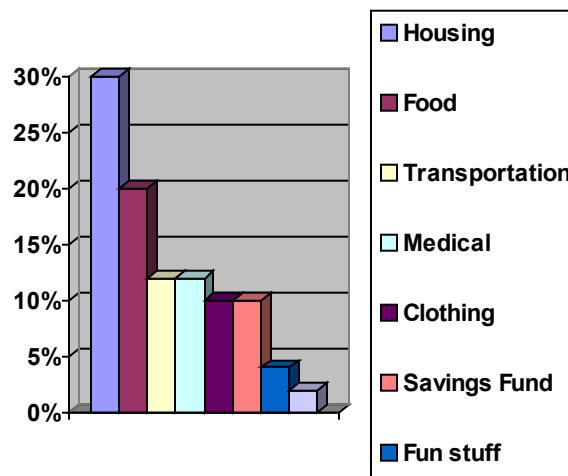
Student Handout 3

Lesson #2: On Your Own

3) You decide to take a summer break trip with one of your roommates. You will use your fun stuff funds to save for the trip. How much money can you save in 3 months?

4) Oy! Not nearly enough. You calculate that you need at least \$200 to go on the trip 3 months from now. Create a plan that will allow you to save the money.

5) Blustering blisters! You get a bit too much sun on vacation. (Mom told you to use sunscreen!) You have to cover the \$75 medical bill. Does the amount in your medical portion of the budget cover your needs? How much money is left, or how short are you?



6) Use the graphic illustration of your budget to answer these questions:

What is the largest part of your budget spent on? What percentage?

Is more money spent on Clothing or Medical? Can you tell how much?

How does the graph give you information that the chart doesn't?

Lesson 2: On Your Own

Name _____

Congratulations! You’ve just moved out of your parent’s house and have your first full-time job. It’s starter pay, but has excellent potential.

You make about \$20,000 a year. After taxes you have \$1,100 each month that you need to divide among your various expenses. Complete the chart and use the information to answer the questions below.

(To calculate percentages multiply the total amount by the decimal-based percent. For instance, to calculate the housing amount you would multiply 1100 x .30 to get \$330.)

On Your Own - My Monthly Budget

Expenses	Percentage	Amount (\$)
Monthly Income		\$1100
Housing	30%	330
Food	20%	220
Transportation	12%	132
Medical	12%	132
Clothing	10%	110
Savings Fund	10%	110
Fun Stuff	4%	44
Emergency Funds	2%	22
		1100

1) Double check your calculations by adding the amounts you calculated- don’t add the monthly income. If your calculations are correct this will add up to your total monthly income. **\$1100**

2) You rent an apartment with two roommates. The total rent is \$900/month. You decide to add the remaining money allocated for rent your emergency funds. Good thing! Your new-to-you car gets a flat and you have to buy a new tire that costs \$80.

How many months of emergency saving would it take you to save for the tire without the added funds from the housing budget? **about 3 1/2 months. 80/22= 3.6**

With the added funds? 2 months **22+30=52 80/52=1.5**

Teacher Reference 3

Lesson 2: On Your Own

3) You decide to take a summer break trip with one of your roommates. You will use your fun stuff funds to save for the trip. How much money can you save in 3 months?

\$132 (44 x 3)

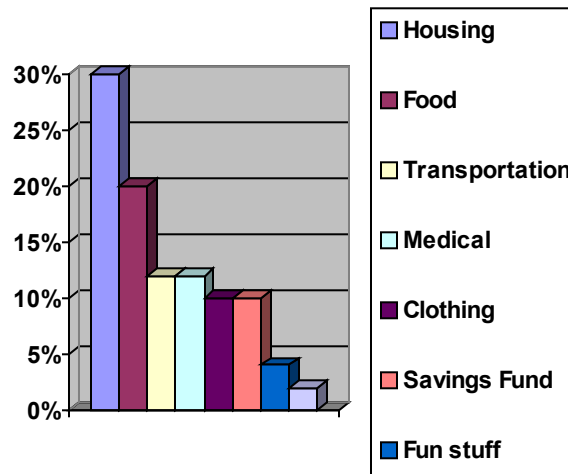
4) Oy! Not nearly enough. You calculate that you need at least \$200 to go on the trip 3 months from now. Create a plan that will allow to save the money.

30 from excess rent + 44= 74/mo. 74 x 3 = 222

Other options exist.

5) Blustering blisters! You get a bit too much sun on vacation. (Mom told you to use sunscreen!) You have to cover the \$75 medical bill. Does the amount in your medical portion of the budget cover your needs? How much money is left, or how short are you?

Yes. 132 - 75 = \$57 left over



6) Use the graphic illustration of your budget to answer these questions:

What is the largest part of your budget spent on? **Housing** What percentage? **30%**

Is more money spent on Clothing or Medical? **Medical** Can you tell now much? **Not from the graph, you can only estimate.**

How does the graph give you information that the chart doesn't? **A quick visual understanding of where the money is spent.**