|  |
| --- |
| About this Lesson |
| In this lesson, students will identify and review their expenses and income and learn to create  a budget. |

|  |  |  |  |
| --- | --- | --- | --- |
| **Grade Level** | **Course(s)/subject(s)** | **Learning Goal(s)** | **Suggested**  **Timing** |
| 9–12 | BBI1O/BBI2O – Introduction to Business  HIF1O/2O – Exploring Family Studies  HIP4O – Personal Life Management  CIE 3M – The Individual and the Economy | At the end of this lesson, students will:   * know, understand and/or can distinguish between needs and wants * create a personal budget | 75 minutes |

|  |
| --- |
| Curriculum Links |
| Business Studies, grades 9 and 10 (2006) Introduction to Business (BBI1O/BBI2O)  Finance   * demonstrate financial-planning skills and produce a business or personal financial plan   Personal Life Management (HIP4O)  Daily living skills  C1.4: Analyze the relationship between effective decision-making and personal well-being.  C2.1: Explain factors that affect the use of money as a resource.  C2.2: Demonstrate the use of effective money management strategies.  C2.3: Explain the reasons for setting aside a portion of income as savings.  C2.4: Demonstrate the use of strategies for effectively managing finances and planning next steps. |

|  |
| --- |
| Curriculum Links (cont’d.) |
| Social Sciences and Humanities, grades 9 to 12 (2013)  Exploring Family Studies (HIF1O/2O)  Daily living skills  C2.3: Describe and demonstrate financial strategies and the financial literacy skills necessary to manage financial resources to meet personal and family financial goals.  Canadian and World Studies, Grades 11 and 12 (2015)  The Individual and the Economy (CIE3M)  Fundamentals of Economics  B4: Financial Planning: demonstrate an understanding of key considerations related to personal financial planning, and use economic data to analyze the costs and benefits of personal financial decisions |

|  |
| --- |
| Inquiry Question |
| *According to a FCAC’s 2014 Canadian Financial Capability Survey, less than half (45%) of Canadians have household budgets, according to FCAC’s 2014 Canadian Financial Capability Survey. Yet among those who do have a budget, 93% stay within it most of the time. So, since budgeting seems to aid in your financial health, why don’t most Canadians do a budget?*    **Big Idea**  Doing a budget is simply telling your money where to go. It does take time and does require you to track where you spent and compare it to your “plan.” |

|  |
| --- |
| Materials List |
| * Living Expenses (Appendix A) * Know Your Cash Flow (Appendix B) * Know Your Cash Flow – Worksheet (Appendix C) * Optional: computer lab |

| **Timing**  (Mins.) | **Lesson Sequence** | **Assessment for and as Learning Opportunities** (self/peer/teacher) |
| --- | --- | --- |
| MINDS ON | | |
| 5 minutes | WHOLE CLASS   * Start with the context for learning question. * Have students brainstorm possible reasons.   Teacher Note: Possible reasons (context for learning question)   * too difficult/complicated * too much effort/too lazy * don’t know how * numbers scare me * shopping makes me happy – sticking to budget does not |  |
| 10 minutes | Think-pair-share: brainstorming   * Distribute Appendix A. * In pairs, students brainstorm with their partners, what living expenses/costs a person would likely have at each of the different life stages (baby, child/teenager, young adult, middle age, senior). * Generate a master list (chart paper or electronic) for reference. |  |

| **Timing**  (Mins.) | **Lesson Sequence** | **Assessment for and as Learning Opportunities** (self/peer/teacher) |
| --- | --- | --- |
| MINDS ON (cont’d.) | | |
| 10–15 minutes (depending on video usage) | Whole class: discussion   * Examine each of the living costs, and identify which costs are needs and which costs are wants. * Which costs change per month and which do not change? * Watch the following video: https://www.canada.ca/en/financial-consumer-agency/services/financial-basics/financial-basics-videos/financial-basics-video-budgeting.html * Review the key points from the video. * Explore the concept of fixed and variable costs:   + Fixed costs remain at the same amount regardless of use.   + Variable costs change according to the amount used.   + Irregular or periodic expenses, that don’t occur every month, and include things such as tuition, travel, car repairs, gifts, and other unexpected costs. Every good budget should include these expenses.   + Which cost is easier to reduce? Why?     - Variable costs are easier to reduce since the amount spent can change. |  |
|  | Context for Learning  Use the following or create/tell a story about the need to create a personal budget or one for a club, team etc. and why it was required.  ------  According to FCAC’s 2014 Canadian Financial Capability Survey (see inquiry question) a large majority of young people (80%) are not confident in their financial knowledge and that most people (60%) do not know how much they will need to maintain their desired standard of living in retirement. The question is with so much information available to people, why is this a problem? |  |

| **Timing**  (Mins.) | **Lesson Sequence** | **Assessment for and as Learning Opportunities** (self/peer/teacher) |
| --- | --- | --- |
| ACTION | | |
|  | WHOLE CLASS  Teacher Prompt  Creating a budget requires you do four simple steps:   1. List all your income (inflow of money) for the month. 2. List all your expenses (outflow of money) for the month. 3. Subtract your expense from income (should equal zero). 4. Track what you spend (expense) over the month. |  |
| 20 minutes | * Distribute Appendix B and as a class either complete the budget on the sheet provided Appendix C or by using a computer and a budget online program or spreadsheet. * Emphasize the concept of a zero-based budget:   + The purpose of such a budget is to account for all inflow and outflow of money.   + You are trying to account for every dollar and allocate where it goes.   Teacher Note: Looking Closer  Magnifying glassNot all expenses have been included in the case study and students should be encouraged to determine how much should be budgeted for other expenses such as entertainment and gifts.  Teacher Prompt:  We have examined the steps in budgeting – let’s review what they are:   1. List all your income (inflow of money) for the month. 2. List all your expenses (outflow of money) for the month. 3. Subtract your expense from income (should equal zero). 4. Track what you spend (expense) over the month. |  |

| **Timing**  (Mins.) | **Lesson Sequence** | **Assessment for and as Learning Opportunities** (self/peer/teacher) |
| --- | --- | --- |
| ACTION (cont’d.) | | |
|  | However, we have not looked at the last step.  Teacher Note:  If time allows you may wish to show this video or use a review the next period.  <https://www.youtube.com/watch?v=7EheCbT1iU4> |  |
| 20 minutes | * Using the same template, online calculator or spreadsheet software, have students develop and complete their budgets for life after graduating from a post-secondary program. * Budget should be created and available for assessment for the next class. | Assessment FOR Learning: Observation  Assessment FOR Learning: Class Discussion |
| CONSOLIDATION/DEBRIEF | | | |
| 10 minutes | | WHOLE CLASS  Review:   * concept of budgeting * how and why you should budget (possible outcomes if a person does not follow a budget and if they do)   Exit Card  If you were to share a key insight from today’s lesson with a friend, what would you say? Write or illustrate what you’d share  Digging Deeper  The concept of paying yourself first sounds easy but it can be very difficult in reality. Think about ways you could save and/or reduce costs. |  |

|  |
| --- |
| Living Expenses |
| Brainstorm and list the type of living expenses for each case study.   |  |  | | --- | --- | | Case study #1: High school student  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Case study #2: Post-secondary student  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |

**APPENDIX A**

|  |
| --- |
| Know Your Cash Flow |
| Students today are bombarded with credit card offers and incentives. Applying for the card is easy. Paying off the monthly statement is more difficult for many. Sales, advertisements and peer pressure also can cause you to spend more money than you have. One way to ensure that you spend only what you have is to know your cash flow – a map of your monthly inflow (income) and outflow (expenses) of cash.  Case Study: Leaving High School  Sara is a London student who has accepted admission in nursing at Western University. She wants to experience university life and is exploring the cost to stay in residence her first year. She does not have a car but instead will be using the bus pass issued by the university to come home and do laundry. Sara works part-time throughout the year and makes about $725 a month after taxes. Sara has been hired to work as a camp counsellor in the summer and will make $3,000 after taxes. She has applied for various scholarships worth $3,000 but has not received any confirmation if she has been successful. She has applied for OSAP and will receive $7,000 for the school year. Her parents have agreed to give her $8,000 a year towards her education.  Sara’s tuition for her program is $6,528 and her student fees are $1,539. She estimates her books will cost approximately $1,800. Sara has been accepted in residence and has a single room, and her residence fees and meal plan will cost $12,995 ($7,660 + $2695). Her only other current expense is her cellphone, which she pays $85.  She is not sure how much entertainment, clothing, gifts and trips will cost or how much she will have available to spend on them.  Create a first-year budget for Sara using the following template. |

**APPENDIX B**

|  |
| --- |
| Budget Worksheet |
| Cash Flow Template   |  |  |  | | --- | --- | --- | | Income | Month |  | | Net employment income |  |  | | Family Support |  |  | | Cash gifts/allowance |  |  | | Investments (interest) |  |  | | Other |  |  | | Total net income |  | $ - |  |  |  |  | | --- | --- | --- | | Expenses | Month |  | | *Education* |  |  | | Tuition (plus student fees) |  |  | | Books |  |  | | Housing (rent, mortgage) |  |  | | Utilities (Hydro, water, cable) |  |  | | Phone (land and/or cell) |  |  | | Food (groceries, eating out) |  |  | | Personal care |  |  | | Clothing |  |  | | *Transportation* |  |  | | Public Transportation |  |  | | Car Expenses (gas, oil, repair) |  |  | | Insurance (Life, Auto, Home/Apt.) |  |  | | *Recreation* |  |  | | Entertainment |  |  | | Hobbies |  |  | | Vacation |  |  | | Savings plan |  |  | | Debt repayment |  |  | | Total expenses |  | $ | |  |  |  | | Month-end cash balance |  | $0.00 | |

**APPENDIX C**