



Financial Literacy Education Student Handouts



Lesson 2: Managing Your Money

Warm-Up

Why do we need to keep track of and manage our money?

Learning Targets

I can:

- Explain why financial planning is important and how it can help me reach my goals.
- Identify different types of income, expenses, and savings.
- Distinguish between wants, needs, and obligations when creating a budget.

Glossary

Budget: A plan that details money you expect to earn or receive and how you will spend or save it.

Cash flow: The amount of money you have coming in as income minus the money going out to pay for expenses.

Earned (active) income: Money you earn from working for yourself or others.

Expenses: The cost of goods or services.

Fixed expense: An expense that does not change over time.

Income: Money received from jobs, allowances, gifts, interest, dividends, and other sources.

Need: Something you must have to survive, such as food, clothes, and shelter.

Obligation: Something you are required to do by law, rules, or personal responsibility.

Savings: Money set aside from your income to use in the future.

Unearned (passive) income: Money you earn without working.

Variable expense: An expense that varies over time.

Want: Something you would like to have but can live without, such as a skateboard or video game console.

Note Catcher

Main Ideas/Key Information

What are we discussing?

Notes

What did I learn?

Summary/Application

Why does it matter to me?

Budgeting Scenarios

Name:

Directions: With your team, review the following scenario and sample monthly budget. Then, in the *Your Turn!* section, read the budgeting scenario assigned to you by your instructor, and then use the information in your scenario to build a budget using the blank monthly budget form provided. Finally, complete the follow-up tasks and answer the reflection questions that appear on the last page of this handout.

Sample Scenario

Jordan is a 17-year-old high school student who works part-time at a local grocery store, earning \$500 a month. Jordan lives with his parents but wants to save up for college expenses. Jordan's monthly expenses include \$50 for his phone bill, \$160 for gas for his car, \$150 for entertainment, and \$75 for lunches and snacks. Jordan wants to save \$100 each month for college.

Sample Monthly Budget

Monthly Income

Income Source	Amount
Grocery store earnings	\$ 500.00
	\$
	\$
	\$
Total Income	\$ 500.00

Monthly Expenses

Expense Item	Amount
Phone bill	\$ 50.00
Gas	\$ 160.00
Entertainment	\$ 150.00
Lunches and snacks	\$ 75.00
Total Expenses	\$ 435.00

$$\begin{array}{rcl} \$ \underline{500.00} & - \$ \underline{435.00} & = \$ \underline{65.00} \\ \text{Income} & \text{Expenses} & \text{Surplus or shortfall} \end{array}$$

Your Turn!

Scenario 1

Cole is an 18-year-old high school student. He earns \$600 a month from teaching swimming lessons and \$200 a month selling vintage clothing on a fashion marketplace app. Cole lives with his parents but wants to move out into an apartment with two friends after graduation. Cole’s monthly expenses include \$60 for his phone bill, \$200 for gas for his car, \$150 a month for car insurance, and \$250 each month for taekwondo classes. He wants to save \$1,500 over the next six months to contribute to the security deposit and first month’s rent for the apartment.

Scenario 2

Maria is a 16-year-old high school student who earns \$700 a month refereeing youth soccer and lacrosse games. She wants a new smartphone. Her parents will buy it for her but want her to pay them back \$50 a month for a year. To see if she can pay the \$50, she tracked her monthly spending and found that she spends \$300 for gas and insurance on her car, \$65 for her phone bill, \$200 on clothing, and \$150 on gifts for her friends.

Scenario 3

Alex is a 17-year-old high school student. He earns \$500 a month working at a cookie bakery. He had to borrow money from his parents earlier in the year to pay for his car insurance. He wants to avoid borrowing money, so he decides to track his spending to see where his money goes. His tracker showed that this month he spent \$250 on gas and insurance for his car, \$80 on his phone bill, \$150 for lunches and snacks, and \$100 for entertainment.

Scenario 4

Morgan is a 16-year-old high school student who earns \$400 a month babysitting. She wants to save up for a summer trip. Morgan's monthly expenses include \$60 for a phone bill, \$65 for a bus pass, \$100 for entertainment, and \$100 for eating out with friends. Morgan wants to save \$100 each month for the trip.

Monthly Income		Monthly Expenses	
Income Source	Amount	Expense Item	Amount
	\$		\$
	\$		\$
	\$		\$
	\$		\$
Total Income	\$	Total Expenses	\$

\$

–

\$

=

\$

Income

Expenses

Surplus or shortfall

Follow-Up Tasks

1. In the “Expenses” section, mark with an “F” expenses that you think are **fixed expenses** and mark with a “V” expenses that you think are **variable expenses**.
2. In the “Expenses” section, also mark with an “N” expenses that you think are **needs**, mark with a “W” expenses that you think are **wants**, and mark with an “O” expenses that you think are **obligations**.

Scenario Questions

1. What is the financial goal identified in the scenario? Is it a short-, medium-, or long-term goal?

2. Is the cash flow in your budget scenario positive (more money is coming in than going out) or negative (more money is going out than coming in)? How much is the surplus or shortfall?

3. Will the person in your scenario be able to reach their financial goal with their current cash flow? Why or why not?

4. What recommendations would you make to the person in your scenario so that they are more likely to meet their financial goal?

Where Did My Money Go?

Name:

Directions: Use the following tracker to record what you spend money on every day over the next week. When finished, use the tracker to answer the reflection questions below.

Day	Where My Money Went	Amount
Monday		
Tuesday		
Wednesday		
Thursday		
Friday		

Day	Where My Money Went	Amount
Saturday		
Sunday		
Total		

Follow-Up Questions

1. How much money did you spend by the end of the week?

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2. What patterns do you observe in your spending? What wants, needs, and obligations did you spend money on?

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3. Are there any ways you could change your spending to reduce your expenses and build your savings?

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Exit Ticket

One thing I learned about budgeting is:

One example of a want, need, or obligation is:

One way a budget can help someone reach a financial goal is:
