



Financial Literacy Education Student Handouts



Lesson 3: Budgeting for Real Life

Warm-Up

What new expenses do students often face after high school?

Learning Targets

I can:

- Create a realistic monthly budget.
- Adjust a budget when income or expenses change.
- Use an online budget calculator to build and review a budget.

Glossary

Planned expenses: Expenses that you know are coming, such as rent, car payments, or a phone bill.

Resilient budget: A spending and saving plan designed to withstand financial disruptions and unexpected expenses without compromising long-term goals.

Unplanned expenses: Expenses that pop up unexpectedly, like car repairs or emergency medical bills.

Note Catcher

Main Ideas/Key Information

What are we discussing?

Notes

What did I learn?

Summary/Application

Why does it matter to me?

Common Monthly Budget Categories

Budget Category	Type	Description
Income	Employment income	Your monthly take-home pay (the amount you receive after taxes and benefit contributions). Include your spouse or partner's pay if making a family budget.
	Other income	Any additional sources of income (such as investment income, government benefits, child support, etc.).
Savings	Emergency fund	It is generally recommended to have three to six months of living expenses saved for unplanned emergencies.
	Targeted savings	Monthly savings amount towards one or more short, medium, or long-term purchases, such as a new car, a house down payment, a wedding, a vacation, or future college tuition.
Investing Expenses	Retirement	Monthly contributions to retirement accounts. If enrolled in a retirement account through your employer, don't include any amounts deducted from your paycheck.
	Investing	Monthly contribution(s) to investment accounts over and above retirement accounts.
Living Expenses	Housing	Your monthly payment for rent, dorm room, or mortgage (and associated costs such as renter's or homeowners' insurance, property taxes, home repairs, etc.).
	Utilities	Monthly bills for things like water, electricity, gas, garbage, etc.
	TV/Internet/Phone	Monthly bills for things like your cell phone, internet access, and streaming services.
	Groceries	Monthly spending to stock your apartment, dorm, or home with food and drink.
Personal/Family Expenses	Giving	Monthly contributions for charitable giving.
	Childcare	Monthly bills for day care, babysitters, etc.
	Pet care	Monthly spending for pet food, grooming, veterinarian care, etc.

Budget Category	Type	Description
Transportation Expenses	Car payment(s)	Monthly bills for auto loans.
	Fuel	Monthly spending on fuel for gas-powered vehicles.
	Car maintenance	Monthly spending for maintenance and repairs to your car or other motor vehicle.
	Auto insurance	Your monthly premium to insure your motor vehicle.
Health & Wellness Expenses	Health insurance	Your monthly premium. If you are enrolled in a healthcare plan through your employer or school, only include your share of the monthly premium.
	Fitness/beauty	Monthly spending for things like the gym, salon, massages, yoga, and spa services.
	Medical care	Monthly spending on doctor's visits, copays, prescriptions, etc.
	Toiletries	Monthly spending on toiletries and personal health items.
Fun Expenses	Dining/going out	Spending for going out to dinner, the movies, sports games, etc.
	Clothes	Monthly spending for new clothes.
	Shopping	Spending for shopping and buying things just for fun.
	Travel	Spending for small trips and travel.
	Gifts	Monthly spending for buying friends and family birthday, holiday, shower, and other gifts.
Debt Expenses	Credit cards	Monthly target to pay down credit card debt you are carrying from month to month.
	Student loans	Your monthly student loan bills, if you are currently in repayment.
Other Expenses	Life/disability insurance	Your monthly life and disability coverage (do not include if it is already deducted from your paycheck).

Budget Curveballs

Name:

Directions:

1. Read the scenario assigned to your group (see below).
2. Record the monthly income and expenses in the “Original Amount” column of the **Monthly Budget Form** below.
3. Enter the income and expenses into the online budget calculator provided by your teacher.
4. Listen to your teacher or instructor for a series of three budget “curveballs” (unexpected changes to your budget).
5. Update your budget in the calculator after each curveball.
6. Discuss with your group how to adjust your income, expenses, or savings.
7. Record your updated budget amounts in the appropriate “Curveball” column in the **Monthly Budget Form**.
8. When directed by your teacher or instructor, complete the reflection questions at the end of the handout.

Scenario 1: Roommates, Work, and a Car

You just graduated and landed a retail job making \$1,500 a month after taxes. You and two friends rent an apartment—your share is \$600 per month. Your other expenses:

- Car payment: \$250 a month
- Car insurance: \$120 a month
- Groceries: \$230 a month
- Cell phone: \$50 a month
- Utilities: \$80 a month
- Savings/emergency fund: \$150 a month
- Streaming subscription: \$20 a month

Scenario 2: Living at Home, Saving for College

You make \$800 a month working part-time and live at home while saving for college. Your monthly expenses:

- Train and bus pass: \$50 a month
- Helping with household groceries: \$150 a month
- Cell phone: \$50 a month
- Occasional eating out: \$100 a month
- Health insurance: \$100 a month
- Personal spending: \$100 a month
- Savings for school: \$250 a month

Scenario 3: Dorm Life and a Used Car

You have a \$1,250 a month allowance (from work and family). You live in a dorm that costs \$700 a month and includes utilities and food. Your other expenses:

- Car insurance: \$90 a month
- Gas: \$70 a month
- Cell phone: \$35 a month
- Emergency fund: \$70 a month
- Social events: \$60 a month
- Personal spending: \$75 a month
- Savings for school: \$150 a month

Monthly Budget Form

Budget Category	Type	Original Amount	Curveball 1	Curveball 2	Curveball 3
Income	Employment and other income	\$	\$	\$	\$
Expenses	Housing/rent	\$	\$	\$	\$
	Utilities	\$	\$	\$	\$
	Transportation	\$	\$	\$	\$
	Insurance	\$	\$	\$	\$
	Groceries/food	\$	\$	\$	\$
	Personal spending/other	\$	\$	\$	\$
	Savings/emergency fund	\$	\$	\$	\$
	Other:	\$	\$	\$	\$
	Other:	\$	\$	\$	\$
Total Expenses		\$	\$	\$	\$
Surplus/Deficit	Income – Total Expenses =	\$	\$	\$	\$

Reflection Questions

1. How did your group approach changing your income and expenses when presented with each “curveball?”

2. What did you learn about preparing for unexpected expenses?

Exit Ticket

One thing I need to include in a monthly budget is:

If my income or expenses change, I can adjust my budget by:

One way an online budget calculator can help me is:
