



Financial Literacy Education Lesson Plan



Lesson 2: Managing Your Money

55 minutes¹

Domains

- Budgeting, Spending and Money Management
- Personal Income, Taxes and Services

Oregon High School Personal Financial Education Content Standards²

- **HS.PFE.C.1:** Describe budgeting strategies for savings goals, emergency funds, fixed expenses and variable expenses.
- **HS.PFE.D.1:** Define and identify examples of common types of income.

Essential Question

- What strategies can I use to manage my income, expenses, and savings?

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.

Supplies

1. Projector
2. Presentation slides (Note: Speaker notes are provided in the lesson plan and in the accompanying PowerPoint slides.)
3. Student handouts
4. A large writing surface such as chart paper and markers, whiteboard, or chalkboard

¹ This lesson is designed for approximately 55 minutes, but timing may vary based on student discussion, reflection, and engagement. Feel free to adjust the pacing or extend activities as needed.

² The Oregon High School Personal Financial Education Content Standards are located at:
https://www.oregon.gov/ode/students-and-family/OregonDiploma/Documents/FINAL%20PFE%20Standards_AdoptedAccessible.pdf

Preparation

1. Make copies of student handouts.
2. Set up projector with presentation slides.

Overview

Many teenagers and young adults start earning and spending their own money. This lesson highlights the importance of managing money wisely. It covers how to use a budget to keep track of income, expenses, and savings, helping to ensure they can afford their needs, wants, and obligations.

Instructions

Activity 1: Warm-Up

5 minutes

1. Display the **Title slide (Slide 1)** and distribute the handout packets to students, if you have not already.
2. Display the **Warm-up slide (Slide 2)** and point students to the copy of the prompt on the slide (*Why do we need to keep track of and manage our money?*) that is provided on the first page of their handouts.
3. Invite students to take a moment to write down their responses to the prompt in the space provided in their handouts. Tell them there are no right or wrong answers—they should simply write whatever comes to mind.
4. Invite students to share their ideas with a partner.
5. Invite a handful of volunteers to share their ideas with the whole class and write down what they share on the writing surface.
6. Display the **Poor planning slide (Slide 3)** and discuss its contents with students. Ask students why they think financially successful athletes could run out of money. Suggestions you can offer include:
 - Pro athletes often have a very short career. They must manage what they earn to last them through a long retirement.
 - Young athletes often do not have a lot of financial knowledge to manage the large amounts of money they earn.
 - Many athletes who earn a lot of money also spend a lot of money. When they stop earning money, they may have bills to pay or want to keep living a luxurious lifestyle they can no longer afford.
7. Remind students of their work identifying financial goals in **Lesson 1, Money and Me**. Explain that financial planning can help them achieve their short-term and long-term financial goals, whether that is saving for a car or to help pay for college or career training. It can also help them avoid making the types of financial mistakes they learned professional athletes can make.

8. Display the **Learning targets slide (Slide 4)** and point students to the copy of the learning targets provided on the first page of their handouts. Review the learning targets with them.
9. Point students to the copy of the lesson glossary provided on the first page of their handouts and review the terms with them.
10. Point students to the **Note Catcher handout** and invite them to use it to take notes during the lesson.

Activity 2: Presentation

20 minutes

1. Display the **Presentation slide (Slide 5)**.
2. Display the **What is a budget? slide (Slide 6)** and review the information on the slide with students. Note that a budget is a common financial planning tool used by many people to make decisions about their money. Review with students the definitions of *income*, *expenses*, and *savings*.
3. Display the **Earned (active) income slide (Slide 7)** and review with students the definition and examples.
4. Display the **Unearned (passive) income slide (Slide 8)** and review with students the definition and examples.
5. Display the **Fixed expense slide (Slide 9)** and review with students the definition and examples.
6. Display the **Variable expense slide (Slide 10)** and review with students the definition and examples.
7. Ask students to share three examples of ways teenagers earn money and three examples of expenses that teenagers may have. Record their responses on the writing surface.
8. As a class, review each example and have students determine the appropriate category. Ask students to classify income examples as either earned or unearned income and expense examples as either fixed or variable expenses. Mark each example with the appropriate label as students identify the correct classification.
9. Display the **Savings timeline slide (Slide 11)** and review with students the examples of saving for short-, medium-, and long-term goals. Emphasize the importance of an emergency or “rainy day” fund in a healthy financial plan to provide protection from life’s uncertainties.
10. Display the **Wants, needs, and obligations slide (Slide 12)** and review with students the definitions. Ask students to consider how these categories influence spending decisions and financial priorities.
11. Facilitate a brief discussion connecting the two concepts of savings timelines and wants, needs, and obligations. Explain that budgeting involves making choices about how to use limited financial resources. People often budget so they can meet their obligations and needs while also setting aside money for emergency savings and future goals.

12. Ask students to share examples of savings goals they might have and identify which expenses they would prioritize reducing to achieve that goal.
13. Display the **Want, need, or obligation? slide (Slide 13)**. Review each item on the slide one at a time and ask students to quickly decide whether it represents a want, need, or obligation. Have students indicate their responses with a show of hands.
14. Display the **Want, need, or obligation? (Answers) slide (Slide 14)**. Review the suggested answers with students and compare them to the class responses. Facilitate a brief discussion of any items that generated differing opinions, emphasizing that some spending decisions may depend on a person's circumstances. Reinforce that understanding the difference between wants, needs, and obligations can help people make informed budgeting decisions and prioritize their spending.
15. Display the **Cash flow slide (Slide 15)** and review the definition of *cash flow* with students. Explain that cash flow refers to the money coming in (income) compared to the money going out (expenses). Emphasize that understanding cash flow helps people make informed decisions about spending, saving, and budgeting.
16. Display the **Budgeting steps slide (Slide 16)**. Review the budgeting steps with students and briefly summarize the key concepts covered in the lesson, including income, expenses, savings, and wants, needs, and obligations. Explain that successful budgeting involves balancing these components to make informed financial decisions and work toward financial goals.
17. Highlight the “50-30-20 budget” as one example of how people may choose to allocate their money among needs, wants, and savings. Remind students that this approach may not work for everyone and that individuals should develop a budgeting strategy that fits their own financial situation and priorities.
18. Reinforce that a successful budget is one that helps people meet their needs, save for future goals, and manage their money responsibly. Encourage students to think about how they might apply these concepts when making financial decisions in their own lives.
19. (Optional) Provide students with a short break. The **Break slide (Slide 17)** is provided if you choose to give students a break at this point or later in the lesson.

Activity 3: Application Activity

15 minutes

1. Display the **Application Activity slide (Slide 18)**.
2. Divide the class into small groups.
3. Display the **Activity instructions slide (Slide 19)** and point students to the **Budgeting Scenarios handout**. Review the activity instructions as a class. Students will analyze a budgeting scenario, use the information provided to create a monthly budget, calculate cash flow, and determine whether the cash flow is positive or negative. They will then answer follow-up questions to identify the types of expenses in the scenario, determine whether the individual is likely to achieve their financial goal, classify the goal as short-, medium-, or long-term, and provide recommendations for adjusting income or expenses to help achieve the goal.
4. To model the activity and help students get started, review the sample scenario and monthly budget for Jordan as a whole class. Guide students through identifying sources of income and expenses, calculating total income and total expenses, and determining whether the budget results in a surplus or shortfall.
5. Assign each student group one scenario in the “Your Turn!” section of the handout and invite them to begin the activity.
6. Circulate among the groups as they work to answer questions and make sure they are staying on task.
7. When it looks like groups have completed their work, get their attention and move on to the activity debrief.

Activity 4: Activity Debrief

12 minutes

1. Display the **Debrief slide (Slide 20)**.
2. Using the **Budgeting scenarios answer key slides (Slides 21-24)**, have student groups compare their work with the suggested answers provided on the slides. Invite groups to share and discuss their responses with the class. If students have questions about or disagree with any of the suggested answers, encourage them to explain their reasoning and support their conclusions with evidence from their scenario. Acknowledge that some of the suggested answers are nuanced. For example, certain expenses may reasonably be classified as either needs or wants depending on the individual's circumstances, and some financial goals may be considered either short- or medium-term.
3. Have each group briefly share its recommendations for adjusting the budget in their scenario to meet the financial goal. Help students recognize that reaching financial goals often requires increasing income, reducing expenses, using savings, or a combination of these strategies. Highlight any groups that make this connection and reinforce that adjusting income, spending, and savings are common ways to achieve financial goals.

Activity 5: Wrap-Up

3 minutes

1. Display the **Wrap-Up slide (Slide 25)**.
2. Display the **Exit ticket slide (Slide 26)** and point students to the copy of the prompts on the slide that is provided on the last page of their handout packets. Invite students to write their responses to the prompts in their handouts in the spaces provided.
3. Display the **Thank you! slide (Slide 27)**.
4. Answer any final questions and thank students for their participation.

Extensions

1. Invite students to use the **Where Did My Money Go? handout** to track their spending over the next week and identify trends in their spending habits, as well as opportunities to save money. This activity may be assigned as homework for students to complete outside of class and bring back the following week for review and discussion.
2. Have students find and read online articles about athletes, artists, celebrities, or other public figures who lost significant wealth due to poor financial planning. Ask students to identify the financial mistakes these individuals made and discuss strategies they could use in their own lives to avoid similar mistakes.

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.