



## Financial Literacy – The REAL Cost of Real Life

This lesson plan will teach high school students the basics of budgeting, including understanding how revenue and expenses interact. The context will be budgeting for real life expenses and will yield information that the student will actually be able to use in real life. Students will put together some different budget scenarios of what it REALLY costs to go to be independent, using online resources that they research independently.

**Grade Level:**

Grades 9-12

**Time Allotment:**

75-minute class period

**Subject Matter:**

Math, Finance, Economics

**Learning Objectives**

**Students will be able to:**

- Understand the components of a budget
- Learn financial management
- Learn the nature of opportunity costs
- Understand the importance of self-regulation
- Understand the costs associated with being independent
- Research different expense costs (rent, cellphone, groceries, etc)

**Materials:**

Teachers will need the following supplies:

- Board and/or chart paper
- "Real Life Budget Terms" Teacher Organizer
- Copies of "Data Page" and "Budget Scenarios"

Students will need the following supplies:

- Computers with Internet access (for individuals or groups)
- Notebook or journal
- Pens/pencils
- Calculator
- "Data Page" Student Organizer
- "Budget Scenarios" Student Organizer

### **Introductory Activities:**

1. Introduce the lesson talking about living independently, and if they have any idea how much it costs. Write the amounts the students guess regarding the costs on the board.
2. Then, discuss with students how they plan to pay for expenses. Some possible answers will include parents, job, student loans.
3. Next, ask students if they know anything about keeping a budget, and if they plan to use a budget. Write the budget terms from the " Budget Terms" Teacher Organizer on the board, and discuss the definitions with the students.
4. Provide students with a FOCUS FOR MEDIA INTERACTION, asking them to think about how they might use a budget to help save money, or to manage their expenses once they are independent.
5. Discuss with students different experiences that would affect their costs. For example, having roommates versus living alone, car payments, splitting cellphone plans, budgeting. Write the options on the board.
6. Hand out the "Data Page" Student Organizer.
7. Next, ask students to identify possible revenue streams to pay for expenses. Examples: parents assistance, jobs, and part-time jobs, etc. Ask students to record these options on their Data Page.
8. Then, ask students to identify a list of basic expenses on their Data Page Student organizer. Costs can include items like rent, groceries, cell phone, transportation, and entertainment.
9. Ask students to start to research the costs of being independent using Web sites from the Resources list.

### **Complete Budget Research:**

1. Students continue to research the costs of being independent, and incidental living expenses, using Web sites from the Resources list.
2. Hand out the "Budget Scenario" Student Organizer. Explain to students that they will be completing three different budget scenarios, with a different set of expenses for each. Scenario 1 will be "The Dream" which means students can come up with any type of lifestyle and expenses they would like. Scenario 2 will be "Middle of the Road" which means that the student should try to be careful with spending. Finally, Scenario 3 will be "Frugal" which means that students should attempt to spend as little money as possible.
3. Ask students to fill in the expense side of their "Budget Scenario" Student Organizer.

### **Discuss Budget Outcomes**

1. Ask students to review the expense side of the three budget scenarios they created in the previous class. Then, ask students to add up the expenses in each scenario.
2. Once students know how much revenue is needed, ask them to begin to brainstorm different revenue options. Write the students' ideas on the board.
3. Next, ask students to complete the revenue side of each of their three budget scenarios.
4. As a class, discuss the different scenarios that students came up with. Ask students to explain the least expensive and most expensive, and what were the major contributing costs. Ask students if they think they were able to moderate costs in different ways, and to explain the most effective way they did so.

### **Budget Terms**

**Budget** - A list of all planned expenses and income.

**Revenue or income** - Amount of money that an individual or business earns in a given period.



**Expense or cost** - Something that an individual or a business spends money on in a given period.

**Tuition** - Cost of classes and other forms of instruction when going to college.

**Room and board** - Living quarters and food expenses.

## Data Page Student Organizer

### Income Sources:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

### Expense Categories:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

## Budget Scenario Student Organizer

*Briefly describe each scenario in the "Summary" section, and then fill in the blank cells. Some cells may not be filled in, depending on the scenario.*

### Summary:



Scenario 1-"The Dream" (\$30,000+ per year)

Scenario 2-"Middle of the Road" (\$20,000-30,000 per year)

Scenario 3-"Frugal" (Under \$20,000 per year)

| Annual Data    | Scenario 1 | Scenario 2 | Scenario 3 |
|----------------|------------|------------|------------|
| <b>INCOME:</b> |            |            |            |
| Jobs           |            |            |            |
| Parents        |            |            |            |
| Gifts          |            |            |            |
| Scholarships   |            |            |            |
| Other          |            |            |            |
| <b>TOTAL:</b>  |            |            |            |

| Annual Data               | Scenario 1 | Scenario 2 | Scenario 3 |
|---------------------------|------------|------------|------------|
| <b>EXPENSES:</b>          |            |            |            |
| Rent                      |            |            |            |
| Groceries                 |            |            |            |
| Transportation            |            |            |            |
| Cellphone                 |            |            |            |
| Entertainment             |            |            |            |
| College/Trade school/Etc. |            |            |            |
| Miscellaneous             |            |            |            |
| <b>TOTAL:</b>             |            |            |            |

