

LESSON  
**1**

# Meeting Financial Goals

## OBJECTIVE

Students will:

- learn how to create a simple budget and adjust it, depending on circumstances

## TIME

40 minutes

## MATERIALS

- Pencils and paper for students
- A New Member of the Class! activity sheet

## ADDITIONAL RESOURCES

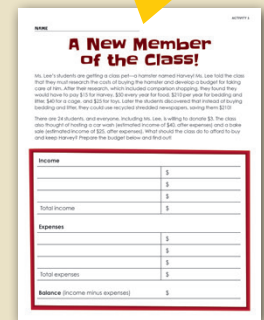
- Earning (section 2) and budgeting lesson, [Elementary Instructor Guide](#)
- Lessons 3, 4, 5, and 7, [Elementary Toolkit](#)

## STANDARDS

- Council for Economic Education: Buying Goods and Services 2
- Jump\$tart Financial Literacy Standards: Financial Decision Making 4a

## DIRECTIONS

- Review **income** and **expense** concepts from the additional resources as needed. Ask students to provide examples of income and expenses for children their age. Examples include allowance and gifts for income; snacks and toys for expenses. Give the class a few minutes to write a list of expenses. Set a timer for one minute to see how quickly they can categorize their lists into **wants** and **needs**.



- Introduce Alex, a typical 10-year-old, who has an allowance and is setting up a budget. Write the following items on the board under the heading "Alex's Weekly Income and Expense Budget":

allowance = \$5.00, squishies (for Alex's awesome collection!) = \$7.50, pay from chores = \$6.00, snacks = \$2.00, music downloads = \$1.50.

- As a class, group the items by income and expense to show that Alex's income of \$11/week equals Alex's expenses of \$11/week:

### INCOME:

Allowance	\$5.00
Chores	\$6.00
<b>Total</b>	<b>\$11.00</b>

### EXPENSES:

Squishies	\$7.50
Snacks	\$2.00
Downloads	\$1.50
<b>Total</b>	<b>\$11.00</b>

- Define a **budget** as a spending plan. If Alex keeps to the budget, income will cover expenses. Point out that Alex's income equals expense, so the budget is **balanced**.
- Ask students if they think Alex has budgeted effectively. If the students don't bring these up, point out the following: Alex is spending all income immediately on wants rather than needs; has no plan for savings (and a good financial plan involves saving for the future); and has made no plans for giving to others.
- Ask what would happen if the price of squishies went up and Alex needed to spend a total of \$9.00 a week on squishies? (Alex's weekly expenses would now be \$1.50 greater than income.) Ask what could be done to balance the budget again. Possibilities include increasing income by asking for a higher allowance, doing more chores to earn more money, buying fewer snacks, squishies, and music downloads to save money, trying to find cheaper squishies, or buying a squishie every other week instead of weekly.
- Hand out the A New Member of the Class! activity sheet and ask students to

*(Lesson continued on next page.)*



## Meeting Financial Goals

complete it individually or in pairs. Go over the answers as a class. (Expenses:  $\$15 + \$50 + \$210 + \$40 + \$25 = \$340$ . Estimated income:  $(\$25 \times 3) + \$40 + \$25 = \$140$ . Answers will vary, but should include replacing bedding with newspaper to save  $\$210$ , and holding multiple fundraisers.

8. Hand out the Best Outing Ever! family activity sheet. Ask students to take home the activity and complete it with their parents. Explain that they'll create a budget to save up for souvenirs or snacks on their next family outing.

### TAKE IT FURTHER

Propose a class project that requires a budget, such as a class garden or party. Ask students to research the expenses involved and suggest ways to find money to cover them. Sources of income might include donations and fundraisers like bake sales.

### ASSESSMENT QUESTIONS

Ask your students to answer the following questions on a separate piece of paper:

1. If you needed to increase your savings to buy something special in the future, would you reduce expenses that are wants or needs first? Explain your thinking.

*Key points:* Wants are things that are nice to have, but are not absolutely necessary. Needs are more important, so it would be more difficult to reduce spending on needs than wants.

2. How does keeping a budget help us meet our financial goals? Explain your thinking.

*Key points:* A budget helps us make sure our income and expenses are in balance and that we have money to save and use to care for others.



# Best Outing Ever!

## Dear Parents,

Your child has been learning about income and expenses and how important budgets are to managing money and spending within their means. Help your child continue growing their budgeting smarts with this fun family activity.

### DIRECTIONS

Together, plan a family outing, such as going to the zoo, a local festival, or an amusement park. Work with your child to decide how much to spend on souvenirs, snacks, and any other nonessential items. Then find ways your child can earn the income, such as saving or doing odd jobs for you, relatives, or neighbors. Don't forget to track the money as they earn it!

**Family Outing:** \_\_\_\_\_

**Date of Outing:** \_\_\_\_\_

Money-Making Ideas (Income)	Amount Earned	
	\$	
	\$	
	\$	
<b>Total earned</b>	\$	

What Your Child Wants to Buy (Expenses)	Cost of Item	Is This a "Want" or a "Need"? What Are Your Reasons for Buying This?
	\$	
	\$	
	\$	
<b>Total cost</b>	\$	

<b>Balance (income minus expenses)</b>	\$
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**Now Try This:** Compare the items you have in your expenses column with two other stores or online. Can you find a better bargain to save money?

Make sure to compare not only prices but also the quality of each item as well as any additional costs, such as delivery or shipping charges.

# ¡La mejor salida del mundo!

## Estimados padres:

Su hijo(a) ha estado aprendiendo acerca de los ingresos y los gastos, y acerca de la importancia de los presupuestos para administrar el dinero y gastarlo dentro de sus posibilidades. Ayuden a su hijo(a) a seguir aumentando sus conocimientos sobre los presupuestos con esta divertida actividad para toda la familia.

### INSTRUCCIONES

Juntos, planifiquen una salida familiar, como por ejemplo, al zoológico, a un festival local o a un parque de diversiones. Conversen con su hijo(a) para decidir cuánto gastar en suvenires, bocadillos y cualquier otro artículo que no sea esencial. Luego, busquen diferentes maneras en las que su hijo(a) pueda obtener los ingresos, tales como ahorrar o hacer trabajos ocasionales para ustedes, parientes o vecinos. ¡No olviden llevar un registro del dinero a medida que lo vaya ganando!

**Salida familiar:** \_\_\_\_\_

**Fecha de la salida:** \_\_\_\_\_

Ideas para generar dinero (ingresos)	Monto ganado	
	\$	
	\$	
	\$	
<b>Total ganado</b>	\$	

Lo que su hijo(a) quiere comprar (gastos)	Costo del artículo	¿Es este un "deseo" o una "necesidad"? ¿Cuáles son los motivos para comprarlo?
	\$	
	\$	
	\$	
<b>Costo total</b>	\$	

<b>Saldo (ingresos menos gastos)</b>	\$
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**Ahora, prueben lo siguiente:** Comparen los artículos que tienen en su columna de gastos con los de otras dos tiendas o Internet. ¿Pueden encontrar una mejor oferta para ahorrar dinero?

Asegúrense de comparar no solo los precios, sino también la calidad de cada artículo y todos los costos adicionales, como cargos de entrega o de envío.