

Teacher Notes



Personal Finance and Budget

Activity 2 Personal Budget

Activity at a Glance

- ◆ **Subject:** Social Studies
- ◆ **Subject Area:** Economics
- ◆ **Category:** Personal Finance
- ◆ **Topic:** Personal Budget
- ◆ **Grade Level:** 8 – 9
- ◆ **Prerequisites:** Students should be familiar with the concepts of unlimited wants and limited resources. Students also should be familiar with the constraints of a budget.
- ◆ **Total Teaching Time:** 45 minutes

Materials

- ◆ **Student Data Sheet:** Personal Budget
- ◆ **Debriefing Guide:** Activity 2
- ◆ TI-83 or TI-83 Plus

Activity Overview

Students will complete Student Data Sheet: **Personal Budget** by using data from Student Data Sheet: **Calculating the Cost of Living – Data Collection** worksheet (completed in Activity 1) and making personal choices. Students must make changes to their budgets if their budget exceeds their income. Students will then reflect on their budgets and the choices that they were forced to make.

Tip

You may want to place students in cooperative groups to encourage students to discuss their choices and come to a consensus. Ensure that all students have their **Calculating the Cost of Living – Data Collection** worksheet (completed in Activity 1).

Directions

Before the Activity Begins

Distribute a copy of the **Personal Budget** worksheet to each student or cooperative group. Remind students to complete the budget in pencil, because they may have to make changes.

During the Activity

Enter the amount of the house payment and press [+]. Enter the car payment and press [+]. Enter \$150 for food and press [+]. Continue this pattern until all of the data has been entered. Record the information on the **Calculating the Cost of Living – Data Collection** worksheet.

Clear the screen (press [2nd] and [MODE]) and enter the income from the first item. Press [=] and enter the total amount from the budget and press [ENTER].

Calculate only one section at a time. Monitor student progress, possibly pairing students who find the calculations too difficult. After everyone has completed the first section, begin the next section of the worksheet.

Circulate around the room to ensure that all students are following the directions on the worksheet. Monitor their progress and answer any questions that may arise.

After the Activity

Lead a class discussion using the **Debriefing Guide for Activity 2** as a guide. Inform students that they will be assessed on the knowledge that they have acquired over the last few days.

Student Data Sheet
Personal Budget

Name: _____

Date: _____

Directions

Develop a personal budget based on one of the three positions and the car you chose on the **Calculating the Cost of Living – Data Collection** worksheet (completed in Activity 1). Attempt to make this budget as realistic as possible. You must enter an amount or circle an amount in each blank and you must make the budget balance. If the budget does not balance, you must make changes until it does. You should complete this worksheet in pencil.

Budget

Income (+)

Position _____ Monthly Net \$ _____

Payments (-)

House Payment	_____
Car Payment	_____
Food	\$150
Clothing	\$50, \$100, \$150
Car Insurance	\$200
Miscellaneous	\$100
Entertainment	\$50, \$100, \$150
Utilities (electric, water, garbage, gas)	\$150
Phone	\$40
Savings	\$50, \$100, \$150, \$200
Gas (for car)	\$50, \$60, \$80, \$100
Cable	\$0, \$20, \$40, \$80
Internet Access	\$0, \$20, \$40

Total of budget

How much extra money do you have left?

Subtract your budget from your income.

Income	\$	_____
Total of budget	\$	_____
Difference (+ or -)	\$	_____

Is your budget less than your income? Yes No

If your budget exceeds your income, re-do your budget.

Debriefing Guide for Activity 2

Name: _____

Date: _____

Be sure to ask the following questions:

- ◆ Which job did you choose? Why?
- ◆ Which interest rate did you choose for your house? Why?
- ◆ How long did you finance your car? Explain your reasoning.
- ◆ Did you have to re-do your budget?
- ◆ What items did you change in order to fit into your budget constraints?
- ◆ Which fixed item would you have eliminated if you could have?