

Personal Budgeting

SUBMITTED BY: Panxin Jiang, University of Pennsylvania

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

In this lesson, students build upon what they have learned about saving and investing, and create their own personal budgets. Additionally, students will make decisions about how they allocate their earnings and take out loans. The class will finish with a discussion of small group findings/decision making.

≡ NBEA STANDARD(S):

- Personal Finance, III. Managing Finances and Budgeting

≡ RELATED ARTICLES:

- [“The Power of Plastic: What to Know about What You Owe”](#)
- [“Killing the ‘Cockroaches’ of Myths about Money”](#)
- [“How an Investment-minded Student Started Financial Literacy for You”](#)
- [“Educator Toolkit: Spending and Budgeting”](#)
- [“Conquering the Negative Bank Balance”](#)
- [“Budgeting Tips to Help You Take Control of Your Money”](#)
- [“Budgeting Basics: Spending Less than You Earn”](#)

Standards:

WGYP:

- Mathematical Foundations
- Number Relationships
- Patterns, Functions, and Algebra
- Problem Solving

Common Core:

- A-SSE.1. Interpret expressions that represent a quantity in terms of its context
- A-CED.1. Create equations and inequalities in one variable and use them to solve problems. *Include equations arising from linear and quadratic functions, and simple rational and exponential functions.* [Add New](#)

Objectives/Purposes: The purpose of this project is for students to think about what they have learned in the past four lessons and apply this knowledge to creating a comprehensive budget and making decisions for individuals with a given salary.

Knowledge@Wharton Article:

- [“Biased Expectations: Can Accounting Tools Lead to, Rather than Prevent, Executive Mistakes?”](#)

Other Resources/Materials:

- Calculators

Warm-up Activity/Group Discussion:

Have students brainstorm about expenses that they might incur in college (e.g. food, transportation, books, tuition, etc.)

Have students create a list of expenses. Then have them prioritize their list from most important to least important.

Have students popcorn read the Knowledge@Wharton article “[Biased Expectations: Can Accounting Tools Lead to, Rather than Prevent, Executive Mistakes?](#),” each reading at least a paragraph. Based on this article and the knowledge gained from the past week, students will take their skills acquired and apply them to their own personal budgets.

Group Activity:

In groups, have students estimate their income and the percentage of their salaries that they spend on the following (Note: it is okay if the students do not pay for some of the items, just have them list that as 0%):

- Housing
- Utilities (Water, Electricity, Trash, Gas, Internet, etc.)
- Food
- Apparel and Services
- Transportation
- Health Care
- Entertainment
- Insurance/Pensions
- Everything Else

In groups, also have students estimate what percentage the average American allocates/spends on each of the categories.

As a whole class, discuss the figures/percentages that the students come up with. Show students the charts on the following website: [How the Average Consumer Spends Their Paycheck](#). See how their figures compare and ask for their reactions.

As a class, have students project their college budgets:

Category	Monthly Budget	Semester Budget	School Year Budget
Income:			
From Jobs			
From Parents			
From Student Loans			
From Scholarships			
From Financial Aid			

Miscellaneous Income			
Income Subtotal			
Expenses:			
Rent/Room & Board			
Utilities			
Telephone			
Groceries			
Transportation			
Insurance			
Entertainment			
Eating Out			
Tuition			
Books			
School Fees			
Computer Expenses			
Miscellaneous Expenses			
Expenses Subtotal			
Net Income: (Income - Expenses)			
Savings:			
Investments:			