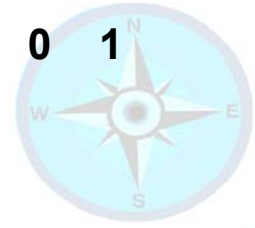


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# N A V I G A T I O N 1 0 1

GRADE: 6

LESSON: 18



THEME: USING MONEY

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## LESSON GOALS:

- Help students understand the concept and value of budgeting money.
- Help students complete a sample budgeting exercise.

## ESSENTIAL QUESTIONS:

- What are my financial goals?
- How do I use money wisely?

## MATERIALS NEEDED:

- **Class Budget Handout** (*final two pages of this lesson plan*)

## CLASSROOM ACTIVITIES:

1. **Review students' experience with their Student-led Conferences.** How do your students feel about their first student-led conferences? How did they do? What could they have done better? What would they like to change for next year? Discuss students' experiences. You may wish to share results from your student and parent feedback questionnaires. (*5-10 minutes*)
2. **Introduce budgeting.** Distribute a copy of the **Class Budget Handout** to each student and review the first page. Focus your discussion in particular on **why** someone would want to budget: to see how much money you can spend; to make choices about what to buy or what to do; to calculate how much money you need for something you want; and to avoid spending more money than you have. Ask students if they've ever seen their parents or teachers using a budget. (*5-10 minutes*)
3. **Prepare a sample budget.** Turn to the second page of the **Class Budget Handout**. Have students work in small groups or as a whole group (and on the handout's grid or on the computer) to develop a budget for the school dance described in the handout. Review students' work. What did they learn while creating their budget? What would happen to the dance if the DJ wanted more money or if the Food Committee spent too much on food? (An answer key is provided in your lead advisor's Resource Guide.) (*10-15 minutes*)

## STUDENT PRODUCTS:

- **Budget Worksheet.** Students should complete and discuss the handout.



# CLASS BUDGET HANDOUT - GR 6



Name: \_\_\_\_\_ Grade: \_\_\_\_\_ Advisor: \_\_\_\_\_

## WHAT IS A BUDGET?

A **budget is a plan**... a plan for how you will use your money.

A budget tells you how much money you have. And then it helps you decide how to spend that money.

Budgets can be created for a person, a family, an organization, an event, a business, or even a country. But a budget always shows the same things: how much money there is, and how that money will be spent.

## WHY CREATE A BUDGET?

There are many reasons to create a budget. Here are a few of them:

- **To plan for the future.** If your parents want to buy a car or take the family on a big vacation, they will need to plan carefully so that they have enough money to buy the car or take the vacation. They might have to save money. Or they might have to take out a loan and then pay it back later. In each case, a budget will help them plan how to do what they want.
- **To make choices about what to do or what to buy.** If you're like most people, you probably want more things than you can afford. What should you do? A budget can help you decide. You might be able to give up some things to afford something you really want. Or you may be able to make a plan to save money.
- **To avoid spending more money than you have.** It's a lot easier to spend money than it is to earn it! A budget can help you limit your spending so that you don't spend too much.

## HOW DO YOU CREATE A BUDGET?

It's easy to create a budget. You can work on the computer or on paper. First, list two different things:

- your **income**, or the money you have available to spend; and
- your **expenses**, or the money you plan to spend.

Budgets usually separate income and expenses into even more categories. For instance, for your family's budget, your parents probably divide their expenses between food, car payments, clothes, and housing expenses. If you plan to save money for a big purchase (such as a car) you would list "savings" as one of your expenses.

A budget will then show whether you have a **surplus** (more income than expenses – which is a good thing) or a **deficit** (more expenses than income – which is a bad thing).



## CLASS BUDGETING EXERCISE

Your school is going to hold a dance. It's up to your class to create a budget for the dance. If you spend too much, your principal won't let you have another dance.

Here are your **expenses**:

- You will spend \$500 for a band or DJ;
- You think you will need about \$100 for refreshments;
- Your decorating committee wants \$50 to spend on decorations;
- The school will charge \$75 for the janitor to clean the gym after the dance; and
- It will cost \$50 for lights for the dance floor.

You won't know how much **income** you have until after the dance is over.

- But you believe you can sell 100 tickets for \$5 each; and
- You think you can ask the student government to contribute \$275 for the dance.

Create a budget showing your income and your expenses and calculate whether you will have a surplus or a deficit. How will this budget help you control your expenses?

Income (List Item)	Income (\$ Amount)	Expense (List Item)	Expense (\$ Amount)
<b>TOTAL INCOME:</b>		<b>TOTAL EXPENSES:</b>	

When you have calculated everything, do you have a surplus or a deficit? Why?

Amount of surplus or deficit: \_\_\_\_\_

