

FINANCIAL LITERACY LESSON PLAN

GRADE: 6th
SUBJECT: Social Studies
UNIT/LESSON TOPIC: Budgeting

Content Standards:

- **SS.7.7-** summarize and give examples of basic economic terms (e.g., barter, supply, demand, trade, interdependence, currency and scarcity).
- **SS.7.8 -** differentiate between goods and services.

Financial Literacy Content Objective:

- **Earning income** - Income for most people is determined by the market value of their labor, paid as wages and salaries. People can increase their income and job opportunities by choosing to acquire more education, work experience, and job skills. The decision to undertake an activity that increases income or job opportunities is affected by the expected benefits and costs of such an activity. Income also is obtained from other sources such as interest, rents, capital gains, dividends, and profits.
- **Buying goods and services** - For financial or other reasons people cannot buy or make all the goods and services they want; as a result, people choose to buy some goods and services and not buy others. People can improve their economic well-being by making informed spending decisions, which entail collecting information, planning, and budgeting.
- **Saving** - Saving is the part of income that people choose to set aside for future uses. People save for different reasons during the course of their lives. People make different choices about how they save and how much they save. Time, interest rates, and inflation affect the value of savings.

1. Engage:

- Wants vs. Needs Activity
- At each pod of students, place two brown paper bags labeled “Wants” and “Needs”
- Give the group of students at least 10 index cards with various items on them (i.e. DVD, medicine, water bill, make-up, new shoes etc.)
- Students then have to sort the cards into wants vs. needs and as a group, they must agree.
- Allow groups time to report out what they felt were the various wants and needs and why.

2. Explore:

- Class discussion about “budgeting” and what expenses they have as middle school students.
- How do they earn money each month?
- What do they spend money on each month?
- Do they have money left over? Do they run out of money?
- Each student will be assigned a career and an annual salary

- Within their small groups, students will receive a cost of living budget sheet that provides monthly expenses in which they would need to include in their budget spreadsheet.
- Students will calculate their monthly budgets by dividing their annual salary in 12. Based on their budgets they will explore what they can and cannot afford.
- Students will use a Google Spreadsheet or Microsoft Excel to create a budget spreadsheet (an example will be displayed on the Smart Board)

While students are constructing their budgets, the teacher should walk around and consult with students who might need help or further instruction.

3. Explain:

- Within their small groups, students will present their budgets to one another and discuss any problems they might have. Students will use the various terminology such as “budgeting, saving, expenditures, income, goods and services, etc.”
- Students may ask one another for advice when budgeting.

4. Elaborate/Extension:

- Students will receive LIFE cards in which they have a real life scenario presented to them such as a flat tire, car repairs, doctor bills, etc. (an example sheet of LIFE cards is attached)
- Students must then re-evaluate their monthly budget to determine how to meet their expenses for that month.

5. Evaluate:

- Students will be evaluated on their responses to their budget scenario.
- Is it mathematically correct?
- Did they exceed their monthly budget?
- Students will answer a few questions about how they created their budget, what was easy and what was difficult.

Cost of Living Expenses

Housing	Monthly Cost
Efficiency Apartment	\$400
Apartment	\$800
Town House	\$1,000
House	\$1,200

Groceries and Household Items	Monthly Cost \$300
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Utilities	Apartment Bills	Town House Bills	House Bills
Electric	\$80	\$120	\$180
Gas	\$40	\$60	\$80
Water & Sewer	\$80	\$80	\$80

Transportation	Monthly Cost
Car	\$450
Bus Pass	\$30

Optional Entertainment	Monthly Costs
Cable	\$80
Internet	\$60
Cable/Internet Combo	\$120
Cell Phone	\$100

Reflection Questions

- 1. What were you able to afford? What were you not able to afford? Think of your wants vs. your needs.**
- 2. How difficult was it to create a monthly budget with your wages? What problems did you face? Explain your answer.**
- 3. What goods or services were absolutely necessary for survival?**
- 4. When your financial emergency hit, what did you have to re-evaluate in your budget? Did you have to change anything? Why or why not? Was it difficult, why or why not? Explain your answer.**

LIFE SCENARIO CARDS

You ran over a nail and it has resulted in a flat tire so you must buy two new tires which will cost you
\$200

You became very sick and had to go to the E.R. Your copayment will cost you
\$100

CONGRATS!
You earned a promotion and now can add **\$50** to your monthly budget.

You have a water leak which caused your water bill to increase this month by
\$70

You were in a fender bender and must pay your insurance deductible of
\$500

Your water heater broke and you have to replace it which will cost you
\$349

Your dog is sick and needs to visit the vet which will cost you
\$65

CONGRATS
You earned a promotion and now can add **\$30** to your monthly budget.