

# Lesson 5 Creating A Budget

## Summary

Students will create a monthly **budget** based on their imagined lives ten years from now, which will include fixed and variable expenses. Students will calculate what income will be required to have a positive monthly balance.

## Key Concepts

- ★ **Budget:** An estimation of expenses and income.
- ★ **Fixed Expense:** An expense that is the same every month.
- ★ **Variable Expense:** An expense that varies every month.
- ★ **Positive Monthly Balance:** There is enough income to cover all monthly expenses, including a deposit into savings.



5 min

	1  2  3 	 <b>Teaching Guide</b>	<b>Notes</b>
ISN 5.1	<b>Question of the day (QOD)</b>	Time and money are required to meet our wants and needs in both Thrive ‘n’ Shine and real life. The costs associated with meeting your wants and needs are considered expenses. Your avatar has many expenses. The developers of the game decided to have your avatar use money <i>and time</i> to meet wants and needs.  <b>Q: Why do you think time is used as a resource in the game? What wants and needs does your avatar have?</b>	<b>Read this as an introduction before having students respond to the QOD.</b>
	<b>Objective</b>	Today, you will be imagining what your life might be like in ten years. By creating a <b>budget</b> , you will learn what kind of income will be required to meet your wants and needs.	
ISN 5.2  ISN 5.3	<b>QUEST #1 My Life in 10 Years</b>  <b>QUEST #2 Making Choices</b>	<ol style="list-style-type: none"> <li>1. Think about the life you’d like to be living in 10 years. How old will you be? Do a quick write for ISN 5.2. Share with your TnS team.</li> <li>2. Have students make a choice for each budget area in ISN 5.3 that matches their imagined life. You may also have students research the lifestyle choices and price these choices out for your region of the country, rather than using the dollar amounts in ISN 5.3.</li> </ol>	<b>ISN 5.2</b> could have been assigned as homework during the previous class session.  <b>ISN 5.3:</b> It may be helpful to give students fixed amounts of time and warnings to help them pace themselves so that the entire class together can transition from one activity to the next.



30 min



10 min



10 min

	1  2  3 	 <b>Teaching Guide</b>	<b>Notes</b>
ISN 5.4	<b>QUEST #3</b> <b>Can I Afford</b> <b>the Life I</b> <b>Want?</b>	3. Explain <b>fixed</b> and <b>variable</b> expenses. Have students check “Fixed” or “Variable” for each budget item.  4. Next, have students work in groups (to help each other, if needed) to pick a job and complete ISN 5.4 (just the first row regarding their job, salary, etc. and Column 1). Then, have students see if their salary is high enough to achieve a positive monthly balance, after they pay taxes and meet all their monthly expenses.  5. Ask any students who did not achieve a positive monthly balance in Column 1 to revise their choices and rework their budgets in Column 2.	
	<b>Debrief</b>	As a class, discuss: <ul style="list-style-type: none"> <li>• What choices were the hardest?</li> <li>• Did your expenses seem reasonable?</li> <li>• Were any expenses missing?</li> <li>• What did this budgeting activity NOT take into account? (e.g., varying levels of parental support, regional cost of living differences, etc.)</li> <li>• If there is money left over, what will you do with it?</li> <li>• How might variable expenses affect your budget?</li> </ul>	
	<b>Exit Ticket</b>	What do you think is going to be the biggest challenge in achieving a positive monthly balance when you are living on your own?	
ISN 5.5	<b>Key Concepts</b>	Complete ISN 5.5 independently or with an elbow partner.	
	<b>Homework</b>	Play Thrive ‘n’ Shine for 30 minutes, or through the end of Chapter 4.	