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DebtReductionServices.org ♦ MoneyFit.org

Lesson Plan: Intro to Budgeting

Grade Level: 7–9 (Middle School)
Time Needed: 45 minutes
Standards: Jump$tart, CEE National Personal Finance Standards

Learning Objectives

- Define income, expenses (fixed vs. variable expenses vs periodic), and needs vs. wants.
- Create a simple monthly budget using a sample scenario.
- Explain how budgeting helps individuals make informed financial choices.

Materials Needed

- Budget worksheet (printed for each student or online at www.moneyfit.org/budget-calculator-for-teens)
- Pens/pencils or Laptops with Internet Access
- Whiteboard or projector (optional for group display)

Lesson Steps

1. **Warm-Up Discussion (5–10 minutes)**

- Ask: "When you hear the term, "budget," what words come to mind?" "Do you have positive feelings about budgets or does the hair on the back of your neck stand up?" or "What type of person might need a budget and why?"
- Write responses on the board.
- Introduce the key concept: "A budget is a plan for your money that helps balance income and expenses." A plan is not a restriction or a barrier but a tool to help you get what you want.

2. Explain Key Terms (5-10 minutes)

- Define income (money coming in).
    - Explain the difference between Gross Income (what your employer and the government say you earn) and Net Income (your paycheck or what you get after income taxes and deductions)
- Define expenses (money going out).
    - Fixed = same each month (ex: rent, subscription).
    - Variable = happens every month but can change in its amount (ex: groceries, entertainment, gasoline).
    - Periodic = happen once or occasionally, whether expected or unexpected (ex: holiday gifts, vehicle purchase, refrigerator replacement)
- Discuss needs vs. wants with relatable examples
    - Needs: Things we can purchase with money that we need to survive physically (housing, food, protective closing)
    - Wants: Things we can purchase with money that are not needs. Not all wants are equal in importance.
        - Top priority wants include transportation and communication (ex: phone, internet)
        - Medium priority wants (ex: eating out, fashionable clothing, travel)
        - Lower priority wants (ex: concert tickets, video games)

3. Introduce Budget Scenario (2 minutes)

- Present a fictional teen who earns money (allowance, babysitting, dog walking, lawn mowing, other part-time job).
- Explain that students will create a monthly budget for this teen.
- Allow students to identify the teen's needs (uncommon, since most are taken care of by parents and guardians) and wants of various priorities. This can be a time of creativity and fun for the students.

4. Worksheet Activity (15–20 minutes)

- Hand out worksheets or instruct them to access the Teen Budget Calculator
- Walk through the first few lines together (income, fixed expense).
- Allow students to complete the remaining sections individually or in pairs.

5. Class Review & Reflection (10 minutes)

- Review the worksheet together.
- Discussion prompts:
  - What surprised you most?
  - What budgeting decisions were hardest to make?
  - What would you do differently?
- Connect back to real life:
  - How might this apply to your own money choices?
  - How will your budget be different than this teen's budget?
  - How will it be different in 2 years? In 10 years?

Assessment

- Exit Ticket: Students write one new thing they learned and one budgeting choice they would make differently next time.
- Worksheet Review: Collect worksheets to check understanding of income, expenses, and balance, or have students forward their online Teen Budget Calculator results to you.
- Discussion Participation: Gauge comprehension through class responses.

Extensions & Differentiation

- Early Finishers: Create a second budget with an unexpected expense (flat tire, school trip).
- Group Work: In pairs, make a shared household budget as if you had graduated and are sharing a home (married, roommates, etc.). Consider using the online "Simple Budget" here: https://www.moneyfit.org/simple-budget-calculator
- Advanced Challenge: Add a savings goal or debt repayment category.
- Real-World Connection: Track spending for one week, then compare to a budget.
- Support for Diverse Learners: Provide color-coded worksheets or partially completed templates.
- Assign My Life My Choices – Student Edition for students to complete on their own. This scenario-based budgeting activity is ideal for middle and high school students.

Reporting (Optional but Appreciated)

If you use this lesson plan and/or its correlated materials in a classroom lesson, we would appreciate learning about it. While we do not report any personally identifying information, we do have to report our community impact as a nonprofit to our regulators and funders. We would appreciate your taking 2-3 minutes to report on your activity here:
https://www.moneyfit.org/activity-report
Todd Christensen, Financial Education Manager, Money Fit by DRS (Boise ID)