

Lesson Plan 3

FINANCIAL LITERACY

Planning and Managing Money: My Budget

Brief Description: This lesson is a collaborative unit focusing on money management in conjunction with the 8th–12th grade National Content Standards in Economics, and the National Standards in K–12 Personal Finance Education. The focus of this lesson is to:

- 1) Encourage students to set up personal budgets.
- 2) Introduce students to researching and understanding relevant financial information.
- 3) Teach digital research skills and encourage critical thinking by teaching students how to browse the Rosen Digital Financial Literacy database.
- 4) Create a budget through the finding, evaluation, and application of financial information.

Activities concentrate on creating and maintaining personal budgets, while demonstrating how various factors shape and can affect a personal budget.

While completing the activities, the student will be able to find, evaluate, and apply financial information; develop skills to manage financial resources effectively; project income and expenses while adjusting income and expenses for interest rates; use financial services.

Prior to teaching this lesson, the Teacher/Librarian will collaborate with the Classroom Teacher to find out the scope of the assignment. This is a **45-minute lesson** taught primarily by the Teacher/Librarian.

The KWL graphic organizer (See Supplement 1 – *Keeping a Budget*) will allow the Teacher/Librarian to assess the students' prior knowledge, what the students want to learn, and at the end of the lesson, assess if the students have understood the information conveyed about what budget is.

As the students explore “What do I know about keeping a budget?” in the *Keeping a Budget* worksheet (Supplement 1), they will fill out their individual *Earning and Spending* worksheet (Supplement 2).

Grade Level: 8th to 12th Grade

Materials:

- Rosen Digital Financial Literacy database
- Computers
- Smart Board, iPad, or other computer projection presentation device (optional if Teacher/Librarian wants to demonstrate worksheets and/or have one group worksheet)
- Appropriate Assistive Technology for students with special needs (if applicable)
- Newspapers, financial magazines
- Fiction print material (suggested to explore concepts across disciplines):
Brown, Marc. *Arthur's TV Trouble*. Boston, MA: Little, Brown, 1995.
Wolff, Virginia Euwer. *Make Lemonade*. New York, NY: H. Holt, 1993.

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- Supplement 1 – *Keeping a Budget*
- Supplement 2 – *Earning and Spending*
- Supplement 3 – *Who Pays Whom?*
- Supplement 4 – *Designed Budget*

National Standards in K-12 Personal Finance Education, and National Content Standards in Economics:

Planning and Money Management – Overall Competency: Organize and plan personal finances and use a budget to manage cash flow¹.

Personal Finance Education Standard 1: Develop a plan for spending and saving.
National Content Standards in Economics Standard 12: Interest Rates.

Student will be able to:
Prepare a personal spending diary¹.

Student will recognize that:
An interest rate is a price of money that is borrowed or saved².

Student will be able to:
Given a scenario, design a personal budget for a young person living alone¹.

Planning and Money Management – Overall Competency: Organize and plan personal finances and use a budget to manage cash flow¹.

Personal Finance Education Standard 4: Apply consumer skills to purchase decisions.
National Content Standards in Economics Content Standard 9: Competition and Market structure.

Student will be able to:
Compare prices for the same item at two different stores¹.

Student will understand that:
Competition takes place when there are many buyers and sellers of similar products¹.

Student will be able to:
Apply systematic decision making to a personal age- appropriate purchase¹.

Savings and Investing – Overall Competency: Implement a diversified investment strategy that is compatible with personal goals.

Personal Finance Education Standard 1: Discuss how saving contributes to financial well-being.
National Content Standards in Economics Content Standard 12: Interest Rates.

¹ Excerpt from National Standards in K-12 Personal Finance Education. JumpStart Coalition for Personal Financial Literacy.

² Excerpt from Voluntary National Content Standards in Economics. Council for Economic Education.

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Student will be able to:

Describe ways that people can cut expenses to save more of their incomes¹.

Student will be able to:

Explain why people who save money receive interest payments while people who borrow money make interest payments².

Student will be able to:

Give examples of how saving money can improve financial well-being¹.

Procedure:

- 1) Ask students if they think keeping a budget is useful. Ask them to search in the Financial Literacy database for information about budgets and write down key words about keeping a budget.
- 2) Ask students to think about what a budget is, and what items should be considered when keeping a budget. Tell students to write their answers in the “What do I know about keeping a budget?” column in the *Keeping a Budget* worksheet (Supplement 1).
- 3) Ask students to think about any earnings and expenses they have, and to write them on the *Earning and Spending* worksheet (Supplement 2).
- 4) Discuss with students earnings through investments and savings. Ask students to research companies on the stock exchange as well as interest saving rates at different banks.
- 5) Give the students a salary figure (choose from your state’s median income) and ask them to write it in the *Designed Budget* worksheet (Supplement 4).
- 6) Ask students to think about the role banks and other financial institutions play among savers, borrowers, and investors. Students will then show who receives interest payments and who makes interest payments by drawing arrows from payer to payee in the *Who Pays Whom?* worksheet (Supplement 3).
- 7) After students understand the concept of interest payment, ask the students to continue filling the remaining items in the *Designed Budget* worksheet (Supplement 4).
- 8) Ask students to research mortgage and/or rental costs in their area and discuss the advantages and disadvantages of each.
- 9) Once students have researched the actual cost of the given categories, discuss with students the difference between their expected budget and their actual budget.
- 10) Students will break up into three groups.
 - a. **Group 1** will use the computers to browse Financial Literacy. The Teacher/Librarian will guide this group closely, to help with digital research skills, and answer questions about research topics and constructing questions.

¹ Excerpt from National Standards in K-12 Personal Finance Education. JumpStart Coalition for Personal Financial Literacy.

² Excerpt from Voluntary National Content Standards in Economics. Council for Economic Education.

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b. **Group 2** will sit at the tables and browse the non-fiction print materials the Teacher/Librarian has placed on reserve – newspapers, financial magazines. They will be encouraged to collaborate and share ideas within their group to broaden and deepen their understanding of the topics and to construct questions.

c. **Group 3** will browse the library to choose a book (fiction or non-fiction and not related to the lesson) to borrow, as per the standard weekly circulation procedure. (If the class is not on a fixed schedule or this lesson is not during their regularly scheduled library time and they will not check out books at this time, then just use the first two groups.)

- 11) After 10–15 minutes, the groups will rotate. Repeat the rotation so each group has had an opportunity to browse Financial Literacy, browse the print materials, and browse the collection to check out a book.
- 12) Collect the worksheets from the students.

Assessment:

Each student will be assessed through the completion of the *Earning and Spending* worksheet (Supplement 2) at the end of the period, the *Who Pays Whom?* worksheet (Supplement 3), and the completion of the *Designed Budget* worksheet to verify the understanding of the concepts.