



TEACHING PERSONAL FINANCE

Creating a budget

REQUIRED RESOURCES

- *Blank Budget sheet (provided)*
- *Other budget worksheets (provided in worksheet section of the free resources and downloads section on www.MoneySmartWorld.com)*

SUGGESTED KEY STAGES

KS2 (Years 4, 5 or 6)

TIME

30 – 40 minutes

OBJECTIVE

The key objective of this lesson is to get help your students:

- *Understand what a budget is*
- *Learn how to create a budget*
- *Identify the items/expenses that their parents/carers/adults need to pay for*
- *Reinforce their maths skills.*

PREPARATION:

You will need to make:

- *copies of the blank MoneySmart budget sheet for each student*
- *copies of the ‘Needs Vs Wants’ budget worksheet or any other worksheet being used to supplement the lesson.*

TEACHING SUGGESTIONS

- *It is a good idea to write the answers that your students give on a flipchart pad, so they can be referred to at different times during the lesson.*

TEACHING STEPS

STEP 1: *Inform the students that today, they will be learning what a budget is, why it is important to budget and how to go about creating one.*

STEP 2: *Using the questions below, get them talking. Lead the discussion by asking them questions about the things listed here, and get them to give*



examples if they feel comfortable. Please remember that money is a sensitive topic, and the questions should be asked in a way that doesn't make them feel as if they are divulging confidential information.

Discussion Questions & Suggested Answers

- Can anyone tell me what a budget is? *Allow your pupils to respond and speculate.*

A budget is a document that records your way of dividing up your money and planning what you're going to do with it.

- Why would you need to use a budget? *Allow your pupils to respond and speculate.*

Using a budget is really helpful, especially if you're trying to save up to buy something expensive. It also helps with working out how much money you have to spend on things you need and want.

At some stage in your life, you'll have to make decisions on how you manage all the money that you make from working really hard. You will need to balance what you make (income) against what you spend (expenses), and this is called budgeting.

STEP 3: Discuss budgeting In depth.

- *Reiterate the difference between income and expenses.*
- *Ask the students to identify some sources of income (e.g., from work, running a business, gifts, pocket money, benefits from the government, pensions etc).*
- *Ask them to identify some key expenses (e.g., rent, mortgage, food, bus fare, sweets, presents for friends, electricity or gas bills etc).*
- *Ask your students what things they spend their money on, and what things their parents or other adults spend their money on.*
- *Using the suggested answers, explain the difference between wants and needs, and engage the class in classifying the aforementioned items into 'NEEDS' and 'WANTS' categories.*

STEP 4: Budgeting activity

- *Hand out a copy of the blank budget sheet to each student.*
- *Ask the class to pretend that a friend of their parents/family will be moving into their town, and he or she wants to understand how much it costs to live in the town. The class will need to create a budget for this person, so that*



they will know what to expect.

Tips: *You need to make some assumptions for the class regarding the friend's monthly salary.*

ICT Angle: *You could have the class look through newspapers and, or other online sources to determine the cost of various monthly expenses including:*

- *Monthly Rent*
- *Cost of 1 meal. (Then have the class estimate the monthly food cost)*
- *Transportation costs (either assume this person uses public transportation or needs to buy a car)*
- *Clothing*
- *Utilities (Gas, electricity, telephone bills etc)*

Ask the students to fill in the blank budget sheet with the information they have gathered.

POST ACTIVITY DISCUSSION QUESTIONS

1. *What types of items has everyone budgeted for?*
2. *Is there anything they forgot?*
3. *Will the family friend be able to afford living in the town?*
4. *If expenses are too high, is there anything that they can cut back on?*
5. *Did they budget for entertainment and other non-essential items?*
6. *Was the class surprised at the results, and how much things cost?*
7. *Does the budget they created look like a budget they might use in the future?*

SUPPLEMENTAL WORKSHEETS

You can follow up this lesson plan with the 'Needs Vs Wants' budget worksheet to help reinforce some of the key budgeting lessons learnt.

Material Needed: Needs Vs Wants Budget Worksheet

Note for teachers:

Feedback: *If/when you use this lesson plan in your classroom, we would appreciate your feedback and any suggestions you may have. Your input helps us continue to develop new lessons and worksheets. We appreciate it!*

In the meantime, if you would like to offer more personal finance lessons in line



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with the PSHE: Financial capability and economic wellbeing curriculum in your school, check out the **MoneySmart Money Management Classroom Guide for Key Stage 2 at MoneySmartWorld.com.**

Developed in partnership with teachers and tested in schools, the resource offers full coverage of the PSHE personal finance and financial capability curriculum in a way that is easy for teachers to teach, time saving and fun for the students to learn. It comes with all you need for your lesson (i.e., lesson plans that include teaching scripts, activity sheets, presentation slides, assessment tests & more), so you don't need to be a financial guru or spend ages looking for material to support your lesson plans...



Name _____

Date _____

Budget

Category	Budget Amount	Actual Amount	Difference
INCOME:			
Salary/Income			
Other Income			
INCOME SUBTOTAL			
EXPENSES:			
Taxes			
Rent/Mortgage			
Utilities (Gas, Electricity, Telephone etc)			
Food			
Clothes			
Shopping			
Going Out			
Transportation			
Savings			
Donations			
Miscellaneous/Other			
EXPENSES SUBTOTAL			
NET INCOME (Income - Expenses)			