

# Keeping Your Balance Activity

**SETUP:** Hang Budget Choice Posters around the room using the tape provided. Use the flashcards to define the highlighted words below.

**Goal:** Students will recognize that a balanced budget is important for all workers. They will have the ability to define *income* and differentiate between gross and net income, as well as be able to name ways to balance a budget.

**Introduce yourself and briefly share your career/education background.**

**Begin the activity:**

**Opening Remarks:** Students will receive occupation cards and learn how different jobs provide different monthly salaries. Based on those monthly salaries, students evaluate the opportunity cost when making budget decisions.

### Talking Points: (5 min)

- Ask students what they envision doing or buying in their future that would cost a lot of money. Answers might include traveling through Europe, buying a sports car, getting season tickets to the Eagles, and/or buying a big house.
- Ask students how they plan to pay for their big expense.
- Tell them the goal of good money management is to budget your money for savings, your needs (housing and food), and your wants (vacations, concerts). Ask students to raise their hand if they keep a budget to track their savings and expenses.
- Tell students that buying everything we want can make it hard to pay our bills. For both high- and low – income workers, a **budget is a tool that helps manage money and track spending.**
- Emphasize that a balanced budget means spending less than you earn and spending appropriate amounts in certain categories, such as housing, food, clothing, transportation, entertainment, charity, and savings. Good money managers carefully examine income and expenses. **Define income and expenses.**
- Explain that because people earn a certain amount of income in a month, budgets involve choices and opportunity costs. Define **opportunity costs.** For example, heating a home in the winter may mean less money in the budget for entertainment. Another example: If you choose to buy new clothes, that money is gone and cannot be spent on your second choice of eating out.

## **Activity – Creating a Budget: (15 min)**

Using the Budget Planner Worksheet, students will create a budget based on the salary shown on their *occupation cards* and the information on the *budget choice posters*.

### **STEPS:**

- Distribute an Occupation Card, a Budget Planner Worksheet (students may have the worksheet on their personal device), and a calculator to each student. (Do not allow students to exchange occupation cards.)
- Ask them to review their cards and worksheets. Explain that for this activity they should think of themselves as employees who do the job depicted on their cards.
- Point out the salaries shown on the occupation cards. Each represents an average national salary for the job. Actual salaries may be higher or lower depending on the job's location and an employee's work experience, education, and training.
- Explain that the Occupation Cards also show **gross income** and **net income**. Define these terms.
- Explain that workers don't keep all the money they earn. Taxes are automatically deducted from their earnings. Tax deductions include Social Security, Medicare, federal income taxes, and state taxes. The money left AFTER deductions is the actual amount a worker can spend. To check for understanding of gross and net income, ask a student to explain the difference in his/her own words.
- Ask students to write their **occupation and monthly income** in the spaces at the top of the Budget Planner Worksheet.
- Review the Budget Planner Worksheet. Explain that the suggested percentage is the portion of a worker's income that experts recommend be spent on different expenses in a budget, such as housing and transportation
- Students must calculate the spending amount in each category based on their salaries and suggested spending percentages. They will note the amounts in each category.
- Tell students to "pay themselves first" by putting aside money for savings and other expenses first. Mention charitable giving as a way to give money to worthy causes. We have this as a part of savings on the budget form. Tell students that they should make their own decisions about how much to budget for savings/charitable giving, but we suggest 15%. **Check to see that students' calculations are correct for the first two items on their sheet.**
- Refer the students to the Budget Choice Posters displayed around the room. Explain that students will move around the room and use the information on the posters to make spending decisions about **rent, food, clothing, entertainment, and transportation**.
- Finally, tell the students to record their choices in the last column (*my budget amount*) of the Budget Planner Worksheet. For this activity, they will create a budget for a single person. Note that if they had a spouse and/or child, they would have additional costs and categories.
- Allow students 10 minutes to move around the room to make and record their budget choices. Remind them that the goal of money management is to **spend less than they earn**. That means their spending should be less than – *and in all cases cannot exceed* – their net income.
- After 10 minutes, ask students to return to their desks.

## Talking Points: (10 min)

Ask the following questions:

- How did income affect your budget choices? (Even high-income workers must make wise budget decisions so their expenses do not exceed their earnings.)
- Today, you created a budget for a single person. How would adding family members affect your budget? What additional costs or categories would you need?
- Because everyone has different wants and needs, individual budgets look different. What additional budget categories might you or your family add to a personal budget? (Credit card bills, club memberships, pet expenses, holiday travel, sports camps.)
- How would an emergency affect your budget? Where would you make adjustments?

## Summary and Review (if time allows):

Have the **4 highest-income** students and the **4 lowest** read their occupations. Write the occupations on the board in two columns titled “High” and “Low”. Ask the student to speculate on how much education each occupation requires. Then have them draw a conclusion about the relationship between education and income. (Answer: On average, the more education a person has, the higher the income she/he will earn.) Reinforce the value and potential earnings of every occupation represented in this activity.

## End of Day Clean-Up Checklist – Place the following back in the bin:

- Budget Choice Posters (5)
- Occupation Cards (32)
- Calculators (32)
- Definition Flash Cards (6)
- Magnet clips (10)
- Tape
- Volunteer Instructions Folder
  - Appendix for Occupation Cards
  - Recap Question Card (1)
  - Finale Question Card (1)
- Thank the teacher for allowing JA in their classroom today.
- Return Bin to JA staff in hospitality area.

**Smile. You made a difference today!**

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