

Keeping Your Balance Activity

SETUP: Hang Budget Choice Posters around the room using the tape provided. Be sure to space them out.

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.

Opening Remarks: Tell students they will receive occupation cards and learn how different jobs provide different monthly salaries. Based on those monthly salaries, students will evaluate the opportunity cost when making budget decisions. There are 6 key terms in this lesson and there are flashcards for each. They are **highlighted** for you below.

Talking Points: (5 minutes)

- Ask students what they envision doing or buying in their future that would cost a lot of money. Answers might include traveling, 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 expenses.
- 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 minutes)

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 the following items to each student:
 - an Occupation Card (Do not allow students to exchange occupation cards.)
 - a Budget Planner Worksheet
 - a calculator
 - an appendix for occupation cards **1 for each group (5)** pass it around if not in groups.
- 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 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.
- Ask students to write their **occupation and monthly net income** (listed on the bottom of their occupation card) in the spaces at the top of the Budget Planner Worksheet. **Budgets are planned based on net income – the amount of money they bring home.**
- 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 before moving on.**
- Students should then make the calculations for the remaining categories.
 - **There's a chart in the volunteer folder showing the correct amounts for all 36 occupations. You can use this to easily and quickly check students' calculations. Their total 100% should equal their monthly net income on their worksheet.**
- 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. In each category, they will choose only one except for entertainment where they can choose more than 1 if they want to, as long as they don't go over their budget.**
- 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 10-15 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.
- As students finish, ask them to return to their desks.
- They should total everything in their final column (My Budget Amount) and make sure that the total does not exceed their monthly net income.
 - If it does, they need to go back to one of the posters and choose something that costs less.
 - If they have money left over, they can add it to *other expenses* or *saving* or go back to the posters and spend more money.
- **Collect the occupation cards and calculators from the students.**

Talking Points: (5 minutes)

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):

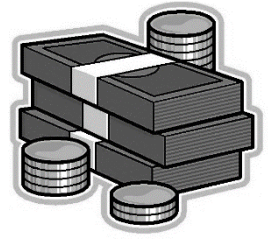
Have the **4 highest-income** students and the **4 lowest** read their occupations. Write the occupations on the board in two columns titled “High” and “Low”. Ask the student to speculate on how much education each occupation requires. Then have them draw a conclusion about the relationship between education 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)
- 5 Pencils
- Scratch Paper
- USB Drive with Opening Video
- QR Code for Opening Video
- Appendix for Occupation Cards (5)
- Tape
- Volunteer Instructions Folder
 - Volunteer Instructions 4 Pages
 - Definition Flash Cards (6)
 - Appendix for Occupation Cards (1)
 - Recap 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!

Budget Planner



Use your occupation card to fill in the information below.

Occupation: _____

Monthly net income: _____

1. Calculate the amount you should spend in each of your budget categories based on the suggested percentage in Column 2.
2. Write your answers in Column 3.
3. Then use the Budget Ads Posters displayed around the room to help you decide how to spend your income. Under the heading *My Budget Amount*, write what you plan to spend.
4. Remember, you cannot spend more than you earn! Although there are no posters for *Savings* and *Other Expenses*, those expenses are included 1st and 2nd on your Budget Sheet.

BUDGET SHEET

Budget Category	Column 2 Suggested Percentage	Column 3 Suggested Amount	My Budget Amount
Savings (charitable giving*)	15% (.15 x monthly net income)		
Other Expenses**	15% (.15 x monthly net income)		
Housing	25% (.25 x monthly net income)		
Transportation	15 % (.15 x monthly net income)		
Food	15 % (.15 x monthly net income)		
Entertainment	10% (.10 x monthly net income)		
Clothing	5% (.05 x monthly net income)		
	Total 100%		

* Charitable giving is money you might choose to give to charities and other worthy causes.

**Other expenses include utilities (electricity, gas, phone, cable/satellite TV, Internet access), medical expenses and insurance.

How can you adjust your budget so that your spending is more in line with the suggested amount?

Keeping Your Balance

Occupation	GMI	NMI	Savings / Giving 15%	Other 15%	Housing 25%	Transportation 15%	Food 15%	Entertainment 10%	Clothing 5%
Accountant	\$7,200	\$5,400	\$810	\$810	\$1,350	\$810	\$810	\$540	\$270
Administrative Assistant	\$4,000	\$3,200	\$480	\$480	\$800	\$480	\$480	\$320	\$160
Advertising Sales Agent	\$4,200	\$3,300	\$495	\$495	\$825	\$495	\$495	\$330	\$165
Architect	\$7,200	\$5,400	\$810	\$810	\$1,350	\$810	\$810	\$540	\$270
Bank Teller	\$3,100	\$2,500	\$375	\$375	\$625	\$375	\$375	\$250	\$125
Car Salesperson	\$4,900	\$3,900	\$585	\$585	\$975	\$585	\$585	\$390	\$195
Carpenter	\$4,900	\$3,900	\$585	\$585	\$975	\$585	\$585	\$390	\$195
College Professor	\$8,000	\$5,900	\$885	\$885	\$1,475	\$885	\$885	\$590	\$295
Computer Programmer	\$5,800	\$4,500	\$675	\$675	\$1,125	\$675	\$675	\$450	\$225
Construction Worker	\$4,700	\$3,800	\$570	\$570	\$950	\$570	\$570	\$380	\$190
Daycare Worker	\$2,500	\$2,000	\$300	\$300	\$500	\$300	\$300	\$200	\$100
Electrical Engineer	\$9,600	\$7,000	\$1,050	\$1,050	\$1,750	\$1,050	\$1,050	\$700	\$350
Electrician	\$5,400	\$4,200	\$630	\$630	\$1,050	\$630	\$630	\$420	\$210
Factory Worker	\$3,300	\$2,700	\$405	\$405	\$675	\$405	\$405	\$270	\$135
Family Doctor	\$7,500	\$5,600	\$840	\$840	\$1,400	\$840	\$840	\$560	\$280
Fast-Food Worker	\$2,300	\$1,900	\$285	\$285	\$475	\$285	\$285	\$190	\$95
Financial Analyst	\$9,700	\$6,800	\$1,020	\$1,020	\$1,700	\$1,020	\$1,020	\$680	\$340
Floral Designer	\$2,900	\$2,300	\$345	\$345	\$575	\$345	\$345	\$230	\$115
Graphic Artist	\$4,200	\$3,300	\$495	\$495	\$825	\$495	\$495	\$330	\$165
Hair Stylist	\$3,200	\$2,600	\$390	\$390	\$650	\$390	\$390	\$260	\$130
Landscaper	\$3,100	\$2,500	\$375	\$375	\$625	\$375	\$375	\$250	\$125
Lawyer	\$8,300	\$6,100	\$915	\$915	\$1,525	\$915	\$915	\$610	\$305
Mechanic	\$4,100	\$3,300	\$495	\$495	\$825	\$495	\$495	\$330	\$165
Park Ranger	\$3,800	\$2,500	\$375	\$375	\$625	\$375	\$375	\$250	\$125
Pharmacist	\$10,800	\$7,700	\$1,155	\$1,155	\$1,925	\$1,155	\$1,155	\$770	\$385
Photographer	\$4,200	\$3,300	\$495	\$495	\$825	\$495	\$495	\$330	\$165
Physician Assistant	\$10,400	\$7,500	\$1,125	\$1,125	\$1,875	\$1,125	\$1,125	\$750	\$375
Plumber	\$5,400	\$4,200	\$630	\$630	\$1,050	\$630	\$630	\$420	\$210
Police Officer	\$6,000	\$4,600	\$690	\$690	\$1,150	\$690	\$690	\$460	\$230
Postal Service Mail Carrier	\$4,600	\$3,700	\$555	\$555	\$925	\$555	\$555	\$370	\$185
Real Estate Agent	\$5,500	\$4,700	\$705	\$705	\$1,175	\$705	\$705	\$470	\$235
Receptionist	\$2,900	\$2,300	\$345	\$345	\$575	\$345	\$345	\$230	\$115
Registered Nurse (RN)	\$7,400	\$5,500	\$825	\$825	\$1,375	\$825	\$825	\$550	\$275
Teacher	\$5,500	\$4,300	\$645	\$645	\$1,075	\$645	\$645	\$430	\$215
Truck Driver	\$4,000	\$3,200	\$480	\$480	\$800	\$480	\$480	\$320	\$160
Veterinarian	\$8,900	\$6,500	\$975	\$975	\$1,625	\$975	\$975	\$650	\$325