

Developing a Budget for Teenagers

Notes:

Learner Outcomes

Outcome #1: Participants will be able to identify what a budget is.

Outcome #2: Participants will be able to explain why a budget is important.

Outcome #3: Participants will be able to list at least two expenses included in a family budget.

Target Audience

Teenagers

Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It Web site), one for each participant
3. A pen or pencil for each participant
4. Something to track time
5. Sample Budget #1-BU-T for each participant
6. Handout #1-BU-T for each participant
7. Evaluation #1-BU-T for each participant
8. Optional: PowerPoint Presentation PDF #1-BU-T

Timing

1 hour

Want more background and training tips?

See the free, downloadable Bank It Leader's Guide at www.bankit.com.

Developing a Budget for Teenagers

Notes:

1. Welcome and Overview (5 minutes)

Arrive early. Highly consider using the optional PowerPoint Presentation PDF. It will greatly enhance your sessions. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room. Greet each participant individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants a copy of the Bank It Notes #1-BU-T and either a pen or pencil. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for teens and parents that make it easier to understand, talk about, and manage your money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.

Today we will focus on developing a budget for teenagers, and we plan on meeting three goals. One: By the end of this session, you will be able to identify what a budget is. Two: You will be able to explain why a budget is important. Three: You will be able to list at least two expenses included in a family budget.

Feel free to use your Bank It Notes to write what you learn as we go along. At the end of the session, we will take time to complete a short evaluation. (If this session is not the first session you're presenting to this group, consider briefly discussing the optional challenge that you may have given participants at the end of your previous session.)

2. Activity: Up or Down (15 minutes)

Say: A budget is a way to track your money to make sure the amount you spend isn't more than the amount you earn. Why are budgets important? Because a budget helps you understand the choices you make with your money. It is an important step and tool toward understanding and taking charge of your money.

Let's do a quick activity about common expenses—or spending—that can appear in a teenage budget. Tell participants they should stand up when you say a statement they agree with and sit down when you say a statement they disagree with.

Developing a Budget for Teenagers

Notes:

Consider making statements such as: *You pay for clothes.* (Give participants the chance to stand up or sit down.) *You pay for movies. You pay for snacks. You pay for video games. You pay for a cell phone. You pay for fast food. You pay for makeup. You pay for concerts.*

After you've said a number of statements, distribute a Teen Budget Sample to each participant.

Explain that a budget has two parts: income (money that comes in) and expenses (money that goes out). Say: *In order to do well with money, your income either needs to be higher than or equal to your expenses.*

Ask: *What would happen if your expenses were higher than your income?* (Give participants time to respond. Answers include: You'll run out of money. You could get into serious debt.) Also explain that budgets are usually created to cover the expenses for a month.

Go over the first budget at the top of the sheet: the teenager with an allowance. Ask: *What do you think of this budget?* (Give participants time to respond.) Then have participants look at the second budget at the bottom of the page: the teenager with a part-time job.

Ask: *What do you think of this budget?* (Give participants time to respond.) Say: *It doesn't matter how much money you have coming in. What matters is that you know what's coming in. It matters to know what's going out. It matters to keep track.*

3. Present: Talking about Budgets (15 minutes)

Say that it's important to know how to analyze a budget. Have participants look at the budget sample again. Ask: *What is the largest expense on Budget #1?* (Answer: Snacks, junk food, sodas for \$8.00.) Ask: *What is the smallest expense on this budget?* (Answer: Giving and savings are tied for \$1.00 each.)

Ask: *What is the largest expense on Budget #2?* (Answer: A tie between snacks, junk food, and sodas and a movie twice a month for \$16.00 each.) Ask: *What is the smallest expense on this budget?* (Answer: Vending machine for \$3.00.)

Ask: *What would happen if the teenager with Budget #2 had an emergency?* (Give participants time to respond. Point out that savings are sometimes used for emergencies. People might use their savings and then try to cut their expenses.)

Developing a Budget for Teenagers

Notes:

Ask: *How would you create your own budget?* (Give participants time to respond.)

On a flip chart, write “Income.” Under that category, write: *1. Know how much money is coming in. 2. Know how often money comes in.* Ask: *If you get a weekly allowance, how do you figure out how much money is coming in?* (Answer: Multiply the weekly allowance by four since most months have four weeks.)

Ask: *If you have a part-time job that pays you twice a month, how do you figure out how much money is coming in?* (Answer: Multiply the paycheck by two since there are two pay periods per month.)

On a flip chart, write “Expenses.” Under that category write: *1. Know which expense categories you use. 2. Keep track of how much you spend under each expense category.*

Distribute the handout *Your Budget* to each participant.

Say: *This is a worksheet you can use to create a budget. I don't want you to write anything on this now, but I do want you to look at it as we learn more about budgets. It's important to think about budgets in two ways.*

First of all: A budget is a record. Most people need to track their spending for a month or two. That means writing it all down. Then they can create a budget because they know how they've been using money in the past.

Second: A budget is a vision for your future. How do you want to use your money? What are your dreams? What are your money goals? When you combine your past history with your future vision, you can create a budget that fits who you are and where you want to go.

Have participants look at the box labeled *Possible Income Sources* on the bottom left-hand corner of the handout and checkmark each type of income they have.

After they finish, have them look at the box labeled *Possible Expenses* on the bottom right-hand corner of the handout and checkmark each type of expense they have. After they finish, ask: *What did you discover by doing this activity?* (Give participants time to talk.)

So how do you create a budget system? On a flip chart, write: *1. Keep your receipts. 2. Create major spending categories, such as Snacks, Movies, and*

Developing a Budget for Teenagers

Notes:

Eating Out. (This is where a spending diary is useful. See Session 2 on Spending.) 3. *Set a regular time to work on your budget.*

Say: I suggest finding a weekly time to keep track of your money and your budget.

4. Discuss (10 minutes)

Say: Take some time to talk to the people near you. Talk to about two to three people. Take turns. I want you to do two things: 1. Say your first name. 2. Say what kind of budget tracking and filing system you have—or plan to start.

Start with the person who donated used items or money to charity most recently. (If no one has, then start with the person who has helped another person or organization.) Then have each person take a turn.

5. Review and Evaluate (10 minutes)

Review what was accomplished during this session. Ask: *What is a budget?* (Answer: A budget is a way to track your money to make sure the amount you spend isn't more than the amount you earn.)

Ask: *Why is a budget important?* (Answers: A budget helps you understand the choices you make with your money. It is an important step and tool toward financial fitness.)

Ask: *What do you need to know in order to analyze a sample budget?* (Answers: 1. Know what the income is. 2. Know what the expenses are. 3. Know the totals for both income and expenses. 4. Know that the two totals either need to be the same or the income total needs to be higher than the expenses total.)

Ask: *What are some examples of expenses in a teenager's budget?* (Answers: Snacks, movies, eating out, clothes, and video games.)

Ask: *What are some examples of expenses in a family budget?* (Answers: Rent or mortgage, groceries, clothing, electricity, savings.)

Ask: *How do you develop a budget system?* (Answers: 1. Keep your receipts. 2. Create major spending categories. 3. Set a regular time to work on your budget.)

Developing a Budget for Teenagers

Notes:

At the end of the review, distribute Evaluation #1-BU-T to each participant. Give participants time to fill out the evaluation. Collect all the evaluations after participants finish so you can find out the measurable outcomes for the session.

6. Close (5 minutes)

Hold up both the Teen Budget Sample and Your Budget handout that you distributed during this session. Say: *In your hands you have the tools to create a budget so you can keep track of your money. You have a budget sample. Look at it closely. It can give you ideas of what a budget can look like.*

Then use the handout Your Budget. List your income. List your expenses. Total your income. Total your expenses. Make sure your income equals or exceeds the total for expenses. People who succeed with money matters always create a budget.

Why? Because it shows them how their money is coming in and how it is going out. It gives them clues that a budget category might be growing too fast. It helps them plan for their future. See how a budget can help you.

Challenge participants to talk to family members about this topic, which is listed under the Talk About It section of their Bank It Notes. Thank everyone for coming.

Optional Activities

1. Show the PowerPoint Presentation PDF #1-BU-T. Use the presentation to accompany the one-hour session.

2. Give Participants a Challenge. If participants have never used a budget before, encourage them to create a one over the next week. If they have used a budget, encourage them to update it so that it's current. (If you wish, follow up during your next session to find out how the challenge went.)

Questions? Looking for more ideas? Visit www.bankit.com for answers and more resources.

Developing a Budget for Teenagers

Notes:

For More Information

- *National Standards in K–12 Personal Finance Education* (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standard 1 in the area of Planning and Money Management.
- *National Standards in K–12 Personal Finance Education* (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standard 2 in the area of Planning and Money Management.
- *An Asset Builder’s Guide to Youth and Money* by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).