

Basic Budgeting

This activity covers basic budgeting and will help students understand the need for budgeting money and how to set priorities based upon needs.

Related Subject

Math

Grade Level

Middle School/Junior High

Concept

Simulation

Related Occupations

Accountant, Mathematician

Type of Activity

Individual

National Career Development Guidelines

Integrate changing employment trends, societal needs, and economic conditions into your career plans. (CM 5)

Materials/Supplies

Paper, pen/pencil

Activity

- Discuss with the students that the income people receive from working plays an important role in determining their lifestyles.
- Have the students list three things they will need to spend their income on if they are totally responsible for themselves.
- Ask them to prioritize the list in order of the most important or vital need to the least important or vital.
- Have the students determine how much it will cost to pay for the three things on their list.
- Discuss with the students the difference in gross pay and net pay.
- Ask them to determine how much money they would need to earn in order to pay for all of the items on the list and to pay for deductible items such as social security, state, and federal taxes, insurance, etc.
- Have the students set up a budget to show how they can pay for the three items. (e.g., How much would they need to pay out of each pay period or how could they buy one of the three items each pay period?)
- Discuss the value of being able to pay for an item rather than having to borrow money for it or buying it on credit.

Evaluation

Students will be evaluated on their budget and participation in class discussion.