

# Lesson plan for budgeting topic - duration 30 minutes+

## **Learning goals**

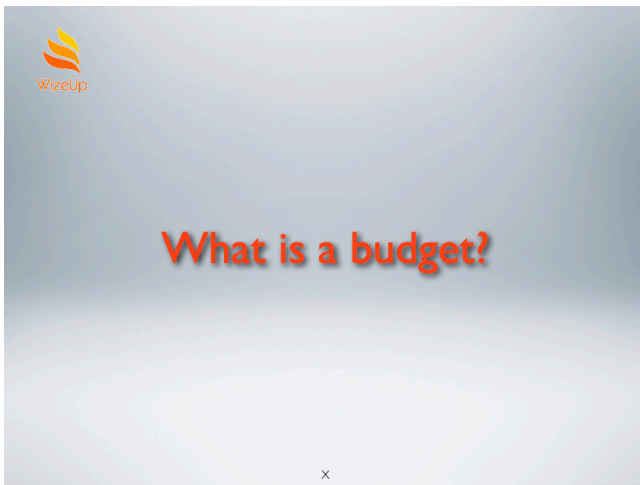
- To explain what a budget is.
- Why it is useful
- Persuade students that it is worthwhile to try a personal budget.

## **Resources**

- WizeUp powerpoint presentation
- online games
- Kahoot! quiz

## **Content & teach activity**

### **Slides**



### **Starter**

- Ask students if anyone has tried a budget
- Explain that a budget is just a plan on how to spend a finite commodity
- All students are good budgeters of time
- Discuss why it is important to have a budget - use personal experience.



- Use an analogy of an alarm clock to a budget
- Choice whether to get up when it goes off or hit the snooze button.
- Similar to seeing a budget doesn't add up and doing something about it or ignoring it.
- No right or wrong answer.
- It's a personal choice.
- Maybe consequences of delay - talk about the things that may be given up for an extra 15 minutes in bed.



## Stating the obvious... or is it?

- a) If income
- b) If expenditure



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- Starting point - if more money coming in than going out = choices
- Most of us have more money going out than coming in.
- This is ok if it's spotted early but if left it can be a precursor for debt spiral.
- Ask if any students can explain debt spiral
- Advert on TV for Ocean Finance
- Replace existing debt with cheaper debt.
- Although APR may be lower, time for repayment is longer
- Two elements to debt - APR and time



## Simple Budget

List Income (monthly)

List priority outgoings (monthly)

Wages or salary  
Loan  
Grant

Rent  
Fees  
Bills

x

- Would a simple budget help?
- Ask what it gives - a list, a starting point
- Ask the shortcomings - no detail, too few categories



## Money Saving Budget

Include as much detail as possible in order to avoid surprise expenses.

Set up an emergency fund to cover surprises.

Ensure that you budget for the fun stuff!

x

- We need a budget to help us save money.
- Need lots of detail.
- Easy to budget if nothing ever goes wrong.
- Need an emergency fund (10%-15% of income) to cover surprises.
- Could be car tyre puncture, MOT failure, invite to a party
- Independence = ability to solve financial problems without asking for help.
- Planning is needed for this



## Money Saving Budget

List Income (Annual)

List necessary expenditure (Annual)

|                      |                         |
|----------------------|-------------------------|
| Student loan         | Emergency fund          |
| Grant or bursary     | Rent                    |
| Sponsorship          | Tuition fees            |
| Scholarship          | Contents insurance      |
| Parents contribution | Travel                  |
| Job income           | Laundry                 |
| Savings              | Toiletries              |
| Overdraft facility   | Stationery              |
|                      | Minimum debt repayments |
|                      | Food                    |
|                      | Utilities               |

x

- Example of money saving budget
- Highlight more detail
- Explain every persons budget with be personal and different



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- Once categories have been listed then they need to be prioritised
- Must haves = things without which you can't exist
- Needs = things without which you can't function
- Wants = Fun and pleasurable things
- Warn that decisions need to be objective
- Heart mustn't rule head

Opportunity to use prioritising worksheet here - allow 5 minutes to complete.  
Discuss results




## Money Saving Budget


| Income                  | Weekly | Annually | One Off | Expenditure                   | Weekly | Annually | One Off |
|-------------------------|--------|----------|---------|-------------------------------|--------|----------|---------|
| Tuition Fee Loan        |        | £3,000   |         | Emergency                     |        | £1,000   |         |
| Maintenance loan        |        | £3,000   |         | Accommodation                 |        | £2,700   |         |
| Grant                   |        | £1,200   |         | Books                         |        | £300     |         |
| Bursary                 |        | £1,000   |         | Insurance                     |        | £95      |         |
| Job                     | £40    | £1,395   |         | TV License                    |        | £139     |         |
| Parents support         | £25    | £775     |         | Food                          | £35    | £1,085   |         |
| Stuff sold on ebay      |        |          | £95     | Going Out                     | £25    | £775     |         |
|                         |        |          |         | Travel                        | £14    | £434     |         |
|                         |        |          |         | Laundry                       | £3     | £93      |         |
|                         |        |          |         | Phone                         | £2     | £155     |         |
|                         |        |          |         | Laptop                        |        |          | £400    |
|                         |        |          |         | Course Fees                   |        | £3,000   |         |
| Total                   |        | £10,370  | £95     | Total                         |        | £6,746   | £400    |
| Grand total             |        | £10,465  |         | Grand total                   |        | £3,746   |         |
| Income over expenditure |        |          |         | £689 Can be spent on luxuries |        |          |         |


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Transfer to spreadsheet and add numbers  
Show how to annualise  
Take spending from income

 **Money Saving Budget**

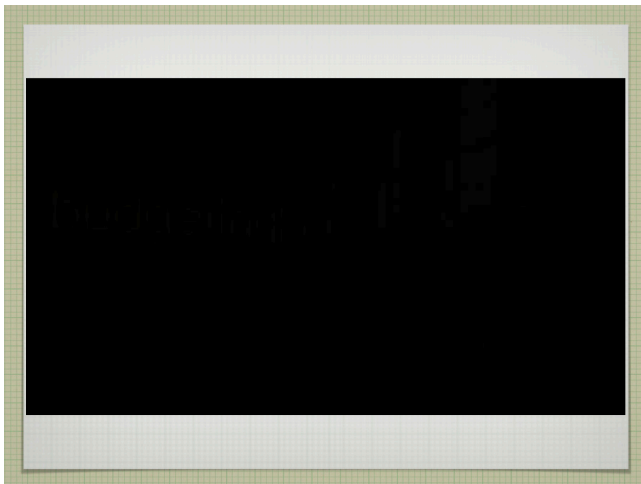
Calculate the difference

If **income** > **expenditure** 

If **expenditure** > **income** 

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- If more money coming in than going out then nothing to do
- If more money going out than coming in the two choices:
  - Cut expenditure
  - Increase income
- No right answer - all about choice
- Give some personal experience
- Explain that this is a snapshot
- Be prepared to make changes to budget as lives progress
- Because it doesn't add up it doesn't mean it's not working



Film to finish showing 1st year university students discussing their budget.

Opportunity to play budgeting games if time allows - good selection on website.

### **Plenary**

Get students to compile a personal budget using their own circumstances

OR

Compile one using an imaginary income of £1,500 per month

Discuss results.