

## Objective

By the end of this lesson, the student will understand the basic principles of budgeting, including how to track income and expenses, set financial goals, and create a simple budget that they can use in their daily life.

## Materials and Prep

- Paper and pencil or pen
- Calculator (optional, for more complex calculations)
- Access to a computer or smartphone (for online resources, if desired)
- A list of hypothetical income sources (like a part-time job, allowance, etc.)
- A list of common expenses (like food, entertainment, savings, etc.)
- Knowledge of basic arithmetic operations (addition, subtraction, multiplication, division)

## Activities

### • Income and Expense Brainstorm

Start by brainstorming different sources of income and common expenses. Write them down on paper and categorize them into fixed expenses (like rent or subscriptions) and variable expenses (like entertainment or food).

### • Create Your Budget

Using the lists from the previous activity, have the student create a simple monthly budget. They can allocate their hypothetical income to various expenses, ensuring they do not exceed their total income.

### • Budgeting Scenarios

Present different scenarios that might affect a budget (like unexpected expenses or a pay raise). Ask the student how they would adjust their budget in each situation, encouraging critical thinking about financial flexibility.

### • Goal Setting

Discuss the importance of setting financial goals. Have the student identify one short-term and one long-term financial goal, and discuss how budgeting can help them achieve these goals.

## Talking Points

- "Budgeting is like a roadmap for your money. It helps you see where your money is going and where you want it to take you."
- "Understanding your income and expenses is the first step to controlling your finances. Can you think of some sources of income you might have?"
- "Fixed expenses are things you have to pay every month, while variable expenses can change. Why do you think it's important to know the difference?"
- "When creating a budget, always make sure your expenses don't exceed your income. What happens if they do?"
- "Adjusting your budget for unexpected events is crucial. What would you do if you suddenly had to pay for a car repair?"
- "Setting financial goals gives you something to work towards. What's a financial goal you'd like to achieve in the next year?"

- "Remember, budgeting is not just about restriction; it's about making informed choices. What would you do if you wanted to save for something special?"