

# Lesson Plan: My First Budget: The Blueprint for Financial Independence

## Materials Needed

- A computer or tablet with internet access
- Spreadsheet software (like Google Sheets or Microsoft Excel), OR a notebook, pen, and calculator
- "My First Budget" worksheet (template provided below)
- "Surprise Scenario" cards (examples provided below, can be written on index cards or paper slips)
- Optional: Whiteboard or large paper for brainstorming

## Learning Objectives

By the end of this lesson, you will be able to:

1. Identify and categorize common income sources and expenses for a young adult.
2. Create a balanced personal monthly budget using the 50/30/20 rule as a guideline.
3. Analyze a budget and make strategic adjustments when faced with unexpected financial events.

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## Lesson Activities

### Part 1: Introduction (10 Minutes)

#### Hook: What Would You Do?

Let's kick things off with a scenario. Imagine you just landed your first awesome, full-time job. After taxes, your take-home pay is \$2,800 a month. You're moving out on your own for the first time. You have the keys to your new apartment and that first paycheck just hit your bank account. **Question: What is the very first thing you buy?**

*(Allow for discussion. Acknowledge that the temptation is to buy something fun, like a new gaming system, clothes, or a celebratory dinner. This is a natural starting point.)*

#### The Big Picture: Why This Matters

That urge to spend is totally normal. But what if you could buy that cool thing \*and\* know all your bills are covered, with money left over to save for even bigger goals? That's not magic; it's budgeting. Think of a budget less like a restriction and more like a power-up. It gives you control over your money so you can build the life you actually want. It's the ultimate tool for true independence.

#### Today's Goals

Today, we're going to build that tool. By the time we're done, you'll know how to create a solid monthly budget, how to decide where your money should go, and how to handle the financial curveballs life will inevitably throw at you.

## Part 2: The Body - Building Your Budget (45 Minutes)

### I Do: Understanding the Building Blocks (15 mins)

First, let's get the key terms down. A budget just boils down to one thing: **Money In vs. Money Out.**

- **Income:** All the money you have coming in. For now, we'll focus on **Net Income**, which is your paycheck *\*after\** taxes are taken out. This is the real amount you have to spend.
- **Expenses:** All the money you have going out. We can split these into two types:
  - **Fixed Expenses:** These cost the same every month. They're predictable. Think rent, a car payment, or your cell phone bill.
  - **Variable Expenses:** These change from month to month. You have more control over them. Think groceries, gas, or entertainment.

### A Simple Framework: The 50/30/20 Rule

This is a super popular guideline to help you get started. It's not a strict law, but it's a great starting point for dividing up your net income:

- **50% for NEEDS:** The absolute essentials. This includes housing (rent), utilities (electricity, water), groceries, transportation to work/school, and insurance. If you don't pay for it, there are serious consequences.
- **30% for WANTS:** Everything that makes life fun and interesting, but you could survive without. This is for dining out, streaming services, hobbies, shopping for non-essentials, and entertainment.
- **20% for SAVINGS & DEBT:** This is for your future self! It includes building an emergency fund, saving for big goals (like a car or a vacation), investing, or paying off debt faster.

### Let's model it with that \$2,800/month income:

- NEEDS (50%): \$1,400
- WANTS (30%): \$840
- SAVINGS (20%): \$560

Now the challenge is fitting all of life into those buckets!

### We Do: Budgeting for a Fictional Person (10 mins)

Let's practice together. We'll create a quick budget for "Jamie," a 19-year-old who works part-time and goes to community college. Jamie's net income is \$1,500/month and lives with a roommate.

*(Work together, either on a whiteboard or just talking through it. Use the internet to look up realistic local costs.)*

- "First, what are Jamie's Needs? Rent is the big one. Let's look up the average rent for a 2-bedroom apartment in our area and divide by two."
- "What else is a Need? Groceries, car insurance, gas... let's estimate those costs."
- "Okay, now for Wants. What do you think Jamie spends money on for fun? Coffee? Movies? Video games?"
- "Finally, let's make sure Jamie is saving 20%, which is \$300. Does our budget balance?"

**You Do: Your First Budget Challenge (20 mins)**

Alright, your turn to be the architect of your own financial future. I want you to create a detailed monthly budget based on a scenario of your choice. Use the "My First Budget" worksheet to guide you.

**Choose Your Scenario:**

1. **The Home Base Pro:** You're working a part-time job (Net Income: \$1,200/month) while living at home. Your main goal is saving for a used car that costs \$8,000. You pay your parents \$200/month for rent and contribute to groceries.
2. **The Roommate Life:** You've just moved into your first apartment with a roommate! You have a full-time job (Net Income: \$2,500/month). You are splitting all shared housing costs. Your goal is to furnish your apartment and build a \$1,000 emergency fund.
3. **The Campus Hustle:** You're a full-time college student living in a dorm. You have a part-time campus job (Net Income: \$800/month) and get \$400/month from your family for support. Your goal is to cover your personal expenses (books, food, fun) without taking on credit card debt.

Use the internet to research realistic costs for rent, utilities, and transportation in your area. Fill out the worksheet completely.

**Success Criteria:**

A successful budget will:

- Account for all your income.
- Categorize every expense into Needs, Wants, or Savings/Debt.
- Roughly follow the 50/30/20 guideline (or have a good reason why you've adjusted it).
- Balance to zero (Income - Expenses = \$0). This is called a "zero-based budget" and it means every single dollar has a job!

**Part 3: Conclusion (10 Minutes)****Share and Reflect**

Let's look at the budget you created. Walk me through your decisions.

- What was the easiest part to plan for?
- What was the hardest category to budget for? Were you surprised by the cost of anything you researched?
- How did the 50/30/20 rule work for your scenario? Did you have to adjust it?

**Summative Assessment: The Surprise Scenario!**

Your budget looks great. But life is unpredictable. Let's see how well your plan can handle a surprise. Draw one "Surprise Scenario" card and let's figure out how to adapt.

*(Have the student draw a card and discuss the solution.)*

**Sample Cards:**

- **FLAT TIRE:** Your car tire is toast and needs to be replaced. It costs \$175 you weren't expecting. Where does that money come from?
- **CONCERT OF THE YEAR:** Your favorite artist announces a surprise show. Tickets are \$120, and

the show is next week. Do you go? If so, what do you sacrifice?

- **OOPS...:** You accidentally break your phone screen. The repair is \$250. How do you pay for it?
- **HOURS CUT:** Your boss tells you that business is slow, and your hours are being cut for the next month. Your next paycheck will be \$300 less than you planned. What's the first thing you change in your budget?

This is where a good budget really shines. It allows you to see exactly where you can pull money from (usually the "Wants" category) to cover emergencies without derailing your entire financial life.

### Final Recap

Great work today. Let's recap the key takeaways:

1. **Know Your Numbers:** Understand your net income and track your expenses (fixed vs. variable).
2. **Have a Plan:** Use a framework like the 50/30/20 rule to give every dollar a purpose before the month begins.
3. **Be Flexible:** A budget is a living document. It needs to adapt to unexpected events. The goal isn't perfection; it's control and intention.

You've now built a skill that will serve you for the rest of your life, putting you miles ahead on the road to financial independence.

## Differentiation and Extensions

- **For Scaffolding/Support:** Begin with a budget worksheet that is partially pre-filled with common expense categories and estimated local costs. The student's task would be to fill in the remaining gaps and calculate the totals. Focus only on "Income" and "Expenses" first, before introducing the 50/30/20 categories.
- **For Extension/Advanced Challenge:**
  - **The Annual Budget:** Expand the monthly budget into a full-year plan, forcing you to account for irregular expenses like holiday gifts, annual subscription renewals, or car registration fees.
  - **Budget App Showdown:** Research three popular budgeting apps (like YNAB, Mint, or EveryDollar). Create a simple presentation comparing their features, pros, and cons.
  - **Investing vs. Saving:** In the 20% category, research and explain the difference between saving for a short-term goal (like an emergency fund) and investing for a long-term goal (like retirement).

## Resource: "My First Budget" Worksheet Template

**Monthly Budget for: [Your Name/Scenario]**

**Total Monthly Net Income: \$\_\_\_\_\_**

**Bucket 1: NEEDS (Goal: ~50% of Income | \$\_\_\_\_\_)**

| Category | Budgeted Amount | Notes |
|----------|-----------------|-------|
|----------|-----------------|-------|

|  |    |  |
|--|----|--|
| Housing (Rent/Mortgage)                    | \$ |  |
| Utilities (Electric, Water, Gas, Internet) | \$ |  |
| Groceries                                  | \$ |  |
| Transportation (Gas, Public Transit)       | \$ |  |
| Insurance (Car, Health)                    | \$ |  |
| Cell Phone                                 | \$ |  |
| <b>TOTAL NEEDS</b>                         | \$ |  |

**Bucket 2: WANTS (Goal: ~30% of Income | \$\_\_\_\_\_)**

| Category                               | Budgeted Amount | Notes |
|--|-----------------|-------|
| Restaurants/Takeout                    | \$              |       |
| Entertainment (Movies, Concerts, etc.) | \$              |       |
| Shopping (Clothes, Gadgets, etc.)      | \$              |       |
| Hobbies                                | \$              |       |
| Subscriptions (Streaming, Gym, etc.)   | \$              |       |
| <b>TOTAL WANTS</b>                     | \$              |       |

**Bucket 3: SAVINGS & DEBT (Goal: ~20% of Income | \$\_\_\_\_\_)**

| Category                                | Budgeted Amount | Notes |
|---|-----------------|-------|
| Emergency Fund                          | \$              |       |
| Specific Goal Savings (Car, Trip, etc.) | \$              |       |
| Investing                               | \$              |       |
| Extra Debt Payments                     | \$              |       |
| <b>TOTAL SAVINGS</b>                    | \$              |       |

**Final Calculation**

|  |    |
|--|----|
| Total Income                             | \$ |
| Total Expenses (Needs + Wants + Savings) | \$ |
| Remaining (Goal is \$0)                  | \$ |