

Financial Boss: Mastering the Art of the Budget

Materials Needed

- Calculator (or smartphone calculator)
- Laptop with Spreadsheet software (Excel/Google Sheets) OR Graph paper/Markers
- Printable "Expense Sorting Cards" (can be hand-written on index cards)
- Access to a current tax/superannuation calculator website (optional)

Learning Objectives

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

- Distinguish between **Gross Income** and **Net Income** (what you actually take home).
- Calculate **Superannuation** contributions and understand why they matter for "Future Fiona."
- Categorize spending into **Essential Expenses** (Needs) and **Disposable Income** (Wants).
- Develop a strategy to manage **Lumpy/Yearly Expenses** (like car registration) so they don't ruin your month.
- Create a balanced monthly budget using the "Pay Yourself First" model.

Success Criteria

- I can explain why my \$1,000 paycheck only shows \$800 in my bank account.
- I can correctly categorize 10 common expenses as either "Essential" or "Disposable."
- I can calculate exactly how much to save each week to cover a \$900 yearly car registration bill.
- I can build a budget that equals zero ($\text{Income} - \text{Expenses} = 0$).

1. Introduction: The "First Paycheck" Reality Check (10 Minutes)

The Hook: Imagine you've just landed a great job earning \$25 an hour. You work 20 hours a week. You think, "Awesome, that's \$500 a week! I'm buying those new sneakers on Friday." Friday comes, and your bank account shows \$420. Where did the \$80 go? And then you remember... your car registration is due next week for \$850. Are you rich or broke?

The Concept: Budgeting isn't about "not spending money"—it's about *deciding* where your money goes before it disappears on its own.

2. Content & Practice: The "I Do" (15 Minutes)

Income & Superannuation

In the adult world, what you earn isn't what you keep. We need to understand two main "thefts" from your paycheck (one is actually a gift to your future self!):

- **Income Tax:** Money paid to the government for roads, hospitals, and schools.
- **Superannuation (Super):** In Australia/UK/similar systems, this is money your employer puts into a special investment account for your retirement. It's usually a percentage (e.g., 11.5%) on top of your wage. You can't touch it until you're older, but it grows over time!

Modeling: If Fiona earns \$1,000 GROSS per week:

1. **Super (11.5%):** \$115 is put into her Super fund by her boss.
2. **Tax:** Roughly \$150 is taken by the tax office.
3. **NET Income:** \$1,000 - \$150 = **\$850**. This is your "Spensible Reality."

3. Guided Practice: The "We Do" (20 Minutes)

Sorting the Spend: Essential vs. Disposable

Let's look at a list of common expenses. We are going to categorize them. **Essential** means you cannot live or work without it. **Disposable** means it's a lifestyle choice.

Expense	Type	Why?		
Rent / Board	Essential	You need a roof over your head.		
Netflix / Disney+	Disposable	Entertainment is a "want."	Essential	Needed for work/safety.
Dining Out / Uber Eats	Disposable	You can cook cheaper at home.		

The "Yearly" Trap: Some expenses only happen once a year (Car Rego, Insurance, Concert Tickets). If you don't plan for them, they feel like an emergency. We handle these by **Dividing by 12** (to get a monthly cost) or **Dividing by 52** (for a weekly cost).

Example: Car Insurance is \$1,200 a year. That's \$100 a month. Put \$100 aside every month, and when the bill arrives, it's already paid!

4. Independent Application: The "You Do" (25 Minutes)

The "Life Simulation" Project

Fiona, you are now 19. Here is your scenario:

- **Job:** Junior Graphic Designer earning **\$4,200 Net per month**.
- **The Task:** Build a monthly budget that accounts for all your needs, wants, and those sneaky yearly bills.

Step 1: The Yearly Sinking Fund. Calculate the monthly cost for these:

- Car Registration: \$900/year
- Car Insurance: \$1,500/year

- Annual Holiday Fund: \$2,400/year

Step 2: The Essentials. Allocate money for:

- Rent: \$1,600
- Groceries: \$400
- Petrol/Transport: \$200
- Phone/Internet: \$100

Step 3: The Fun Stuff (Disposable). Decide how much is left for:

- Streaming services, clothes, hobbies, and social life.

Step 4: The Bottom Line. Ensure your total expenses equal exactly \$4,200. If you have money left over, put it into "Savings." If you are in the negative, you must cut something from "Disposable."

5. Conclusion & Recap (10 Minutes)

Review Questions:

- What is the difference between Gross and Net income?
- Why is it dangerous to ignore "Yearly" expenses in a monthly budget?
- How does Superannuation benefit you even if you can't spend it today?

The Takeaway: A budget isn't a cage; it's a map. It gives you permission to spend your disposable income because you know the boring stuff (rego and rent) is already covered.

Assessment

Formative: Check the "Sorting the Spend" table for correct categorization during the activity.

Summative: Evaluate the "Life Simulation" budget. Does it balance? Are the yearly expenses correctly divided by 12? Is there a clear distinction between needs and wants?

Differentiation & Adaptations

- **For Advanced Learners (Extension):** Introduce the "50/30/20 Rule" (50% Needs, 30% Wants, 20% Savings/Debt). Have them calculate if their simulation budget fits this ratio.
- **For Struggling Learners (Scaffolding):** Provide a pre-filled spreadsheet where they only need to input the "Disposable" amounts, and the "Essentials" and "Yearly" are already calculated.
- **Homeschool Tip:** Look at a real-world (redacted) utility bill or car registration renewal to see exactly how the numbers look in real life.