

LESSON PLAN

Building a Budget

- IT'S A -
**MONEY
THING®**

INCLUDED IN THIS PACKAGE

- **LESSON PLAN** (2 pages)
- **ACTIVITY** (4 pages)
- **QUIZ** (1 page)
- **ACTIVITY ANSWER KEY** (3 pages)
- **QUIZ ANSWER KEY** (1 page)

COLLECT FROM YOUR LIBRARY

- **VIDEO 40** (*Building a Budget*)
- **PRESENTATION 40** (*Building a Budget*)
- **HANDOUT 40** (*Building a Budget*)

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LESSON PLAN

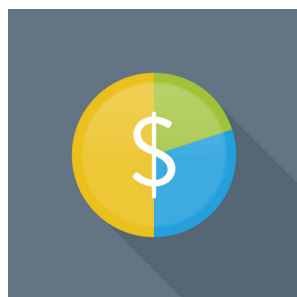
Building a Budget

GRADES

7 to 12

TIME

45 minutes



OVERVIEW

This lesson introduces students to the 50/30/20 budgeting system as a simple and practical way to manage money. Students will practice sorting expenses into needs, wants and savings, and discover how to adjust budgeting frameworks to fit different financial goals and priorities.

GOALS

- Introduce students to the 50/30/20 budgeting system
- Help students understand the differences between essential needs and discretionary wants in the context of budgeting

OBJECTIVES

- Define the 50/30/20 budgeting system
- Identify and categorize expenses as wants, needs or savings
- List different budgeting systems and tools
- Reflect on how an expense might fit into different categories based on financial situations and goals

ASSESSMENT

Use the activity in this lesson plan to assess students' grasp of the topic. An optional quiz is also provided (the quiz is not factored into the lesson's 45-minute runtime).

Did you know? This lesson plan explores concepts from Standard 3 (Saving) from the Council for Economic Education's National Standards for Personal Financial Education.

MATERIALS

- ☐ **VIDEO 40**—*Building a Budget*
- ☐ **PRESENTATION 40**—*Building a Budget*
- ☐ **ACTIVITY**—*Needs, Wants or Savings and Answer Key*
- ☐ **HANDOUT 40**—*Building a Budget*
- ☐ **QUIZ**—*Building a Budget and Answer Key*

PREPARATION

- Gather digital materials (video and presentation)
- Print **HANDOUT 40** for each student
- Print and cut out the **ACTIVITY** cards and labels
- (Optional) Print **QUIZ** (Building a Budget) for each student



LESSON PLAN

Building a Budget

TIMELINE

- 5 minutes** Introduce topic
- 5 minutes** Show **VIDEO 40** (*Building a Budget*)
- 10 minutes** Go over **PRESENTATION 40**
- 10 minutes** Facilitate **ACTIVITY**
- 10 minutes** Distribute **HANDOUT 40** and discuss **ACTIVITY** insights
- 5 minutes** Wrap up
- (Optional)** Assessment: **QUIZ** (*Building a Budget*)

INSTRUCTIONS

1. Ask your class the following question:
 - What do you think you need to start budgeting?

Acknowledge any helpful tools students mention (e.g., a notebook, an app or a calculator). Then, emphasize: “While these tools are useful, the most important thing you need is a system to guide how you prioritize your expenses. Today, we’ll explore the 50/30/20 budgeting system.”
2. Show **VIDEO 40**
3. Go over **PRESENTATION 40**
4. Facilitate the **ACTIVITY**
 - Distribute the expense cards so that each student has at least one card
 - Set up three labeled piles at the front of the classroom: NEEDS, WANTS and SAVINGS
 - Invite students to place their cards in the pile they believe is most appropriate
 - Once all cards are sorted, go through each pile as a class; for each card, ask students if they agree with its placement and facilitate discussion on expenses that could reasonably fit into more than one category

5. Distribute **HANDOUT 40** and review the *Creative Categories* section together as a class; ask students:
 - Why do you think the same expense might be a need for one person but a want for another?
 - Can you think of an expense in your own life that shifts between categories?
 - Do you think the 50/30/20 rule works for everyone? Why or why not?
6. Wrap up by sharing the following:
 - 50/30/20 is a system and a starting point; it helps you make thoughtful spending decisions that align with what’s most important to you
 - The same expense can be a need, want or savings goal depending on personal priorities
 - No matter what tools you use, your budget should evolve as your income, goals and priorities change over time
7. (Optional) Distribute **QUIZ** for individual assessment, or answer the questions together as a class; decide whether or not students can reference their notes/ handouts during the quiz

NOTES



ACTIVITY

Building a Budget

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NEEDS, WANTS OR SAVINGS

Directions: Print and cut out the labels. Fold them along the dotted line to create stand-up markers for the three piles: Needs, Wants and Savings.



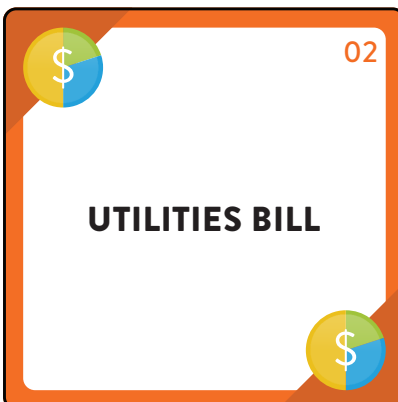
NEEDS, WANTS OR SAVINGS

Directions: Sort the cards into the Needs, Wants and Savings piles.



01

**GROCERIES FOR
HOME-COOKED
MEALS**




02

UTILITIES BILL



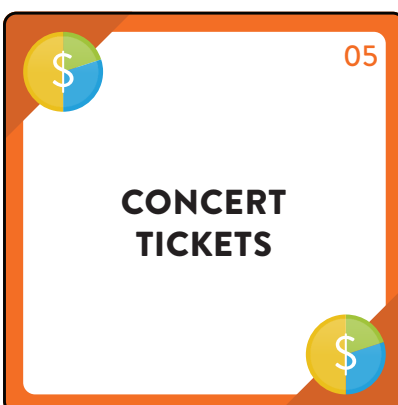
03

**KEEPING SPARE
CHANGE IN A JAR
FOR FUTURE USE**



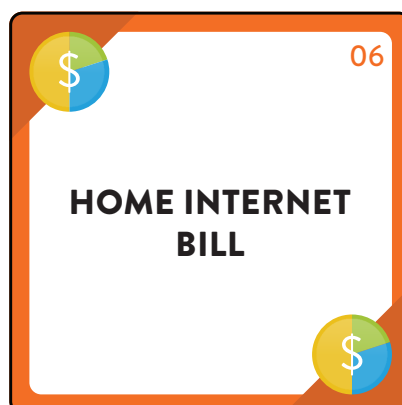
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**VIDEO STREAMING
SUBSCRIPTION**



05

**CONCERT
TICKETS**



06

**HOME INTERNET
BILL**



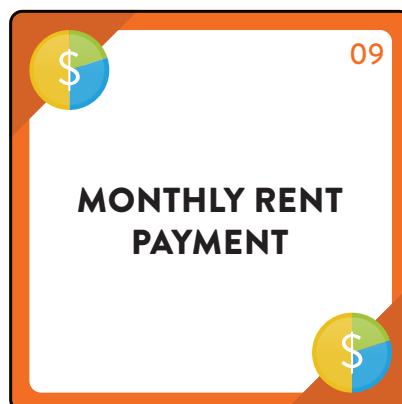
07

**CAR INSURANCE
PAYMENT**



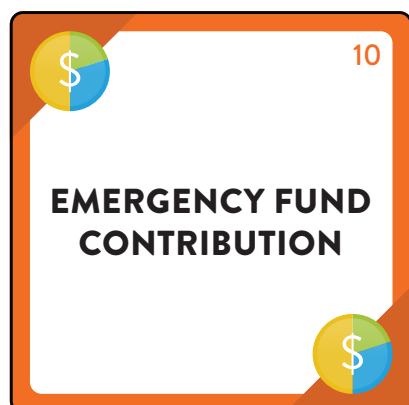
08

**DINING OUT
AT A FANCY
RESTAURANT**



09

**MONTHLY RENT
PAYMENT**



10

**EMERGENCY FUND
CONTRIBUTION**



11

**REPLACING
A WORN-OUT
WINTER COAT**

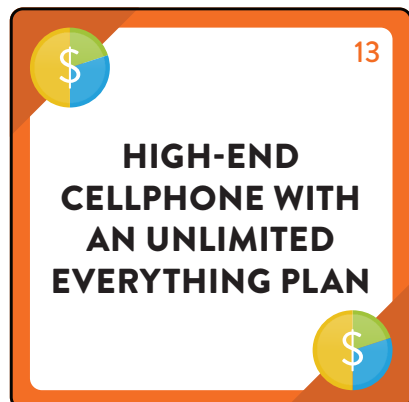


12

**MONTHLY
BUS PASS**

NEEDS, WANTS OR SAVINGS

Directions: Sort the cards into the Needs, Wants and Savings piles.



13

**HIGH-END
CELLPHONE WITH
AN UNLIMITED
EVERYTHING PLAN**



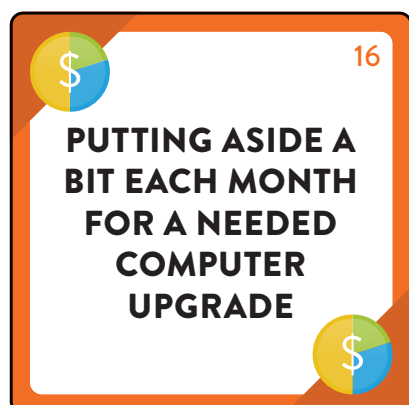
14

**AUTOMATIC
MONTHLY
CONTRIBUTION TO
ONLINE SAVINGS
ACCOUNT**



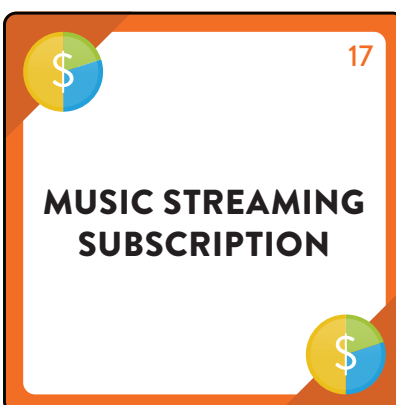
15

**SPORTING EVENT
TICKETS**



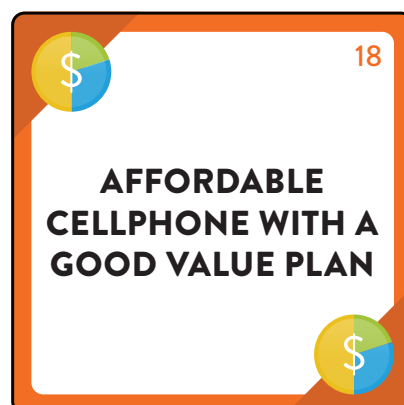
16

**PUTTING ASIDE A
BIT EACH MONTH
FOR A NEEDED
COMPUTER
UPGRADE**



17

**MUSIC STREAMING
SUBSCRIPTION**



18

**AFFORDABLE
CELLPHONE WITH A
GOOD VALUE PLAN**



19

**BRAND-NEW VIDEO
GAME CONSOLE**



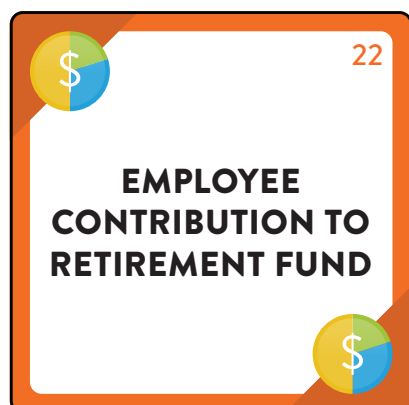
20

CAR REPAIRS



21

MOVIE TICKETS



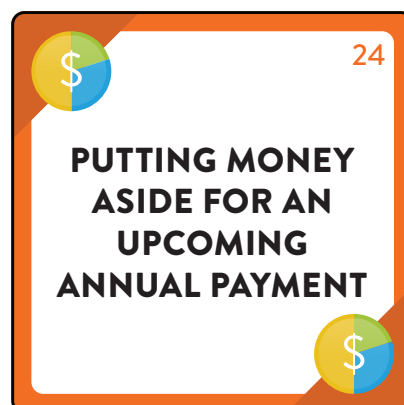
22

**EMPLOYEE
CONTRIBUTION TO
RETIREMENT FUND**



23

**FANCY NEW
LUXURY VEHICLE**



24

**PUTTING MONEY
ASIDE FOR AN
UPCOMING
ANNUAL PAYMENT**

NEEDS, WANTS OR SAVINGS

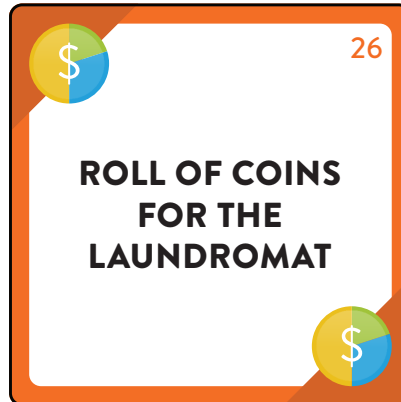
Directions: Sort the cards into the Needs, Wants and Savings piles.



25

**MORTGAGE
PAYMENT**

This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



26

**ROLL OF COINS
FOR THE
LAUNDROMAT**

This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



27

**NEW DESIGNER
SHOES**

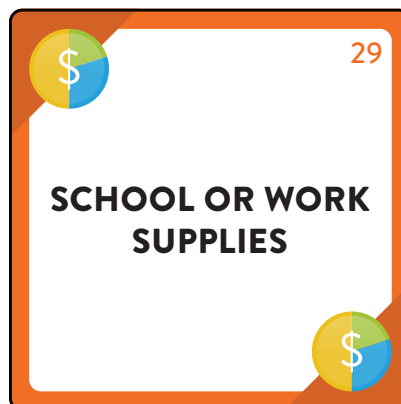
This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



28

**SPONTANEOUS
WEEKEND TRIP
TO A TROPICAL
RESORT**

This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



29

**SCHOOL OR WORK
SUPPLIES**

This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



30

CAR DETAILING

This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



31

**RENTERS
INSURANCE
PAYMENT**

This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



32

PET FOOD

This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



33

**PUTTING MONEY
ASIDE ALL WINTER
FOR A SUMMER
VACATION**

This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



34

**SUPPLIES FOR
A NEW HOBBY**

This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



35

**GYM
MEMBERSHIP**

This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



36

**BIRTHDAY GIFT
FOR YOUR FRIEND**

This card features a green and blue circular icon with a white dollar sign in the top-left corner and a similar icon in the bottom-right corner. The card has an orange border and a white background.



QUIZ

Building a Budget

NAME: _____

TOTAL
/8 pts

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer for each question.

1. Your monthly net income is:
 - a. Your salary before taxes and deductions
 - b. The amount of money you take home after taxes and deductions
 - c. The money you owe in taxes at the end of the month
 - d. The total amount you save each month
 2. What should you do if your spending doesn't match the 50/30/20 guideline?
 - a. Reduce your spending
 - b. Increase your income
 - c. Modify your percentages
 - d. Any combination of the above
- /2 pts

FILL IN THE BLANKS

Directions: Fill in the blanks with the correct word(s) or number(s).

3. In the 50/30/20 budgeting system, _____ % of your income should be allocated to Wants, _____ % to Savings and _____ % to Needs.
 4. A _____ is an essential expense that you cannot avoid, such as housing, utilities or food.
- /4 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

5. TRUE or FALSE All expenses can only ever belong to one category: Needs, Wants or Savings.
6. TRUE or FALSE An emergency fund is an example of a Savings expense.

/2 pts

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ACTIVITY ANSWER KEY

Building a Budget

NEEDS, WANTS OR SAVINGS

Directions: Review the Needs, Wants and Savings piles and confirm whether each card is correctly placed. Use the explanations below to guide corrections.

CARD	CATEGORY	REASON
01	NEEDS/WANTS	<i>Everyone needs food to survive, though premium items may blur the line between need and want</i>
02	NEEDS	<i>Essential services like electricity and water are critical for daily living</i>
03	SAVINGS	<i>At its core, saving means setting money aside to use in the future, whether that money is in an account or in an old jar</i>
04	WANTS	<i>Entertainment is a non-essential expense; be mindful of how many services you subscribe to, as the costs can quickly add up</i>
05	WANTS	<i>Concerts are fun, but since they're purely for entertainment, they are considered wants</i>
06	NEEDS	<i>Home internet service is essential for many; be sure to choose a service that meets your basic needs</i>
07	NEEDS	<i>Car insurance is required by law and essential for those who drive</i>
08	WANTS	<i>Dining out can be great for special occasions, but it is a discretionary expense; you can often save money by cooking at home instead</i>
09	NEEDS	<i>Shelter is an essential expense for everyone</i>
10	SAVINGS	<i>Money saved for emergencies gives you financial security and helps you handle unexpected situations in the future</i>
11	NEEDS	<i>Replacing essential clothing is necessary for health and safety</i>
12	NEEDS	<i>If you rely on public transportation to get to work and school, a bus pass can be considered a need</i>
13	WANTS	<i>While a cellphone is often a need for work or emergencies, upgrading to the latest model and choosing the most expensive plan are considered wants</i>



ACTIVITY ANSWER KEY

Building a Budget

NEEDS, WANTS OR SAVINGS

Directions: Review the Needs, Wants and Savings piles and confirm whether each card is correctly placed. Use the explanations below to guide corrections.

CARD	CATEGORY	REASON
14	SAVINGS	<i>Setting aside a little each month through automatic transfers is an effective way to build your savings over time</i>
15	WANTS	<i>Entertainment is a non-essential expense</i>
16	SAVINGS	<i>Upgrading a piece of technology can be important for both work and fun, so it's best to save up for this, rather than taking on debt</i>
17	WANTS	<i>Personal subscription services are almost always considered wants</i>
18	NEEDS	<i>A cellphone is typically a need for work and emergencies, but it's important to pick a phone and plan within your budget</i>
19	WANTS	<i>Entertainment is a non-essential expense</i>
20	NEEDS	<i>If you rely on a car as your main form of transportation, repairs are necessary to maintain safety and keep it running smoothly</i>
21	WANTS	<i>Events and outings should be categorized as wants in your budget</i>
22	SAVINGS	<i>A retirement fund is one of the most important long-term savings goals; some employers may even match your contributions</i>
23	WANTS	<i>Choosing luxury over practicality is a want; if you need a new vehicle, prioritize value and reliability over image to stay budget-friendly</i>
24	SAVINGS	<i>Saving gradually throughout the year makes annual payments easier to manage and less stressful when they're due</i>
25	NEEDS	<i>If you own a home, your mortgage payment becomes one of your most important and unavoidable expenses</i>
26	NEEDS	<i>If you rely on a laundromat, having coins on hand is a necessary expense</i>
27	WANTS	<i>Trendy items go beyond basic clothing needs</i>

ACTIVITY ANSWER KEY

Building a Budget

NEEDS, WANTS OR SAVINGS

Directions: Review the Needs, Wants and Savings piles and confirm whether each card is correctly placed. Use the explanations below to guide corrections.

CARD	CATEGORY	REASON
28	WANTS	<i>An unplanned vacation might sound exciting, but it's a want and could lead to high-interest debt if not budgeted for</i>
29	NEEDS/WANTS	<i>Basic school or work supplies are essential for meeting your responsibilities, but unnecessary upgrades or extras are considered wants</i>
30	WANTS	<i>Paying for car detailing is optional and falls under wants, as it's not essential for maintaining your vehicle</i>
31	NEEDS	<i>Insurance protects your valuables and minimizes the financial impact of unexpected events</i>
32	NEEDS	<i>Food is essential for a pet's health and well-being; before getting a pet, make sure you can afford the ongoing costs</i>
33	SAVINGS	<i>Saving for a vacation is a smart goal; it allows you to enjoy the experience without worrying about debt or overspending</i>
34	WANTS	<i>Hobby supplies are discretionary expenses that can enhance your creativity or relaxation but are not necessary</i>
35	WANTS	<i>Staying active doesn't require a gym, so memberships are considered a want, not a need</i>
36	WANTS	<i>Buying a gift is a thoughtful gesture but remains a non-essential expense; set a budget for gifts ahead of time to prevent overspending</i>



QUIZ ANSWER KEY

Building a Budget

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer for each question.

1. Your monthly net income is:
 - a. Your salary before taxes and deductions
 - ☒ b. The amount of money you take home after taxes and deductions
 - c. The money you owe in taxes at the end of the month
 - d. The total amount you save each month
2. What should you do if your spending doesn't match the 50/30/20 guideline?
 - a. Reduce your spending
 - b. Increase your income
 - c. Modify your percentages
 - ☒ d. Any combination of the above

/2 pts

FILL IN THE BLANKS

Directions: Fill in the blanks with the correct word(s) or number(s).

3. In the 50/30/20 budgeting system, 30 % of your income should be allocated to Wants, 20 % to Savings and 50 % to Needs.
4. A NEED is an essential expense that you cannot avoid, such as housing, utilities or food.

/4 pts

TRUE OR FALSE

Directions: CIRCLE either true or false.

5. TRUE or ☒ FALSE All expenses can only ever belong to one category: Needs, Wants or Savings.
6. ☒ TRUE or FALSE An emergency fund is an example of a Savings expense.

/2 pts