

Activity Page for Group Leaders



Learning to Budget

Topic: Learning to budget.

Goal: Help make teens aware of the expenses involved in living independently and how to make informed spending choices.

Time: 1 hour and 15 minutes.

What you'll need: Enough copies of the help wanted and apartment rental sections of your local newspaper for every two people in your group.

An estimate of what the following services cost each month in your area: cable TV; electricity for a one-bedroom apartment; local phone service; heat and hot water; transportation.

1) Warm-up discussion: 10-15 minutes.

■ **Tell teens:** “Imagine you are moving into your first apartment. You already have a job, but you don’t have a lot of money. You know that to pay the bills you will need to be very careful about how you spend your money. Some things you may decide to do without—like cable TV. Other things you absolutely need in your first apartment, like electricity. What must you absolutely have in your first apartment? What would you like in your apartment but could live without if you needed to?”

■ **List the items on the board.** At this point, it’s not important to have a complete list of everything your group will need to set up an apartment.

■ **Have teens estimate the monthly cost of each item.**

■ **Leave the list on the board.**

2) Read story: 15-20 minutes.

■ **Tell teens:** “We’re going to read a story out loud about a young woman in foster care who moves into her own apartment for the first time. Every time she lists an expense that we haven’t already mentioned, point it out and we’ll add it to our own list and estimate its cost per month.”

■ **Read Maya’s story, “Mountain Climbing for Beginners” in the Stories section.**

■ **As you read, pause to list the expenses Maya mentions that aren’t already on the board, and estimate their monthly cost.**

3) Group activity: 30 minutes

■ **Divide group into pairs.**

■ **Pass out classified section of your local newspaper.**



■ **Tell group:** “Pretend that you are officially on your own. Each team needs to act as one person. From the classified section, you need to find a job that you are qualified for and that you can live on. For instance, you can’t take a typing job if you don’t know how to type. You will also need to find an apartment you can afford on your job.

“The team that does the best job of planning a life that they can afford wins. You should strive to save a little money each month, so that you have something to fall back on in case of emergencies.”

■ **Help teams estimate their monthly pay:** Circulate around the room as teams pick their jobs and apartments from the classifieds. Help teens estimate how much the job will pay them each month so they can make sure they have enough money for their rent. For instance, if the job has a yearly salary, they should divide that salary by 12 months to find the monthly income. If the job doesn’t list a salary, and does not require a high school degree, assume it is minimum wage. The worksheet on p. 54 helps teens calculate their income for hourly wage.

■ **After everyone has chosen an apartment, and found their monthly salary, tell teens:** “Now choose from the board the items that you absolutely cannot live without in your new life. Then

add up the monthly cost of those things. These will be your monthly expenses. Make sure you can afford them on your salary. If you can’t, you can choose a new job, a cheaper apartment, or do without one of the expenses. You can also rent a room in an apartment you will share with others to save money.” The worksheet on p. 55 helps teens calculate this.

4) Debate: 10 -15 minutes

(If you don’t have time to get to this debate, collect the teams’ budget plans and save this part of the lesson until your next meeting)

■ **Give each team 2-3 minutes to present their plan:** Have each team present their monthly budget, explaining the expenses they decided they could and could not live without. Feel free to question each group to get teams to thoroughly explain their choices or if something in their budget seems unrealistic. For instance, it is unlikely that they will want to do without electricity to save money.

■ **Pick a winner:** After the groups have presented their budgets, choose the team which has made the most sound, realistic budget in your opinion, and explain why. It is a good idea to pick a team that manages to save a little bit of money each month, even if it is only \$5.



My Budget

CALCULATE YOUR MONTHLY PAY: *Imagine you are moving into your first apartment. Look in the job listings of your local newspaper or online, like Craig's List if your town has one, and pick a job you are qualified for that tells how much it pays. Estimate how much it will let you make per month using this formula:*

**Monthly pay = pay per hour x number of hours worked a week
x 4 weeks in a month**

EXAMPLE:

If your job pays \$10 an hour for 20 hours a week,
you will make:

$\$10 \times 20 \text{ hours a week} \times 4 \text{ weeks per month} =$
 $\$800 \text{ pay per month before taxes.}$

WARNING! You will be taxed at least \$15 for every \$100 you make. So if you make \$800, you will be taxed at least $\$15 \times 8 = \120 . This means that if you earn \$800 you will take home \$680 ($\$800 - \120).

Calculate the monthly pay you will take home in the space below.

My monthly pay: \$ _____



IDENTIFY YOUR NEEDS: *To pay your bills you will need to be very careful you don't spend more money than you earn. Ideally, you will even make enough money so that you can save a bit each month, so you will have money saved for an emergency, like if you lose your job or miss a few days of work due to getting sick.*

To make sure you don't spend more than you earn, you may decide to do without some things—like cable TV. These are things you may want but don't need.

Other things you may feel you absolutely need in your first apartment, like electricity. These are your needs.

List all the things you need in your apartment. We have started the list for you:

THINGS I NEED:	APPROXIMATE COST PER MONTH
Rent	
Electricity and gas (if it's not included in rent)	
Transportation	
Groceries	
Phone service	
TOTAL COST PER MONTH	

