

Budgets

Notes:

Learner Outcomes

Outcome #1: Participants will be able to describe what a budget is.

Outcome #2: Participants will be able to list advantages to having a budget.

Outcome #3: Participants will be able to prepare a personal property inventory.

Target Audience

Elementary-age kids (grades 3 to 6)

Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It Web site), one for each participant
3. A pen or pencil for each participant
4. A kitchen timer, clock, or watch to track time
5. Evaluation Pretest #1-BU-E for each participant
6. Evaluation Posttest #1-BU-E for each participant
7. Take-Home Notes #1-BU-E for each participant
8. Optional: PowerPoint Presentation PDF #1-BU-E
9. Optional: Handout #1-BU-E for each participant

Timing

1 hour

Want more background and training tips? See the free, downloadable Bank It Elementary Quick Start Leader's Guide at www.bankit.com.

Budgets

Notes:

1. Welcome and Overview (5 minutes)

Arrive early. Highly consider using the optional PowerPoint Presentation PDF and the optional Handout. Both will greatly enhance your session. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room.

Greet each participant individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants either a pen or pencil. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for kids and parents that make it easier to understand, talk about, and manage your money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.

Today we will focus on budgets, and we plan on meeting three goals. One: By the end of this session, you will be able to describe what a budget is. Two: You will be able to list advantages to having a budget. Three: You will be able to prepare a personal property inventory.

If this session is not the first session you're presenting to this group, consider briefly discussing the optional challenge that you may have given participants at the end of your previous session.

2. Pretest and Activity (15 minutes)

Say: The first activity we'll do is a short pretest. The pretest has only six questions, and I don't want you to worry about how well you'll do on this test. We'll take this exact test again at the end of our session after we have learned about the money concepts on this test.

What matters most is how much you learn and how well you do on the test at the end of our session, not on how well you do on this test.

Budgets

Notes:

Distribute the Evaluation Pretest #1-BU-E to each participant. Give them time to complete the pretest. Then collect the pretests when they have finished. The Evaluation Key #1-BU-E has all the answers for your information.

Ask: *What is the definition of a budget?* Give participants time to respond. Don't be surprised if participants don't fully understand what a budget is. On a flip chart, write: A budget is a way to track your money to ensure that the amount you spend doesn't exceed the amount you earn.

Ask: *What is an advantage to having a budget?* Give participants time to respond.

After participants have given their ideas, write these points on a flip chart and talk about them. 1. With a budget, you can more easily see how your spending compares to the amount of money you bring in. 2. With a budget, you can more easily make long-term money plans. 3. With a budget, you can more easily change the way you use your money to live within a budget.

Once participants understand what a budget is and why it is important, say that you're going to do a quick activity called "Who Talks about Budgets?" Explain that you're going to name a person. If participants have heard this person mention budgets, they are to stand up. If they have never heard this person mention budgets, they are to sit down.

Say: *Your mom.* Give participants time to signal whether they've heard this person ever mention budgets by standing up for yes or sitting down for no.

Then name other people, such as these, one at a time, giving time for participants either stand or sit: *Your grandpa. A business or company mentioned on the news. Your dad. Your friend. Your brother or sister. The government. You.*

After you've finished the activity, debrief it. Then say: *We can use our money better when we learn how to budget well and to talk about budgets.*

3. Present (15 minutes)

Say: *One tool that many adults use to help with budgeting is a checking account. What is the difference between a checking account and a savings account?* Give participants time to respond.

Budgets

Notes:

Write these two points on a flip chart: 1. A savings account helps you to save money. 2. A checking account allows you to deposit and withdraw money. Many checking accounts allow you to use a debit card, checks, and online bill pay.

Say: A checking account can help with budgeting in three ways. 1. A checking account provides a monthly statement that helps you track the money you deposit and the money you withdraw. 2. A checkbook ledger from your checking account can help you budget. 3. The monthly statement can help you balance your checking account.

If you plan to distribute the optional handout, use it at this time. The Handout Key #1-BU-E has all the correct answers for your information.

Ask: Where can you open a checking account? Give participants time to respond. On a flip chart write these three places while talking about them: 1. At a bank. 2. At a savings and loan. 3. At a credit union.

Explain that savings and loans originally did not offer checking accounts when they were first established. However, now people can open a checking account at a savings and loan in addition to banks and credit unions.

If you want participants to become more active in the learning process, consider doing the Checking Account Activity listed under Optional Activities at the end of this session.

Say: Another important part of budgeting is to keep a personal property inventory. That has three big words in it. What does it mean that it's personal? Give participants time to respond. Explain that something personal means that it belongs to you.

Ask: What does property mean? Give participants time to respond. Explain that property means something you own. It may literally mean property, such as land or a home, but it also means the valuables that you own, such as a cell phone or an iPod.

Ask: What does inventory mean? Give participants time to respond. Explain that taking an inventory is making a list of items. So a personal property inventory is a list of the valuable items that you personally own.

Budgets

Notes:

Explain that there are three things to include about each item on a personal property inventory. On a flip chart write these three points while talking about them: 1. Name of item. 2. Location of item. 3. What the item is worth.

Walk through two examples so that young people understand how a personal property inventory works. On a flip chart write: 1. Bicycle. Ask: *Where do you keep your bicycle?* Give participants time to respond. Choose one of the locations participants mention, such as a garage. Write 2. Garage.

Ask: *What is your bicycle worth?* Give participants time to respond. Don't be surprised if they don't know. Explain that it's often easiest to write the price of the item that you paid for it, even if it was a gift from a parent or grandparent. Yes, items are worth less over time, but for our purposes, let's make this simple and go with the price of the item.

On the flip chart write 3. \$100. Then point out the three parts of the bicycle list. 1. The name of the item is a bicycle. 2. The location is the garage. 3. The item is worth \$100.

Then walk through another example, such as a cell phone. On a flip chart write: 1. Cell phone. Ask: *Where do you keep your cell phone?* Give participants time to respond. Choose one of the locations participants mention, such as their pocket. Write 2. Pocket.

Ask: *What is your cell phone worth?* Give participants time to respond. Choose one of the prices participants mention, such as \$125. Write 3. \$125. Then go through the three part of the cell phone list: 1. The name of the item is a cell phone. 2. The location is your pocket. 3. The item is worth \$125.

Explain that a personal property inventory will include only the valuables that you have. It will not list everything you own, and it also will not list items that belong to other family members.

If you want participants to become more active in the learning process, consider doing the Personal Property Inventory Activity listed under Optional Activities at the end of this session.

Budgets

Notes:

Say: One more important part of budgeting is to understand a store's product return policy. Why? Because sometimes we buy something, and then we change our mind or the item doesn't work.

On a flip chart write two pieces of information participants need to know about a store's product return policy. Talk about these points as you write about them.

1. You need to know if you need the original receipt from when you bought the item. Usually you do. 2. You need to know the timeframe for returning the item. For many stores, you need to return an item within 30 days.

4. Discuss (5 minutes)

Say: Take some time to talk to the people near you. Talk to about two or three people. Take turns.

I want you to do two things: 1. Say your first name. 2. Talk about who you can learn more about budgets from and why. Start with the person who woke up the earliest this morning.

5. Review and Evaluate (15 minutes)

Review what was accomplished during this session. Ask: *What is the definition of a budget?* (Answer: A budget is a way to track your money to ensure that the amount you spend doesn't exceed the amount you earn.)

Ask: *What is an advantage to having a budget?* (Answer: 1. With a budget, you can more easily see how your spending compares to the amount of money you bring in. 2. With a budget, you can more easily make long-term money plans. 3. With a budget you can more easily change the way you use your money to live within a budget.)

Ask: *How can a checking account help an adult with budgeting?* (Answer: 1. A checking account provides a monthly statement that helps you track the money you deposit and the money you withdraw. 2. A checkbook ledger from your checking account can help you budget. 3. The monthly statement can help you balance your checking account.)

Budgets

Notes:

Ask: *Where can you open a checking account?* (Answer: 1. At a bank. 2. At a savings and loan. 3. At a credit union.)

Ask: *What is important to include in a personal property inventory?* (Answer: The amount that each item is worth.)

Ask: *What information is important to find out about a store’s product return policy?* (Answer: 1. If you need the original receipt from when you bought the item. 2. What the timeframe is for returning the item.)

At the end of the review, distribute Evaluation Posttest #1-BU-E to each participant. Give participants time to fill out the posttest. Collect all the posttest after participants finish so you can find out the measurable outcomes for the session. The Evaluation Key #1-BU-E has all the answers for your information.

6. Close (5 minutes)

Do a short activity for the closing. On a flip chart list these phrases: 1. My budget. 2. My money. 3. My receipts. 4. How much I spend. 5. How much money comes in. 6. My valuables.

Explain that all of these phrases relate to budgeting. Ask each person to silently choose one of the six items. Then explain that you’re going to have each person, one at a time, say, I’m _____ (first name). I can keep track of _____ (one of the items from numbers one to six).

Explain that any of the six phrases are great ways to budget. Then go around the room and have each participant repeat the phrase, saying his or her first name and one of the items.

Say: *When we keep track of how much money comes in and goes out, we can make better money choices.* Distribute the Take-Home Notes #1-BU-E. Challenge participants to talk to family members about this topic, which is listed under the Talk about It section of their Take-Home Notes. Thank participants for coming and for being involved.

Budgets

Notes:

Optional Activities

1. Distribute Handout #1-BU-E: A Young Person’s Budget. Give participants the handout to complete. Afterward, discuss their answers. Handout Key #1-BU-E has the correct answers for your information.

2. Show the PowerPoint Presentation PDF #1-BU-E. Use the presentation to accompany the one-hour session.

3. Do the Checking Account Activity. Have young people form groups of three or four people each. Give each group a calculator, a piece of paper, and something with which to write.

Explain that you’re going to walk through a budgeting scenario. Have each group draw a ledger on the piece of paper. Explain that they will list each item as either money in or money out. If it’s money coming in, they will then write the number with a plus sign in front of it. If it’s money going out, they will then write the number with a minus sign in front of it.

Ask: *Why is it important to put a plus sign or a minus sign in front of the number?* Give participants time to respond. Explain that the plus sign tells groups to add the number. The minus sign tells the group to subtract the number.

Begin with scenario #1. Have all the groups write \$20 at the top of their paper. Encourage groups to use a calculator if they wish. Then say: *This person just spent \$7. What do you write on your paper?* Give groups time to respond. The correct answer is: Money going out. -\$7.00.

Then ask: *How much money is left?* Give participants time to respond. The correct answer is \$13.00 because \$20.00 minus \$7.00 equals \$13.00.

Then say: *This person got an allowance of \$5.00. What do you write?* Give participants time to respond. The correct answer is: Money coming in. +\$5.00.

Ask: *Now how much money does this person have?* Give participants time to respond. The correct answer is \$18.00 because \$13.00 plus \$5.00 equals \$18.00.

Ask groups to turn their paper over. Explain that each group is now going to do the activity on their own, and you’ll see how many groups can arrive at the correct answer.

Budgets

Notes:

Say: *At the top of your paper write \$10. This person then got an allowance of \$5.00. What do you write?* Give small groups time to work without telling their answer. Then say: *This person spent \$6.00 at a fast-food restaurant. What do you write?* Give small groups time to work without telling their answer.

Say: *This person paid back a friend \$3. What do you write?* Give small groups time to work without telling their answer. Say: *This person helped a grandparent with some tasks around the house and received \$8. What do you write?* Give small groups time to work without telling their answer.

Say: *This person went to the movies for \$7. What do you write?* Give small groups time to work without telling their answer. Then ask: *How much money does this person now have?* Give small groups time to work. Then have small groups report their answer.

Encourage small groups to walk through how they got the answer that they did. Here is the correct answer: \$10.00. Money in +\$5.00. (Total was then \$15.00.) Money out -\$6.00. (Total was then \$9.00.) Money out -\$3.00. (Total was then \$6.00.)

Money in +\$8.00. (Total was then \$14.00). Money out -\$7.00. (Total was then \$7.00). The correct answer is \$7.00.

Ask: *Which person had more money after using it: Person in scenario #1 or person in scenario #2?* Encourage small groups compare the two total figures on both sides of their paper. The correct answer is: Person in scenario #1 with \$18 because \$18 is larger than \$7.

Debrief the activity, emphasizing the importance of budgeting by keeping track of the money that’s coming in and the money that’s going out.

4. Do the Personal Property Inventory Activity. Have participants create small groups of three to four people. Give each person one piece of paper and something with which to write.

At the top of the paper, have each person write: Personal Property Inventory and his or her first and last name. Then have each person make three columns. The left-column heading is: Name of item. The middle-column heading is: Location of item. The right-column heading is: What the item is worth.

Budgets

Notes:

Explain that each person is going to list three items (if he or she is in third or fourth grade) or five items (if he or she is in fifth or sixth grade) as part of the personal property inventory. Encourage participants to choose only their most valuable items to place on the list.

Give participants a few minutes to do the activity. When they finish, ask for group members to talk about what they wrote with their other group members. Then debrief about the importance of having a personal property inventory.

5. Give Participants a Challenge. Encourage participants to use the next week to ask their parents how they budget their money. (If you wish, follow up during your next session to find out how the challenge went.)

Questions? Looking for more ideas? Visit www.bankit.com for answers and more resources.

For More Information

National Standards in K–12 Personal Finance Education (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standard 3 in the area of Financial Responsibility and Decision Making and standard 2 in the area of Planning and Money Management

An Asset Builder's Guide to Youth and Money by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).