

Understanding Budgets

Notes:

Learner Outcomes

Outcome #1: Participants will be able to explain how a checking account can help with budgeting.

Outcome #2: Participants will be able to identify where to open a checking account.

Outcome #3: Participants will be able to compare product return policies at a local store.

Target Audience

Parents of 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-PE for each participant
6. Evaluation Posttest #1-BU-PE for each participant
7. Take-Home Notes #1-BU-PE for each participant
8. Optional: PowerPoint Presentation PDF #1-BU-PE
9. Optional: Handout #1-BU-PE 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.

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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 a copy of the Notes #1-BU-PE and either a pen or pencil. Encourage them to take notes during your session on the notes handout. 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 understanding budgets, and we plan on meeting three goals. One: By the end of this session, you will be able to explain how a checking account can help with budgeting. Two: You will be able to identify where to open a checking account. Three: You will be able to compare product return policies at a local store.

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.

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Distribute the Evaluation Pretest #1-BU-PE to each participant. Give them time to complete the pretest. Then collect the pretests when they have finished. The Evaluation Key #1-BU-PE 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. 4. With a budget, everyone in your family can see how your family uses money.

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 child. 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.

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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-PE 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.

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 car or a refrigerator.

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.

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.

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

Ask: *What is your car 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. 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. \$10,000. Then point out the three parts of the car list. 1. The name of the item is a car. 2. The location is the garage. 3. The item is worth \$10,000.

Then walk through another example, such as a refrigerator. On a flip chart write: 1. Refrigerator. Ask: *Where do you keep your refrigerator?* Give participants time to respond. Choose one of the locations participants mention, such as the kitchen. Write 2. Kitchen.

Ask: *What is your refrigerator worth?* Give participants time to respond. Choose one of the prices participants mention, such as \$800. Write 3. \$800. Then go through the three part of the refrigerator list: 1. The name of the item is a refrigerator. 2. The location is your kitchen. 3. The item is worth \$800.

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, although parents often help their kids create their own inventory list.

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. 3. You need to know if there is a restocking fee and what that fee is. This is more

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typical for high-priced items, such as high-end TVs and entertainment centers. 4. You also need to find out if you can actually return an item. Some stores say that certain items are a final sale and cannot be returned.

Say: It's also important to compare return policies at different stores. Let's say Store A requires that you need a receipt and you can return items within 90 days. Store B requires that you need a receipt and you can return items within 30 days, which has a better return policy?

Give participants time to respond. The answer is Store A because you have a longer time to return items with a receipt. Ninety days is longer than 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 one thing you can start doing to teach your child about budgets. 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. 4. Everyone in your family can see how your family uses money.)

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.)

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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: 1. The name of each valuable item. 2. The location of each item. 3. 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. 3. If there is a restocking fee and what that fee is. 4. If you can actually return the item.)

At the end of the review, distribute Evaluation Posttest #1-BU-PE 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-PE 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-PE. Challenge participants to talk to family members about this topic, which is listed under the Talk about It section of their Notes. Thank participants for coming and for being involved.

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Optional Activities

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

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

3. Give Participants a Challenge. Encourage participants to use the next week to ask their children how they keep track of 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).