

Teacher's Guide

IMPROVING MY FINANCES WITH A BUDGET

Financial education at school:
An AMF activity for teachers.



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CLASSROOM ACTIVITY

IMPROVING MY FINANCES WITH A BUDGET



Presentation of workshop

| | |
|-----------------------------|---|
| Target audience | Secondary V students |
| Approximate duration | 50 minutes |
| Description | Students review two budgets, identify problems and suggest improvements. |
| Objectives | <ul style="list-style-type: none"> – Distinguish between fixed and variable expenses. – Determine your financial assets based on your income and estimated expenses. – Suggest ways to balance a budget. |
| Materials required | <ul style="list-style-type: none"> – Board – One computer per student or per team and an Internet connection |

Suggested procedure

| STEP | ACTIVITY | MATERIALS REQUIRED | APPROXIMATE TIME |
|------|---|---|---------------------|
| 1 | The teacher presents the theory using the method of his/her choice. | Board | 10 minutes |
| 2 | Students play the matching game alone or in teams. | Matching game | 5 minutes |
| 3 | The teacher discusses the results | Matching game results | 5 minutes |
| 4 | Students complete the Balancing Jade and Gabriel's budget workshop alone or in teams | Workshop- Balancing Jade and Gabriel's budget Budget calculator available on Tesaffaires.com | 20 minutes |
| 5 | The teacher discusses the results. If there's time, students can share their answers and give reasons for them. | Workshop Results | 10 minutes |



STEP 1

THEORY:

NOTIONS ABOUT BUDGETS

What is a budget?

It's a tool for tracking income and expenses that lets you determine where your money's coming from and where it's going. It can be prepared on a sheet of paper, a spreadsheet, an app, etc.

Whatever the form, a budget can help you make good financial decisions.

Fixed expenses and variable expenses

In a budget, you enter all your income (salary, tips, allowance, etc.) and all your expenses for a month.

Expenses are often broken down into fixed expenses and variable expenses. Do you know what the difference is?

FIXED EXPENSES

Occur every month and don't vary much from one month to the next. Ask students to give examples:

- Rent
- Membership at a gym
- Video game subscription
- Electricity
- Monthly car payment

VARIABLE EXPENSES

May vary from one month to the next. For example:

- Groceries
- Restaurants
- School supplies
- Gas
- Movies
- Clothing

Is a cell phone bill a fixed or variable expense?

- If I don't go over my monthly limit, it's a fixed expense.
- If I regularly go over my limit, the extra charges are a variable expense.
- If I only go over my limit occasionally, it's an exceptional expense.

Balancing a budget

Whether your expenses are fixed or variable, if you spend more than you earn, you won't achieve your goals. We all have goals, such as paying off debts or putting aside money for a trip.



HERE ARE SOME TIPS FOR BALANCING A BUDGET:

- Take a look at your variable expenses. For example, can you eat out less or go to the movies less often?
- Look at your fixed expenses. Do you really need that much data on your cell phone?
- Check whether an expense is essential. Is it a luxury or do you really need it?

Class discussion

Are fixed expenses always for essential needs?

What's a budget for? (ask students for input)

| | |
|--|---|
| To make sure you don't spend more than you earn. | It's simple. If you earn more than you spend, you're on the right track. Otherwise, you could be heading for financial trouble. For example, if you only work part-time and you have to pay for your car, your cell phone and your gym membership, plus you like to go out, you might be spending more than you earn. |
| Figure out where your money's going. | Sometimes we don't realize how much we're spending on restaurants or entertainment. With a budget, you can set limits and put aside money for things you really want. |
| Plan for major expenses. | Are you planning to take a driving course? You can include in your budget amounts to be set aside between now and when you start, or determine whether your budget will let you take advantage of the payment options offered by the driving school. |
| Lets you adjust your income and expenses to achieve your goals. | In preparing your budget, you realize that you spent \$350 on video games and subscriptions this month. You can adjust your expenses for the next few months if you really want to save for a trip. |
| Avoid going into debt. | If you spend more than you earn, you might have to borrow to pay what you owe at the end of the month. Drawing up a budget lets you avoid this type of situation and plan for major expenses or set up an emergency fund rather than borrowing and going into debt. |
| Take control of your finances. | A budget lets you make the decisions you want rather than living according to the expenses you have to pay. If your friends ask you to go out with them, you can suggest having pizza in the park so you don't have to put off your plans for a trip next summer, for example. |



STEP 2

MATCHING GAME

Connect with an arrow each reason
to the most appropriate example.

Reasons why you should prepare a budget

Examples

1

A budget helps me make sure
I don't spend more than I earn.

There's nothing in my savings account!
What happened to my pay?

2

Following a budget helps me
avoid going into debt.

It's time I learned how to drive! But I have
to save some money. How long will
it take me to pay for a driving course?

3

A budget helps me plan for major
expenses.

I earn \$400 a month at my job but I don't
know how much I spend.

4

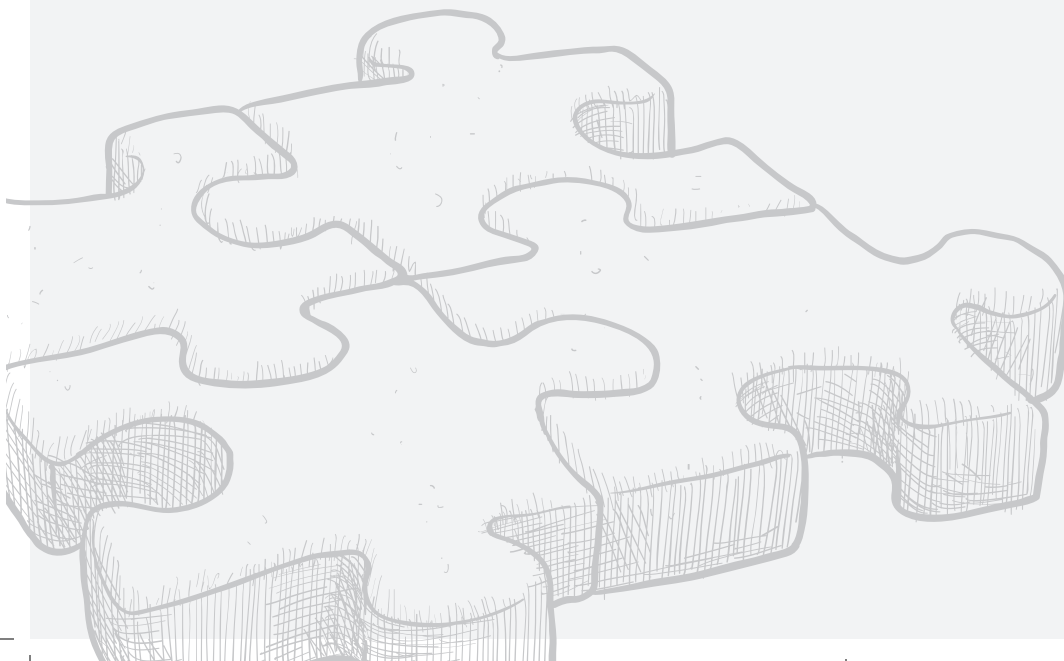
A budget lets me adjust my
income and expenses so I can
achieve my dreams.

I'm going out with my friends on Saturday.
Since I'm broke, I'll have to borrow
money from Simon.

5

A budget tells me where my
money's going.

I'd like to take a trip this summer but
I don't know how much money I can set
aside each month.



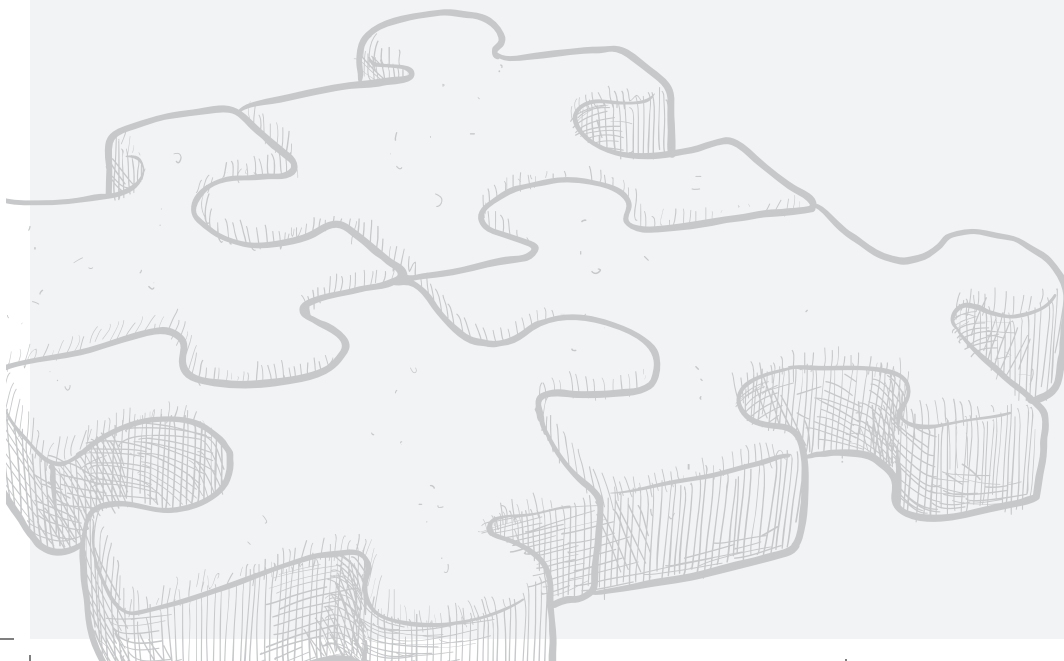
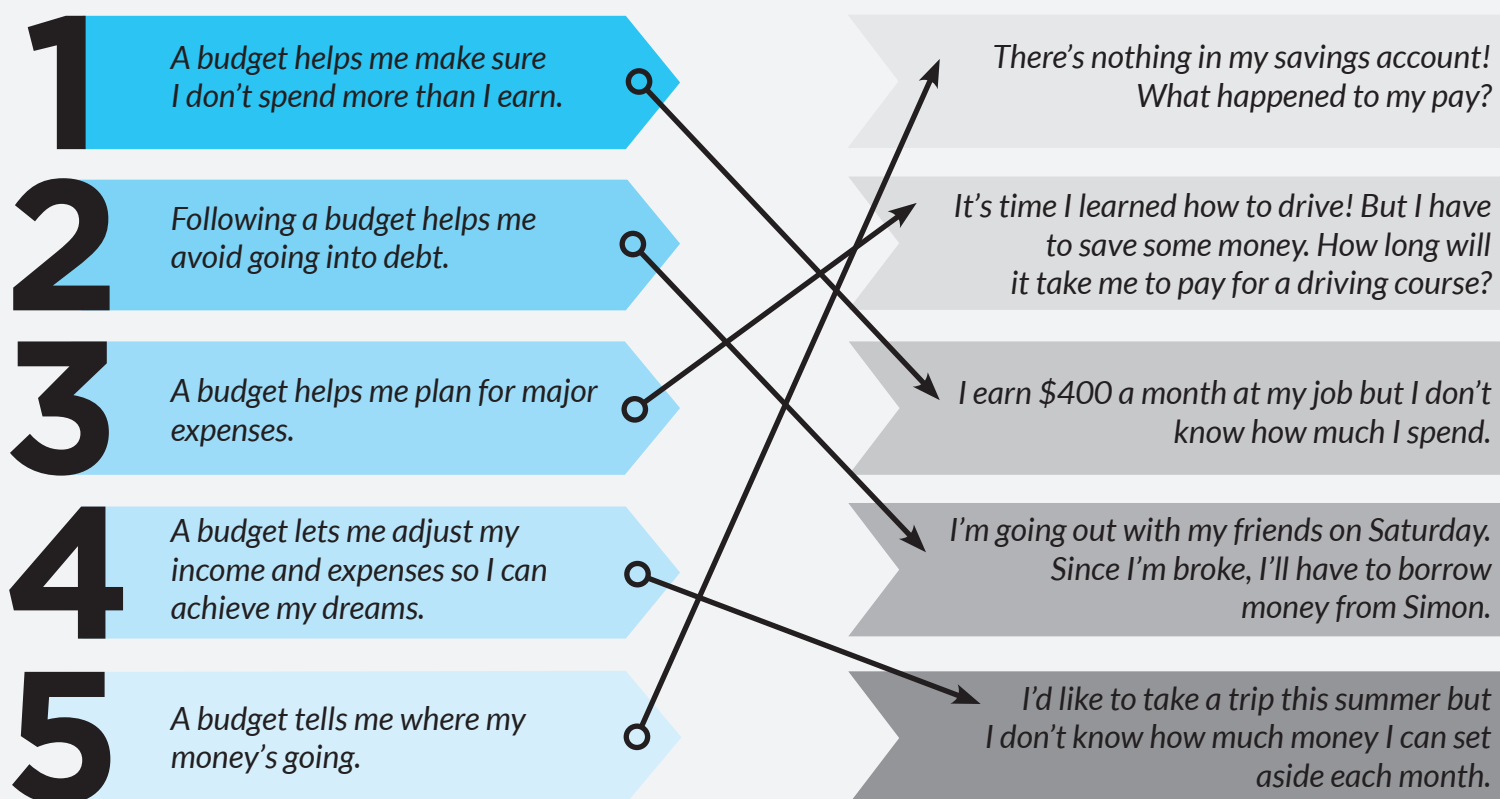


STEP 3

MATCHING GAME RESULTS

Reasons why you should prepare a budget

Examples



STEP 4

WORKSHOP – BALANCING JADE AND GABRIEL’S BUDGET

Jade

Jade is 16 years old. She goes to Villeray College. She also works part-time at the pool teaching kids how to swim.

Jade earns \$18 net per hour working 6 hours every Saturday. Her parents also give her a \$30 allowance per week to pay for meals when she eats out.

Jade wants to learn how to drive. That will cost her \$1,077, which she can pay in 4 monthly instalments, the first of which she has to pay now. She also has to buy the driving manual, which costs \$50.

However, she has to budget to pay for her new cell phone package, which costs \$45 per month, as well as \$50 to buy a gift for her best friend this month. She also spends on average \$75 per week to go to the movies and eat out.

Gabriel

Gabriel is 18 years old. He works full-time at a grocery store but is registered to study full-time at Maisonneuve College in the fall.

Gabriel earns \$13 net per hour and works 35 hours a week. His elderly neighbour pays him \$25 per week to look after his yard all year round.

Gabriel will go to Mexico for 2 weeks before he goes back to school. He has already paid \$2,200 for his trip with his credit card and he has to make a minimum payment of \$110 this month. He also has to set aside \$300 for his travel expenses.

As for his other expenses, Gabriel pays \$40 a month for his membership at a gym, \$65 a month for his cell phone and \$20 for a subscription to an on-line video game. He likes to go out with his friends and regularly spends \$125 a week in bars. He is also paying \$300 a month on a car loan and has to pay \$2,300 per year for insurance and around \$300 per month for gas and maintenance.

1 Which budget is best, Jade's or Gabriel's?

Decide using the budget calculator on [Tesaffaires.com](https://www.lesaffaires.com) to do the calculation. Note: To change a weekly expense or income into a monthly expense or income, multiply the amount by 52 (weeks) and divide by 12 (months).

Answer: _____

Why? _____

2 Give Jade at least two suggestions on how she can better balance her budget.

What are the pros and the cons of each of your suggestions?

3 Give Gabriel at least two suggestions on how he can better balance his budget.

Bear in mind that he's going back to school full-time in the fall.

What are the pros and the cons of each of your suggestions?

STEP 5

WORKSHOP RESULTS



1 Which budget is best, Jade's or Gabriel's?

Answer: **Gabriel**

Why? **He earns more than he spends.**

| | Jade's budget | Gabriel's budget |
|-----------------|---|--|
| Income | \$598 | \$2,080 |
| Expenses | Driving course: \$269 Manual: \$50 Cell phone: \$45 Gift: \$50 Going out: \$325 Total : \$739 | Trip: \$410 Gym: \$40 Cell phone: \$65 Video game: \$20 Going out: \$542 Insurance: \$192 Car: \$300 Gas and maintenance: \$300 Total : \$1,869 |
| Results | - \$141 | \$211 |

2 Give Jade at least two suggestions on how she can better balance her budget.

What are the pros and the cons of each of your suggestions?

Reasons must be given for each answer, such as the number of hours of work and the amount of money spent. Students should be able to explain the pros and the cons of their choices.

3 Give Gabriel at least two suggestions on how he can better balance his budget. Bear in mind that he's going to go back to school full-time. What are the pros and the cons of each of your suggestions?

Reasons must be given for each answer, such as Gabriel's financial commitments and the number of hours of work that will have to be reduced. Students should be able to explain the pros and the cons of their choices.

SUPPLEMENT

- Ask students to prepare their own budget using the sample budget on [Tesaffaires.com](https://tesaffaires.com) or;
- Ask students to prepare a sample budget based on the types of expenses that correspond to their lifestyle.

ADDITIONAL RESOURCES

Other educational tools are available at tesaffaires.com, in the Teachers' section.

