

MONEY MATTERS

Lesson Descriptions

Money Matters 1: Post-Graduation Budget

Why should I make a budget and where do I start?

Money Matters 2: Big Ticket Expenses

How much should I plan to spend on housing and transportation?

Money Matters 3: Health Insurance

Why do I need health insurance and where can I get it?

Money Matters 4: The Details

Now that I've gathered the details, how do I make my budget work for me?

PLANNING PYRAMID

GRADE 12, Unit 5, Money Matters



Some Students Will:

- Be able to accurately estimate income for the year following high school.
- Revise budgets as needed during the year following high school.

Most Students Will:

- Given gross income, be able to calculate net income.
- Be able to list expenses for the year following high school.
- Identify sources of health insurance depending on their situation.
- Use current information to create a budget for the year following high school.
- Revise budgets so that expenses don't exceed income.

All Students Will:

- Understand the purpose of a budget.
- Understand the need for health insurance.

ROADS to SUCCESS

Grade 12

Money Matters

Family Newsletter

Roads to Success is a new program designed to help middle and high school students prepare for their futures. This newsletter will keep you posted on what we're doing in school, and how families can follow through at home.

For more information about Roads to Success, please visit our website: www.roadstosuccess.org.

Did you know? The average credit card debt for a college senior was \$4,100 in 2009. (This is on top of what they owe for student loans.)

SOURCE: Sallie Mae
https://www1.salliemae.com/about/news_info/newsreleases/041309.htm.

Less debt. No surprises. Budget before you go.

Students leaving home for college or careers may be experiencing financial freedom for the first time. The thrill of independence, plus a little cash, can make it difficult to think realistically about spending. Make sure that money is one of the things you talk about before your teen is out the door.

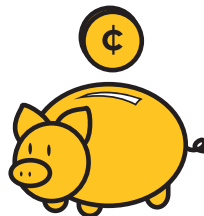
Why Budget?

Making a budget is not about depriving yourself of the good things in life. It is about 1) recognizing how much money you have, and 2) choosing the things that are most important to you.

Sensible spending can be difficult, especially when you're out in the world with lots of new options, people who may have more money than you, and a desire to reward yourself. That's why you need to make a budget before you're officially on your own.

Step 1: Add Income

Count up all the money you have coming in, and pay attention to when it will arrive. (For example, work-study is paid out during the school year, and won't be available for expenses at the beginning of the semester.) If you're working full time, don't forget to subtract your payroll deductions — about 30% of your pay.



Step 2: Add Expenses

Now add up all your expenses. Don't forget to include the hidden costs — like transportation to and from college, shampoo, and the occasional pizza.

Step 3: Subtract

Now subtract your expenses from your income. If

your income won't cover everything you want, you'll have to find ways to cut down or earn a little extra.

Step 4: Revise

This is the step that actually makes your budget work. Add up your monthly expenses and compare each category to your original estimate. Decide where you're doing well, and where you're spending too much. Revise your budget and aim for improvement next month.

Knowing how much you have and keeping your goals in mind makes it easier to say no. "No thanks, I can't afford it." "No thanks, I'm saving for a trip over spring break." "No thanks, I want to buy a house before I'm 30."

For more info on money matters, check out:

- www.themint.org
- www.360financialliteracy.org
- www.practicalmoneyskills.com

Grade by Grade

In Roads to Success, 12th-graders create a budget for the year after graduation. They include all the details they know about their lives after high school — whether they're headed off to college, moving into their own apartments, or living at home for now. Students figure out their incomes (including financial aid) and expenses (including housing, transportation, and health insurance). They consider where to cut spending, if needed. The goal is a realistic look at personal finances before they're on their own.

Post-Graduation Budget

The **BIG** Idea

- Why should I make a budget and where do I start?

AGENDA

Approx. 45 minutes

- I. Warm Up: Budget Basics (5 minutes)
- II. Financial Planning: “Moving Out” Video (10 minutes)
- III. Know What You’ll Owe: College Expenses (10 minutes)
- IV. Adding it Up: Gross Monthly Income (10 minutes)
- V. The Government Takes a Bite: Net Monthly Income (5 minutes)
- VI. Wrap Up (5 minutes)

MATERIALS

PORTFOLIO PAGES:

- Portfolio pages 14-18, Post-Graduation Budget

STUDENT HANDBOOK PAGES:

- Student Handbook page 117, Budget Basics
- Student Handbook page 118, Sample College Bill
- Student Handbook page 119, Sample Pay Stub

FACILITATOR PAGES:

- Facilitator Resource 1, Budget Basics Answer Key

Laptop computer and LCD projector

Overhead projector

Calculators, one per student

Index cards, one per student

OBJECTIVES

During this lesson, the student(s) will:

- Understand the value of a budget, and begin to make one.
- Tally income for the year following high school graduation, including college financial aid and/or wages.
- List required college expenses.
- Calculate income after taxes.
- Understand why it’s necessary to file a tax return.

OVERVIEW

In this unit, students will learn how to create a budget for the year following high school, when they will go to college or enter the workforce. They'll tally their income and adjust it for taxes. They'll generate a complete list of expenses, including the cost of health insurance. Then they'll revisit and revise their findings, in order to develop a budget that works for them.

In this lesson, students discuss what they know about budgets and explore the reasons to make one. They watch a video about a forward-thinking college student who consults a financial planner. They begin to create their own budget for next year by listing income and college-related expenses, accounting for the difference between gross and net income, and learning why they need to file a tax return.

PREPARATION

- Investigate the possibility of using the computer lab for this unit. In this lesson, students might need to access college websites for tuition costs, and career websites for income information.
- Make overhead transparencies of:
 - **Student Handbook page 118, Sample College Bill**
 - **Student Handbook page 119, Sample Pay Stub.**
- Download the “Moving Out” video onto your laptop (www.thirteen.org/finance/about/video2.html), and make sure it plays correctly.
- Review Ithaca College’s website showing how to understand your college bill. http://www.ithaca.edu/finaid/billing/your_bill/
- List the day’s **BIG IDEA** and activities on the board.
- Write the day’s vocabulary words and definitions on the board.
- Connect your laptop to the LCD projector in the classroom.
- Let students know prior to this lesson that they will need to bring in the following resources:

If they expect to enter college:

 - financial aid awards (grants, scholarships, work-study packages)
 - family contribution amount (for tuition as well as living expenses)
 - their own contribution from savings

- college tuition and fees
- room and board fees (i.e., dorm room and meal plan)
- books (if the college specifies how much to estimate)

If they expect to enter the workforce:

- a realistic target salary

VOCABULARY

Budget: A plan that helps people balance income and expenses, so they have enough money to pay their bills.

Financial Planner: A professional who helps people think about and manage their finances.

Gross Income: The money you earn before taxes are taken out.

Taxes Withheld: Money taken out of your paycheck for taxes.

Net Income: The money you earn after taxes have been taken out.

Tax Return: A required government form you fill out and submit, that reports your earnings and deductions.

Surplus: The amount of money left over, if your income is greater than your expenses.

Shortfall: The amount of money you'll "fall short" of what's required, if your expenses are greater than your income.

IMPLEMENTATION OPTIONS

You may prefer to begin class with a discussion of the questions on **Student Handbook page 117, Budget Basics** rather than starting with a quiz.

Activities III and IV:

If your students are lacking the information needed to complete their personal budgets (for example, they've not yet received their financial aid award letters, or they don't have employment lined up for next year), you may wish to send **Portfolio pages 14 - 16, Post-Graduation Budgets**, home with them for future reference.

In **Activity IV**, you may choose to provide an example using an entry-level income typical for your location.

ACTIVITY STEPS

I. Warm Up: Budget Basics (5 minutes)

1. [As students enter the classroom, refer them to **Student Handbook page 117, Budget Basics**. Give them a few minutes to answer the questions.]
2. **SAY SOMETHING LIKE:** Welcome, everybody. Today we start looking ahead to next year — your first year out of high school — when you'll be paying the bills and managing your own money. Why is this important? Let's take a look at the statistics:
 - More than a million people filed for bankruptcy in 2007 and 40,000 of them were under 25.*
 - Robert Manning, best-selling author of a book called Credit Card Nation, estimates that up to 10% of college students drop out because of credit problems.
 - The average credit card debt for a college senior was \$4,100 in 2009, on top of what they owe for student loans.**

(* AARP Policy and Research, June 2008
assets.aarp.org/rgcenter/consume/2008_11_debt.pdf)

(**Sallie Mae Student Loan Company, 2009
https://www1.salliemae.com/about/news_info/newsreleases/041309.htm)

So how can you organize your life to avoid these situations? Let's start by naming some of the reasons young people might get into financial trouble.

3. [Call on students to answer. Possibilities include:]
 - I have no experience managing money
 - I like to reward myself for working hard
 - I buy things to keep up with friends
 - I won't make enough money (low starting salary)
 - High college expenses]
4. **SAY SOMETHING LIKE:** One way to overcome these obstacles is to think ahead and be prepared. Starting today, and continuing for three more lessons, each of you will create a tailor-made budget for your own circumstances next year – whether it's college, work, or some combination of the two. We've already begun preparation for this in 10th and 11th grade. Your "Post-Graduation Budget" is a chance to plug in the real numbers – for college, a car, maybe even a place of your own. Will you be able

to afford pizza and a movie every Friday night? What about spring break in Florida? This is your chance to find out.

5. Let's discuss your answers on **Student Handbook page 117, Budget Basics**, and see what you already know.
6. [Refer to **Facilitator Resource 1, Budget Basics Answer Key**. Read each of the following questions, and call on students to respond. Include answers from your sheet that students don't mention.
 - Name some reasons to make a budget.
 - What expenses should be included?
 - What do you do with a budget once it's "finished?"
 - Have you ever made a budget? Describe your budgeting experience.]
7. **SAY SOMETHING LIKE:** As you can see, making a budget is more than just a mathematical exercise. It puts you in charge of your money, it enables you to save for things you want, and it can help you from going bankrupt or ending up in serious debt.

II. Financial Planning: "Moving Out" Video: (10 Minutes)

1. **SAY SOMETHING LIKE:** We're going to watch a short video about a guy who's probably a year or two older than you. He's juggling work and community college, and is just moving into his own apartment. Will he be able to accomplish his goals, or is he headed for financial disaster? Let's watch to find out how he manages his money.
2. [Play the "Moving Out" video (www.thirteen.org/finance/about/video2.html).]
3. **SAY SOMETHING LIKE:** Were any of you surprised that a guy like Eddie was thinking ahead, and taking action to manage his money? [Students raise hands.] Was this a good move? Why or why not?

[Let students answer. Then continue the discussion with the following questions.]

- Why did Eddie consult a financial planner?
- How did Louis, the financial planner, help Eddie focus on his financial goals?
- How did keeping track of his expenses help Eddie meet his financial goals?

III. Know What You Owe: College Expenses (10 minutes)

1. **SAY SOMETHING LIKE:** Now it's your turn to plan for your financial future. [Have students turn to **Portfolio pages 14-18, Freshman Year Budget**.]

2. **SAY SOMETHING LIKE:** This document will help you develop a budget that's personally tailored to your expectations for next year. Today you'll complete pages 1, 2, and 3. Pages 1 and 2 are designed for college-bound students, and page 3 is for everyone entering the work world, which will eventually be all of you. Please listen to the directions for both pages before beginning to work, so you'll know how to handle either event, regardless of your immediate plans.
3. **SAY SOMETHING LIKE:** Let's start on page 1, which deals with college expenses and income. You'll note that the boxes are in gray; that's the color used throughout the budget to represent college-related items. We're going to talk about college expenses first, since many of these terms are relatively new.
4. **SAY SOMETHING LIKE:** The first section asks you to list "College Expenses." Every school has different expenses, so you'll need to find the details in a bill from your specific school, or from the college's website. I have a sample here to show you, which you also can find on **Student Handbook page 118, Sample College Bill**.
5. [Display **Student Handbook page 118, Sample College Bill** on the overhead projector.]
6. **SAY SOMETHING LIKE:** This is an example of a typical college bill. Let's look at the costs at this school for a year. All of the expenses for this school can be found under the column that says "Charges."

[Direct students to find the following:

- Undergraduate tuition – charges for academic courses and programs
- Meal Plan – charges for food services program (19 meals a week)
- Dorm charge – charges to live in student dormitories
- Comprehensive Fee – activities, cable, wireless technology, etc.]

There are two other charges you may not see on every college bill: (1) The first is a dorm damage key deposit fee. What do you suppose this is for? (2) The second is a medical insurance fee. Many colleges require full-time students to carry insurance. This college provides an insurance plan if a student is not covered under his parent's policy.

7. **SAY SOMETHING LIKE:** Now, if you look back at the "expenses" column on the first page of your Portfolio budget, you'll see that you also need to include an estimate for books. Most college websites or acceptance letters give a ballpark figure. Remember to multiply this number times 2, to cover both semesters. Then, you'll add up all your expenses, to get your total for college expenses, and put that sum in box "a."

8. **SAY SOMETHING LIKE:** Now let's continue on to the next section, where you'll be adding up your College Income. This refers to all the money you will have to help pay for college. This includes money from the following sources:
- Financial aid awards, like grants and scholarships, work-study, and student loans.** If you are receiving financial aid, you will have already received a letter itemizing your awards. Or, if you have a copy of your college bill, you can find it listed there. [Point to the sample bill on the overhead transparency, where financial aid awards are listed under Payments/Credits.] The name of each grant or scholarship will be listed, with the amount of the award next to it.
 - Your family contribution for college bills.** This is the total amount of money, or the "lump sum" that your family will be giving you to pay for your first year of college.
 - Your family contribution for personal allowance.** This is the amount of money your family will give you for personal expenses, like shampoo, laundry detergent, and entertainment. If your parents have specified a monthly allowance for this, multiply by 10 to get the total for the months you'll attend.
 - Your personal savings, like the money you socked away from summer jobs.** If you know you'll have a summer job this coming year, add in what you expect to save.
9. **SAY SOMETHING LIKE:** Once you've listed all the sums, add them up to get a total for College Income, and put that sum in box "b."
10. **SAY SOMETHING LIKE:** Turn to second page. This is where you'll subtract your expenses from your income. Do this by subtracting the number in box "a" from the number in box "b." Place the total in box "c," and learn whether the news is good or bad.
11. [Point to the vocabulary word and definition of "surplus" on the board.] If your income is higher than your expenses, you will have a "surplus": extra money to live on after your bills are paid.
12. [Point to the vocabulary word and definition of "shortfall" on the board.] If your college income is lower than your expenses, you will have a "shortfall," and need to earn that amount of money to pay your college bills next year.
13. **SAY SOMETHING LIKE:** In order to figure out a monthly budget, you'll need to divide the amount of money in answer box "c" by 10, for the number of months you'll attend school. Put your answer in the box called "d," and add a plus sign to reflect a surplus, or a minus sign to reflect a shortfall.

IV. Adding It All Up: Gross Monthly Income (10 minutes)

1. **SAY SOMETHING LIKE:** Now let's move on to page 16, which everyone will complete. Here you'll list any job-related income you'll have coming in next year. Your objective is to determine your gross monthly income – which is the amount of money you earn before taxes are taken out.
2. **SAY SOMETHING LIKE:** You'll see on the budget there are lines for Job 1 and Job 2. Put down the amount of money you expect to make from each job you'll hold. For example, if you work at a full-time job Monday through Friday, and also babysit on weekends, you'll have income from both jobs to list.
3. **SAY SOMETHING LIKE:** For those of you who are planning to enter the workforce next year, but don't yet have a job, you'll need to find some realistic numbers to use here. If you brought some possibilities in today, use those figures.
4. **SAY SOMETHING LIKE:** For now, let's use the income for an entry-level job as an example. Later, you can check the Internet to find the entry level salary, or hourly wage, for the job you're most likely to have.
5. **SAY SOMETHING LIKE:** One thing to remember: you're creating a monthly budget, so the numbers you write down must reflect monthly income. If the numbers you're working with reflect a yearly salary, divide by 12 to figure out how much you'll make each month. If the numbers reflect an hourly wage, multiply times the number of hours you'll work each month, usually 40 hours a week x four weeks/month.
6. **SAY SOMETHING LIKE:** Once you've listed all your monthly income, add it up. If you plan on attending college, and you had a surplus on page 1, include it. Your grand total will represent your gross monthly income.
7. **SAY SOMETHING LIKE:** All right, everyone, let's begin. You'll have five minutes to work. Stop before continuing on to "Net Monthly Income." We'll go over that section together.

[Have students work on their budgets. Move on when they're finished.]

V. The Government Takes a Bite: Net Monthly Income (5 minutes)

1. **SAY SOMETHING LIKE:** Now that you've added up your gross monthly income, it's time for a reality check. Do you get to keep your entire salary? No, you do not. Who can explain approximately how much you keep, and where the rest of it goes? [Let

students answer.]

2. [Point to the vocabulary word and definition of “Net Monthly Income” on the board.] **SAY SOMETHING LIKE:** “Net Monthly Income” is the amount of money you earn after taxes are taken out. [Point to the vocabulary definition for “taxes withheld” on the board.] The main taxes withheld are federal, state, local, and social security. This money goes to pay for public services like police and fire protection, schools and parks, and also for benefits given to people who are disabled or retired.
3. [Project the transparency of **Student Handbook page 119, Sample Pay Stub** for the class to see.] **SAY SOMETHING LIKE:** Here’s a sample of a typical pay stub. It lists money earned and taxes withheld. You have a copy of this stub on **Student Handbook page 119, Sample Pay Stub**. It should be similar to the pay stubs you’ll receive when you get a paycheck.
4. [Point out a few of the itemizations on the pay stub. Be sure to include the following:
 - “Net pay,” or net income, which refers to the actual amount you “take home” after taxes.
 - Regular salary, which refers to gross pay.
 - Taxes withheld, which shows you how much money has been withheld by each government agency.]
5. **SAY SOMETHING LIKE:** Typically, the amount of tax withheld from a paycheck is about 30%. This percentage depends on many things, like if you support children or not, but for our purposes today, we’ll use 30%.
6. [Remove the sample pay stub from the overhead projector.]
7. **SAY SOMETHING LIKE:** Now, let’s return to page 3 of your budget, to the section called “Net Monthly Income.” Write down the total for your gross monthly income, which we called “e” in the previous section. To figure out how much money will be withheld for taxes, figure out 30% of your gross monthly income. You can do this by multiplying “e” by 30%, or 0.30. [Write the following calculation on the board.] For example, if your gross monthly income is \$100.00, 30% is 100 times 0.30, or \$30.00.
8. **SAY SOMETHING LIKE:** Now subtract the 30% from your gross monthly income. This gives you the amount of money you will actually receive in your paycheck, or your net monthly income. [Write the following calculation on the board.] For example, \$100.00

minus \$30.00 equals \$70.00.

9. **SAY SOMETHING LIKE:** If you're a college student who completed the previous two pages, you'll want to include your college surplus or shortfall here, in the gray box marked "d." If you had a surplus, add this to your net monthly income. If you had a shortfall, you must subtract.
10. [Give students time to finish their calculations.]
11. **SAY SOMETHING LIKE:** OK, one last point. [Point to the vocabulary word and definition of "Tax Return" on the board.] Every year, everyone who has earned money must submit a "tax return" to the federal and state government by April 15th. In a tax return, you declare how much money you earned, and how much tax was withheld.
12. **SAY SOMETHING LIKE:** Even if you don't think you owe the government money, you should file an income tax return. Depending on your income, you might be due a refund, if too many taxes were withheld. [Write **www.irs.gov** on the board.] All federal tax forms, and information about how to file, can be found at the Internal Revenue Service website, www.irs.gov. Each state will also have a website you can check for state tax return forms.

VI. Wrap Up (5 minutes)

1. [Distribute index cards for use as exit slips.]
2. **SAY SOMETHING LIKE:** OK, everyone, let's "budget" a minute here to think about budgets. Each of you is getting an index card. On it, please write either (or both) of the following:
 - One new thing you learned today
 - Predict what your third-biggest expense will be next year (after tuition and your apartment or dorm)
3. Hand me your slips as you exit, and we'll take a look at them first thing next class. And, just for fun, keep an eye on where your money goes this week. You might be in for some surprises!

Budget Basics

Answer Key

1. Name some reasons to make a budget.
 - To understand how the money you have coming in, and the money you have going out, work together to create savings or debt.
 - To control how much you spend; how much you save.
 - To plan ahead so you can make choices.
 - To save enough money for education.
 - To save enough money to achieve personal goals (buy a car, take music lessons, attend a special event).
 - To know, once you pay your bills, how much is left for personal expenses (like entertainment).
 - To empower you, and make you more independent.
2. What expenses should be included? Every single one! If it costs money, include it.
A few examples:
 - Housing (rent, heat, electricity, water)
 - Transportation (car payments, gas, tolls, parking, bus/train fares)
 - Communication (cell phone, internet, cable)
 - Food (snacks and meals)
 - Clothing and electronics
 - Personal entertainment (DVDs, going to the movies, sports events, concerts)
 - Personal items (shampoo, make-up, cologne, backpack, pocketbook)
3. What do you do with a budget once it's "finished?"
 - Study it to see if it works
 - Make changes so it will be easier to follow
 - Follow it!
 - Adjust as income or expenses change
4. Have you ever made a budget? Describe your budgeting experience.
(Share a personal story if you have one; perhaps you remember your own first budget!)

Budget Basics

A budget is a plan that helps people balance income and expenses, so they have enough money to pay their bills.

Please answer any three of the following questions.

1. Name some reasons to make a budget.
2. What expenses should be included? (Be specific!)
3. What do you do with a budget once it's "finished?"
4. Have you ever made a budget? Describe your budgeting experience.

SAMPLE COLLEGE BILL

AMOUNT TO PAY: 13,533.00

ATTN: STUDENT ACCOUNTS

How Paid: Check M/C Visa Amex Disc

Credit Card No: _____ Expire Date: _____ Security Code: _____

Amount Paid: _____ Signature: _____

Student Name Account Holder: (Student ID #)

Student Address AR Type: 10 Student Receivables

City, State Zip Term...: 08FA

-----Detach and Return with Payment-----

SAMPLE COLLEGE
 STATEMENT OF ACCOUNT
 STUDENT RECEIVABLES

Account Holder: (Student ID #)

Statement Date 05/25/12

Student Name

Student Address

City, State Zip


AMOUNT TO PAY: 13,533.00

Date	Term	Description	Payments/		Balance
			Charges	Credits	
05/30/08		Balance Forward ***	0.00	345.00	-345.00
05/30/08		08FA Full-Time UG Tuition	15,200.00		14,855.00
05/30/08		08FA Meal Plan 19 Meals	2,650.00		17,505.00
05/30/08		08FA Dorm Charge	3,870.00		21,375.00
05/30/08		08FA Comprehensive Fee	610.00		21,985.00
05/30/08		08FA Dorm Damage Key Deposit	180.00		22,165.00
05/30/08		08FA Student Insurance Fee	240.00		22,405.00
05/30/08		08FA Manhattanville Grant		2,500.00	19,905.00
05/30/08		08FA Federal SEOG		500.00	19,405.00
05/30/08		08FA Federal Perkins Loan		1,000.00	18,405.00
05/30/08		08FA Chairman's Award		1,000.00	17,405.00
05/30/08		08FA McCormack Scholarship		2,500.00	14,905.00
05/30/08		08FA Federal Stafford Loan		1,372.00	13,533.00
Total:			22,750.00	9,217.00	13,533.00

Payment Due: July 1, 2012

SOURCE: www.manhattanville.edu, Manhattanville College, "Understanding Your Bill"

SAMPLE PAY STUB

EMPLOYEE	Mary Stone						
EMPLOYEE NUMBER	A5926						
PAY PERIOD	7/1/12 to 7/15/12						
PAY DATE 7/14/12	NET PAY \$349.21						
CHECK NO.	3691215						
EARNINGS			TAXES WITHHELD			DEDUCTIONS	
Description	Hrs.	Amount	Tax	Current	YTD	Description	Amount
REGULAR SALARY		448.00	FED INCOME TAX	49.95	385.62		
CURRENT		448.00	SOCIAL SEC	27.78	361.09		
YTD		5824.00	MEDICARE	6.50	84.45		
			STATE INCOME TAX	14.56	182.28		

SOURCE: <http://practicalmoneyskills.com>

Want to know more about deductions and take-home pay? Check out www.paycheckcity.com.

Post-Graduation Budget

Whether you're starting college or beginning your first full-time job, you need a plan to pay your bills and stay out of debt. Over the next four weeks, you'll create a budget to help you plan for the year following high school graduation.

The gray area below is for students expecting to attend college next year.

- Note that the college expenses area includes most of the items you'll find on a bill from your school. You'll need to estimate the cost of books.
- If you are planning on living with your family or renting your own apartment next year, put "0" next to room and board.

College Expenses & Income

College Expenses

Tuition and fees	
Room, if living in dorm	
Board, if meal plan is selected	
Books (Estimate for 1 semester and multiply by 2.)	
Total (a)	

College Income

Grants & scholarships*	
Work-study*	
Student loans	
Family contribution (Lump sum for college bills.)	
Family contribution (Monthly allowance, if any.) (Multiply by 10.)	
Savings (For example, from a summer job.)	
Total (b)	

*As of 2008, some forms of financial aid are taxable and some are not. Check with your tax preparer or financial aid office for the latest rules.

Post-Graduation Budget (continued)

College Income (b) – College Expenses (a) =

If your college income is higher than your expenses, this is the amount of money you'll have left to live on after college bills are paid.

If your college income is lower than your expenses, this is the amount of money you need to earn to pay your college bills next year.

To find your **monthly** surplus (extra) or shortfall (what you need to earn), divide the total above by the number of months you'll be attending school (10).

Post-Graduation Budget (continued) Income

All students should complete this page.

List money you'll have coming in next year.

- You can use “Job 1” and “Job 2” for jobs you expect to hold all year, or throughout the school year. For example, you may have a full-time job as an administrative assistant (Job 1), and work on the weekends selling clothing (Job 2).
- If your income is expressed in terms of a yearly salary or an hourly wage, figure out what you'll make each month before including it in the chart.

Example A:

You make \$20,000 a year. Divide this by 12 to figure out how much you'll make each month.

Example B:

You make \$10 an hour. Multiply this by the number of hours you'll work each month.

- If you're a college student with a work-study job or other kinds of financial aid, use the gray college surplus space, “d,” to list money you'll have left over after you pay your college bills. (See previous page of this activity.)

Gross Monthly Income

	Amount
Job 1	
Job 2	
TOTAL (e)	

Net Monthly Income

	Amount
Gross Monthly Income (e)	
Taxes Withheld (30%)	
Net Monthly Income (f) [subtract Taxes Withheld from (e)]	
College Surplus or Shortfall (d)	
Total Net Monthly Income [Surplus: add (d) and (f) / Shortfall: subtract (d) from (f)]	

Post-Graduation Budget (continued) Monthly Expenses

All students should complete this page. See next page for directions about rent and groceries.

	Estimate	Budget	Actual	Difference
Housing				
Rent (apt. share)				
Utilities (gas, electric, water)				
Phone				
Cell phone				
Internet				
Cable				
Household insurance (if yearly fee, divide by 12)				
Transportation				
Car payment or subway/bus fare				
Car insurance				
Car repairs				
Gas				
Parking and tolls				
Travel home (if living away from your family, add costs for the year and divide by 12)				
Food				
Groceries				
Snacks & other meals (including restaurants, fast food, & deliveries)				
Health				
Health insurance				
Prescriptions				
Medical expenses				

	Estimate	Budget	Actual	Difference
Other				
Savings				
Clothing				
Entertainment				
Personal (like shampoo or haircut)				
Household (like cleaning supplies)				
College shortfall (if income is lower than expenses)				
Other				
TOTAL (ALL CATEGORIES) Must be less than or equal to (f).				

Rent and Groceries:

If you'll be renting your own apartment next year, you'll need to figure out the amounts needed for rent and groceries.

If you'll be living and eating in a college dorm, write "0" next to rent and groceries. These expenses have already been listed as room and board on the first page of your **Freshman Year Budget**.

If you'll be living with your family, you can also write "0" next to rent and groceries. If you've agreed to help with your family's expenses, write the amount you've agreed to pay next to rent.

How to Use the Actual and Difference Columns:

To be useful, a budget has to reflect reality. This means you have to keep track of how much you spend. Suppose you've budgeted \$20 a month for snacks. You discover you actually spend \$12.99 every Friday night for pizza (\$51.96), and \$3.35 for snacks between classes every Tuesday and Thursday (\$26.80). The grand total is \$78.76. At the end of the month, you write this in the actual column. The difference ($\$78.76 - \20) is \$58.76. (This goes in the difference column.)

Now you have a couple of choices. You can make more of your food at home; it's cheaper! Or, you can find \$60 some other place in your budget. Maybe you aren't spending as much as you budgeted for clothes. Or you've decided you can live without cable television. Or, you can take on some extra work.

It's all about choices. But you have to have the facts to make smart choices.

Big Ticket Expenses

The **BIG** Idea

- How much should I plan to spend on housing and transportation?

AGENDA

Approx. 45 minutes

- I. Warm Up: Big Ticket Checklist (5 minutes)
- II. Big Ticket Big Picture (5 minutes)
- III. Homing in on Housing (15 minutes)
- IV. Transportation Investigation (15 minutes)
- V. Wrap Up (5 minutes)

MATERIALS

PORTFOLIO PAGES:

- Portfolio pages 14-18, Freshman Year Budget (from Money Matters 1)

STUDENT HANDBOOK PAGES:

- Student Handbook page 120, Big Ticket Checklist
- Student Handbook page 121, How Much Can I Afford?
- Student Handbook page 122, Homing in on Housing
- Student Handbook pages 123-124, Transportation Investigation
- Student Handbook page 125, Helpful Hints for Housing Rentals
- Student Handbook page 126, Helpful Hints for Car Purchases

FACILITATOR PAGES:

- Facilitator Resource 1, Housing and Transportation Cheat Sheet
- Facilitator Resource 2, Dorm Today, Apartment Tomorrow

Calculators (one per student)

Overhead projector

OBJECTIVES

During this lesson, the student(s) will:

- Fill out a checklist to anticipate their housing and transportation needs.
- Discover additional expenses in each category they need to consider.
- Research and compare costs.
- List their housing and transportation expenses on their budget.

OVERVIEW

In this lesson, students investigate and plan for their two big ticket expenses next year: housing and transportation. Expenses will be different for each student, depending on their circumstance. However, all students will research their options and compare costs. They will learn there are additional expenses to include in each category. They will generate a complete list of housing and transportation expenses to add to the personal budgets they started last week.

PREPARATION

- Arrange to hold class in the computer lab, so everyone has access to a computer and the Internet.
- List the day's **BIG IDEA** and activities on the board.
- If computer access is slow or not readily available:
 - Research appropriate rental properties in your area and print them out for your students. You may also choose to find and photocopy classifieds from your local paper.
 - Research and print out a listing of used car ads for your local area.
- Research typical costs of additional housing and transportation expenses for your area, and fill in where indicated on **Facilitator Resource 1, Housing and Transportation Cheat Sheet**. Your research should include the following: heat, electricity, water, Internet, phone, cable, basic fares (and monthly rates, if available) for public transportation (bus/train/subway), current gas prices, and local tolls (bridge/tunnel/highway).
- When you've filled in **Facilitator Resource 1, Housing and Transportation Cheat Sheet**, make a transparency to display on the overhead projector during **Activity III: Homing in on Housing**, and **Activity IV, Transportation Investigation**.
- Make enough copies of **Facilitator Resource 2, Dorm Today, Apartment Tomorrow** to hand out to students who will live in a dorm at college next year, but will investigate future housing and transportation costs for when they move off campus.
- Review the answer slips students provided at the end of class last week, when they projected their biggest expenses next year, outside of tuition. Be prepared to comment on their choices, if the suggestions made in **Activity II, Big Ticket Big Picture** are not accurate.

IMPLEMENTATION OPTIONS

For **Activity III: Homing in on Housing**, and **Activity IV: Transportation Investigation**, you might let students who have the same housing and transportation needs (i.e. living with parents, using local transportation to get to a job or college) work together.

In Activity II, you may want to work through the example using a monthly income more typical for your students or location.

ACTIVITY STEPS

I. Warm Up: Big Ticket Checklist (5 minutes)

1. As students enter the classroom, refer them to **Student Handbook page 120, Big Ticket Checklist**. Give them a few minutes to fill out the sheet.
2. **SAY SOMETHING LIKE:** Welcome back to “budget” class, where today we’ll figure out your “Big Ticket Expenses” — the monthly bills that will gobble up the biggest chunks of your budget. Remember at the end of class last week, when you projected what these expenses would be? Well, I’m sorry to disappoint you, but food and entertainment do not top the list! Does anyone know which expenses will take the biggest bite out of your budget next year? [Let students answer.] That’s right! Your big ticket expenses will be housing and transportation. For each of you, these expenses will be different. So, today in class, you’ll each figure out how much money to add to your own personal budget for these two categories.
3. **SAY SOMETHING LIKE:** First, take a look at your **Big Ticket Checklist**. This page will be your guide today; it will help you identify the specific costs you’ll need to investigate. We talked about housing and transportation expenses in our “Money Matters” unit last year, so some of the research will be familiar. You’ll be using many of the same resources, but don’t be surprised if the prices have changed.
4. **SAY SOMETHING LIKE:** Your goal by the end of today’s class is to add dollar amounts to your budget to cover the scenarios you checked on the **Big Ticket Checklist**. But, because “Life is like an onion: You peel it off one layer at a time, and sometimes you weep” – there are many costs you’ll need to include besides the obvious. Driving a car costs more than just the price of the wheels. And what you pay for housing includes more than just your rent. We went over some of these expenses last year. So let’s review the big picture of what your housing and transportation budget really needs to cover.

II. Big Ticket Big Picture (5 Minutes)

1. **SAY SOMETHING LIKE:** We’ll start with housing. If you’ll be living in an apartment, paying rent is a given. But what else will you need to pay for?
2. [Let students answer. As needed, prompt with questions like: What about staying warm? Watching TV? Taking the occasional shower? Let students name as many additional expenses as they can. Provide ones they miss, and write them on the board,

so you have a list of the following:

- Gas/electric
- Heat
- Water
- Cable
- Internet
- Phone (landline and cell)
- Renter's insurance

3. **SAY SOMETHING LIKE:** OK, that's a good list for your housing expenses. Now let's think about transportation. Will you buy a car or take public transportation? Either way, there are related costs you have to consider. You can't drive a car without filling up the tank. You can't ride a bus without buying a bus pass. Let's name some of the other costs associated with transportation.
4. [Let students answer. Provide items they miss, and write them on the board, so you list the following:
 - Car payment
 - Upkeep
 - Repairs
 - Gas
 - Tolls
 - Subway/train/bus fares]
5. **SAY SOMETHING LIKE:** OK, good. Now you've got the big picture for both housing and transportation. In order to be accurate, your budget must include every cost you'll have to pay. But before you start researching these costs, let's figure out how much you can afford. There's no point in looking into the cost of driving a BMW when taking the bus is more in line with your budget.
6. [Write on the board: 35% = Housing, 18% = Transportation]
7. **SAY SOMETHING LIKE:** The general rule of thumb is to spend no more than 30% of your net monthly income on housing, and 5% on utilities, for a total of 35%. For transportation, the rule of thumb is 18% of net monthly income. Remember, "net" means "after taxes." So, if your net monthly income is \$2,000, let's figure out what you can afford for housing. (SOURCE: www.practicalmoneyskills.com)

8. [Write this calculation on the board: $\$2,000 \times 35\% (.35) = \700]
9. **SAY SOMETHING LIKE:** $\$2,000 \times 35\%$ equals \$700. That's your housing budget. Now let's figure out transportation.
10. [Write this calculation on the board: $\$2,000 \times 18\% (.18) = \360]
11. **SAY SOMETHING LIKE:** $\$2,000 \times 18\%$, gives you \$360 for transportation.
12. **SAY SOMETHING LIKE:** OK, now it's your turn. Turn to **Student Handbook page 121, How Much Can I Afford?** Calculate how much money you can afford for housing and transportation, based on your net income. You can find your net income on the pages we completed in class last week. It's on **Portfolio pages 14-18, Freshman Year Budget** (from Money Matters 1).
13. [Give students a couple of minutes to make their calculations.]

III. Homing in on Housing (15 minutes)

1. **SAY SOMETHING LIKE:** Now that you have an idea of how much you can spend in each category, you're going to research your housing and transportation expenses for next year. You'll start with housing, and investigate whatever you checked on your **Big Ticket Checklist**. For example, if you plan to live in an apartment, you'll have to find one that suits you. To help guide you in your selection process, take a look at the top section of **Student Handbook page 125, Helpful Hints for Housing Rentals**.
2. [Display the transparency of **Facilitator Resource 1, Housing and Transportation Cheat Sheet** on the overhead projector. Point to the items under "HOUSING."]
3. **SAY SOMETHING LIKE:** Once you find an apartment, you'll have to add in the other costs we discussed, like water, electricity, phone, and cable. Always check first to see if a rental includes heat and electricity; some do. But in any event, I've prepared this "cheat sheet" for you. It has typical monthly costs for items like phone, water, and electricity.
4. **SAY SOMETHING LIKE:** If you're going to have roommates, remember that you'll share your housing expenses, with the exception of your cell phone bill. To figure out your portion, add up all the costs, and divide by the number of people sharing. For example, if there are three of you, and your housing expenses come to \$1,200, your

portion will be \$1,200 divided by 3, or \$400. Then, of course, you'll have to add in your own cell phone bill. If you pay \$39 per month, your grand total would be \$439.

5. **SAY SOMETHING LIKE:** For students who will live at home or in a dorm next year, and won't have rent bills to pay, investigate the costs for your phone, cable, and Internet, plus any other household expenses to which you'll contribute. Then add them up to get your total. If your parents or guardians are covering all your costs next year while you're in college, see me for a separate handout. You'll be investigating the costs you'll encounter when you do live on your own, most likely junior or senior year, when most students move off campus into an apartment.
6. [Have students turn to **Student Handbook page 122, Homing in on Housing**. Point out that the worksheet has suggested websites to visit to get current prices of rentals in various neighborhoods. (If the Internet is not available, distribute the sheets you prepared). Give students who will be living in a dorm a copy of **Facilitator Resource 2, Dorm Today, Apartment Tomorrow**. Since they've already entered their housing expenses based on their college bills, they'll spend this time investigating off-campus housing costs for future reference.]
7. [Let students work for 10 minutes. Give them a warning when it's time to start adding up the various costs they've collected.]
8. **SAY SOMETHING LIKE:** Now let's write the costs for housing on your budget. Turn to **Portfolio page 17, Freshman Year Budget** from Money Matters 1, and list the monthly cost of each item under the column marked "Estimate." If you're working on **Facilitator Resource 2, Dorm Today, Apartment Tomorrow**, you're done. You've already listed this year's housing expenses under "room" in the college portion of your budget.

IV. Transportation Investigation (15 minutes)

1. **SAY SOMETHING LIKE:** All right, let's move on to transportation costs. Refer to your **Big Ticket Checklist** for the items you'll need to investigate, and look at the worksheet you filled out earlier, **Student Handbook page 121, How Much Can I Afford?**, to review the amount of money you'll have.
2. **SAY SOMETHING LIKE:** If you're planning to take public transportation next year, keep in mind that you may take multiple forms of transportation in the course of a month. For example, suppose you travel to your community college by bus four days a week, but you visit your grandmother every Sunday and need a round-trip train

- ticket. You'll have to account for four round-trip bus fares a week, plus one round-trip train ticket, and then multiply by four weeks to get your monthly total. However, check to see if the city you'll be living in offers monthly passes for your main form of transportation. They're often a great way to save.
- 3. SAY SOMETHING LIKE:** For those of you who will live on a college campus, and plan to walk, bicycle, or skateboard around school, you'll still need money to travel home during vacations. Once you're at school, you can check the ride board for ride-shares. But for today, price out the various methods of getting home. Often, college websites have a page with directions and travel information. One thing you should know, however, is that rates fluctuate considerably, especially during the holidays.
 - 4. SAY SOMETHING LIKE:** If you're planning to buy a car, your monthly transportation budget will have to cover the operating costs of owning a vehicle, as well as your car loan payments. As we learned in the Grade 11 Money Matters unit, a good rule of thumb is to figure that your operating costs will be one third (or .33) of your transportation budget. The rest will go toward car payments. So, for example, let's say your monthly budget for transportation is \$300. You can expect to pay one third, or \$100, for operating expenses. How much does that leave for car payments?
 - 5.** [Call on a student to answer. This shouldn't be too much of a challenge, but if it is, jot the numbers on the board: $\$300 - \$100 = \$___.$]
 - 6. SAY SOMETHING LIKE:** OK, so you have \$200 per month to spend on car payments. What kind of car can you buy for that? It depends. And, of course, the total of \$200 per month is only an example; you might have more or less. Tips for figuring out what's affordable can be found on **Student Handbook page 126, Helpful Hints for Cars Purchases**. Monthly payments are listed along the bottom, with car purchase prices on the left. If you have \$200 for a monthly car payment, how much can you afford to pay for a car?
 - 7.** [Have students turn to **Student Handbook pages 123-124, Transportation Investigation**, and start working. Point out that the worksheet lists websites they can use for reference. You may also choose to share the materials you prepared for this activity.]
 - 8.** [Let students work for 10 minutes. Give them a warning when it's time to start adding up the various costs they've collected.]

9. **SAY SOMETHING LIKE:** Now it's time to fill in the costs for transportation on your budget. Turn to **Portfolio page 17, Freshman Year Budget** (from Money Matters 1), and list the monthly cost of each item under the column marked "Estimate."

V. Wrap Up (5 minutes)

1. **SAY SOMETHING LIKE:** Good work today! You've accounted for your big ticket expenses next year. As a final exercise, pick one of the costs you didn't anticipate – like renter's insurance, or travel costs home from college during vacations – and jot down the monthly amount of money you allocated for it.
2. [Give students a moment to write.]
3. **SAY SOMETHING LIKE:** Now, multiply this cost times 12.
4. [Allow a minute for students to multiply.]
5. **SAY SOMETHING LIKE:** The calculation you just performed shows you how much money you would have been short for the year, if you hadn't planned ahead for this expense. How much money is it?
6. [Call on students to answer.]
7. **SAY SOMETHING LIKE:** Well, congratulations to you all for having avoided this pitfall and preparing so wisely for your future. Next week we'll continue at a feverish pace when we discuss, and budget for, health insurance! Have a great week.

Housing and Transportation Cheat Sheet

1. HOUSING

The following costs may be considered typical for local apartments:

Gas/Electric	\$_____	per month
Heat (if not included)	\$_____	per month
Phone	\$_____	per month
Cable	\$_____	per month
Internet	\$_____	per month
Water	\$_____	per month
Renter's Insurance	\$17-\$20	per month

2. TRANSPORTATION

The following costs may be considered typical for local transportation:

Bus fare	\$_____	one way
Bus fare	\$_____	monthly pass
Subway	\$_____	one way
Subway	\$_____	monthly pass
Current gas prices	\$_____	per gallon
Bridge/Tunnel/Road tolls	\$_____	one way

Dorm Today, Apartment Tomorrow

1. HOUSING

You will be searching for an apartment or house rental near your college campus. If you think you'll have roommates, find your share by adding up all the monthly costs, and dividing by the number of people in the rental.

For utilities, you may use the sample costs displayed on the "Housing and Transportation Cheat Sheet."

Rent	\$_____	per month
Gas/Electric	\$_____	per month
Heat (if not included)	\$_____	per month
Phone	\$_____	per month
Cable	\$_____	per month
Internet	\$_____	per month
Water	\$_____	per month
Renter's Insurance	\$17-\$20	per month

Useful websites for finding rentals: <http://www.move.com/apartments/main.aspx>, www.rent.com, www.apartments.com, www.craigslist.com, www.apartmentguide.com

Big Ticket Checklist

Use the following checklist to determine your housing and transportation needs. Find the circumstance that best describes your scenario, and place checks next to each item that applies.

HOUSING:

I will live with my parents. _____

I will live in a college dormitory. _____

I will rent my own apartment. _____

TRANSPORTATION:

I will drive a car that is already paid for. _____

I will be making payments on a car loan. _____

I will use public transportation to get to college or work (bus, subway, train). _____

I will walk or take college-provided transportation (like shuttle buses between dormitories and classrooms), but will need to find a way to travel to and from college. _____

How Much Can I Afford?

<p>PART I</p> <p>1. Monthly Budget</p> <p>a) Total Monthly Income (from Money Matters 1 Budget)</p> <p>b) Housing Budget (35% of “a”, or $0.3 \times \text{“a”}$)</p>	<p>\$ _____</p> <p>\$ _____</p>
<p>PART II</p> <p>2. Monthly Transportation Expenses</p> <p>a) Total Monthly Income (from Money Matters 1 Budget)</p> <p>b) Transportation Expenses (18% of “a”, or $0.18 \times \text{“a”}$)</p>	<p>\$ _____</p> <p>\$ _____</p>

Homing in on Housing

A general rule about housing: You can spend up to 30% of your net income (after taxes) on rent, and 5% on utilities, totaling 35% for all housing expenses.

To search for a rental in your home community or near a local college, use the Internet, a local newspaper, or printouts from your teacher.

If the apartment or house has more than one bedroom, assume you will have enough roommates to fill each bedroom. Divide the rent, and all utilities and shared expenses, by the number of roommates. (Example: \$900/month for three roommates is \$300/each. An electric bill of \$210 would be \$70/each).

Check the overhead transparency for typical costs of utilities and additional fees. (However, many rentals include heat and water, so be sure to check.)

If you are paying a flat fee to help with family expenses, include it as “Rent.”

Suggested websites for rentals:

<http://www.move.com/apartments/main.aspx>, www.rent.com, www.apartments.com, www.craigslist.com, www.apartmentguide.com.

My Housing Expenses:

Rent	\$_____	per month
Gas/Electric	\$_____	per month
Heat (if not included)	\$_____	per month
Phone	\$_____	per month
Cable	\$_____	per month
Internet	\$_____	per month
Water	\$_____	per month
Renter’s Insurance	\$17-\$20	per month
Total:	\$_____	per month

Transportation Investigation

CARS:

1. If you are looking for a car, you can search www.cars.com by zip code.

My car will cost: _____

2. To find a car's MPG (mileage per gallon), go to: <http://www.fueleconomy.gov/feg/sbs.htm>

The current price of gas is ____/gallon. (Use your knowledge or ask your teacher for this information.)

To estimate how much you'll spend on gas, you must know how many miles you'll drive. (For example, if the distance to college is 6 miles, and you have classes every day, you will travel 6 miles x 2 times a day x 5 days a week = 70 miles per week.)

My mileage will be _____miles/week.

3. Now determine the number of gallons you'll need by dividing those miles by the combined estimated MPG.

(Example: 70 miles ÷ _____ MPG = _____ gallons.)

I will need _____gallons.

4. Now figure out how much it will cost.

_____ gallons x \$_____ (price per gallon) = _____

LOCAL TRANSPORTATION (TRAIN/SUBWAY/BUS):

1. Use your knowledge, ask your teacher, or check your city government websites for local transportation costs. Don't forget to investigate student passes or monthly tickets, which may be cheaper.

For North Dakota public transportation, visit: <http://www.apta.com/resources/links/united-states/Pages/NorthDakotaTransitLinks.aspx>

My local transportation cost will be: \$_____ per month.

To find monthly expense, add up the number of one-way trips you will need, and multiply by the one-way cost.

TRANSPORTATION TO AND FROM COLLEGE:

1. For long-distance transportation, visit:

www.travelocity.com, www.expedia.com, www.orbitz.com, www.yahoo.com

My costs to travel home from college on vacations will be (cost of one trip x # trips, divided by 10 months): **\$_____ per month.**

Helpful Hints for Housing Rentals

Questions to ask:

- Location: Is it close to work/school, public transportation, bank and stores, entertainment, friends? Is it in a safe neighborhood? Is there parking available?
- Rent: Is it within my budget?
- Utility bills: Are any utilities covered?
- Overall condition: Is it clean and in relatively good condition inside and out? Are there leak stains on the ceilings or mold around the bathtub? Do the appliances function properly?
- Appliances/Facilities: Does the place have a washer/dryer or dishwasher? If it's an apartment complex, is there a pool?
- Roommates/Number of Roommates: Will I need to live with other people? If so, how many? What are advantages and disadvantages of having roommates?
- Landlord or Management Company: Do they have a good reputation? Does he or she seem responsive and trustworthy? [If possible, talk to other tenants.]

Things to Know:

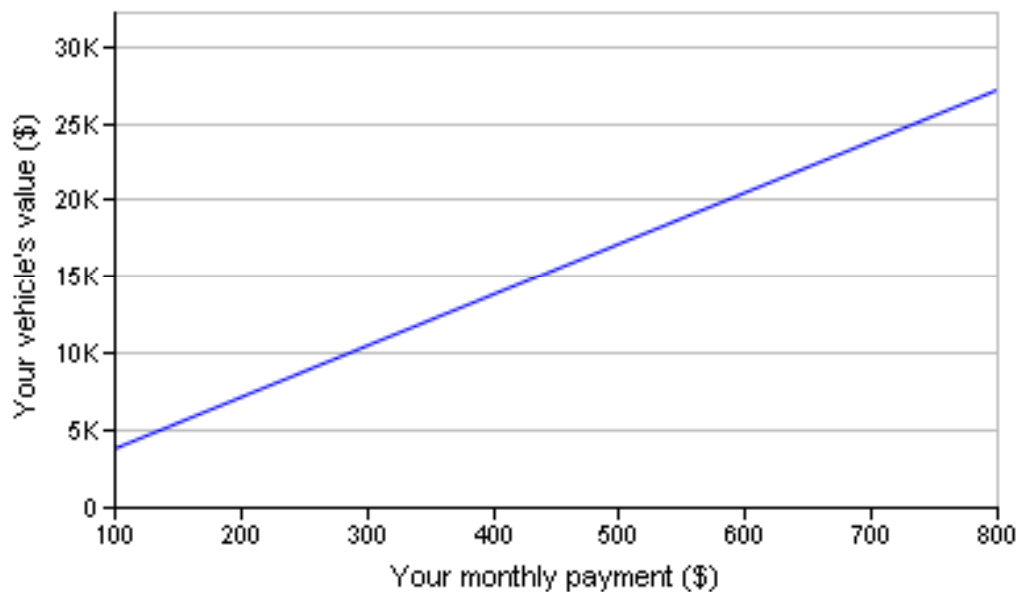
- Security deposits: You may need to pay security deposits for the following: rental unit, telephone, gas/electric, water. You may also be required to pay the first and last month's rent in advance.
- Upfront moving expenses: You may have to rent a moving truck and/or buy lunch for friends who are helping you move.
- Renter's insurance: It is advisable to purchase an insurance policy to cover expenses if your belongings are damaged or stolen.

Helpful Hints for Car Purchases

- Look closely at your budget and determine what you can really afford.
- Do your research to make sure you're buying a quality product that will last. Be cautious of advertisements.
- Check to make sure you're paying a fair price for your car's value on sites such as Kelley Blue Book (www.kbb.com). You can input the car's year, make, model, mileage, overall condition, and other details to find out its value.

Based on what you've budgeted for a monthly car payment, how much can you afford to pay for a car? _____

Various monthly payments



SOURCE: www.consumerreports.org

Health Insurance

The **BIG** Idea

- Why do I need health insurance and where can I get it?

AGENDA

Approx. 45 minutes

- I. Warm Up: Thanksgiving Break (5 minutes)
- II. Health Insurance Check-Up (15 minutes)
- III. Examine the Options (20 minutes)
- IV. Wrap Up (5 minutes)

MATERIALS

PORTFOLIO PAGES:

- Portfolio pages 14-18, Freshman Year Budget (from Money Matters 1)

STUDENT HANDBOOK PAGES:

- Student Handbook page 127, Thanksgiving Break
- Student Handbook pages 128-129, Health Insurance Check-Up
- Student Handbook pages 130-132, Examine the Options
- Student Handbook pages 133-134, What's My Plan Worksheet

FACILITATOR PAGES:

- Facilitator Resource 1, Examine the Options Answer Key

- Calculators, one per student

OBJECTIVES

During this lesson, the student(s) will:

- Understand the need for health insurance.
- Learn the basic terms and options.
- Research their own health insurance needs.
- List their health insurance expenses on their budget.

OVERVIEW

In this lesson, students discover the importance of having health insurance and keeping it current. They gain familiarity with health insurance terms and options. They learn about employer benefits and the cost advantage of being covered through a policy at work. They hear about insurance options for college students, and ways that individuals who are not covered by employers can find individual or group coverage. They investigate their own health insurance costs for next year, and add them to their budgets.

PREPARATION

- List the day's **BIG IDEA** and activities on the board.
- Write the **VOCABULARY** words on the board or a piece of chart paper.
- Visit www.whitehouse.gov/files/documents/health_reform_for_young_adults.pdf for information about how the Affordable Care Act (2010) affects health insurance for young adults. You may wish to print out a copy for each of your students.
- To provide your students with the most up-to-date insurance information and answers to any further questions they might have, please see the websites listed under **BACKGROUND INFORMATION**.

BACKGROUND INFORMATION

Health insurance is complicated, even for most adults, and health-care reform may render some of the information in this lesson obsolete.

To provide your students with the most current information about Medicaid and other insurance programs for low-income families, please check state and local government websites.

Students should also be encouraged to consult with their parents concerning health insurance coverage as they make the transition into young adulthood.

The following websites may provide additional information regarding health insurance

issues. NOTE: The companies, agencies, and websites referenced in this lesson plan are for informational purposes only and should not be considered an endorsement by Roads to Success.

General Info

<http://healthinsurance.about.com/od/faqs/f/College.htm>

Insurance options for college students. Click the “Medicaid” tab for more info on that topic.

<http://healthinsurance.about.com/od/individualpolicies/a/indpolicy.htm>

Where to find an individual insurance policy.

<http://lifehappens.org/health-insurance/where-can-i-get-coverage>

Comprehensive info from a non profit supported by the insurance industry.

<http://lifehappens.org/health-insurance/cost-estimator>

Costs of common medical procedures.

Employer Provided Benefits

<http://www.practicalmoneyskills.com/personalfinance/lifeevents/benefits/>

Award-winning website from VISA includes free downloadable lesson plans, as well as financial advice for adults. This link takes you to the Employer Provided Benefits section of Jean Chatzky’s Practical Money Series.

<http://www.opm.gov/insure/health/planinfo/index.asp>

Federal employees health benefits programs, searchable by state.

Individual Policies

<http://ehealthinsurance.com/>

Licensed to market and sell health insurance in all 50 states and the District of Columbia, eHealthInsurance has partnerships with more than 175 health insurance companies, offering more than 10,000 health insurance products online.

www.nahu.org

National Association of Health Underwriters, searchable by state.

Student Health Insurance

<http://www.aetnastudenthealth.com>

Student health plans sold by Aetna, searchable by school.

Insurance Plans for Freelancers

<http://www.freelancersunion.org/insurance/index.html>

Insurance options for freelancers in selected professions, searchable by zip code.

VOCABULARY

(In the order presented in the lesson)

Health Insurance Policy: A health insurance plan.

Coverage: Medical procedures your health plan pays for.

Premium: The amount of money you pay to belong to a health plan.

Deductible: A fixed \$ amount you pay each year before your plan begins paying.

Co-pay: The flat fee you must pay for each medical expense.

Coinsurance: Percentage of the bill you must pay for each medical expense.

HMO: A Health Maintenance Organization, which manages and provides medical care.

PPO: A Preferred Provider Organization, which gives you flexibility in choosing medical providers.

Network: A group of physicians, hospitals, and other providers who participate in a particular plan.

Primary Care Physician: Family or personal doctor.

Prescription: Medication or drugs taken as directed by a doctor. (NOTE: Prescriptions do not

include over-the-counter medications like Aspirin or cough syrup.)

Pre-existing Condition: An injury or sickness that was diagnosed or treated, or for which prescription medication or drugs were taken or prescribed, during a specific period before the date health-care coverage begins.

IMPLEMENTATION OPTIONS

For **Activity III, Examine the Options**, you may choose groups in advance, and assign students which option to read.

For **Activity III, Examine the Options**, if you feel pressed for time, instead of fielding a discussion you may call on one student per option to read all his/her answers.

ACTIVITY STEPS

I. Warm Up: Thanksgiving Break (5 minutes)

1. [As students enter the classroom, refer them to **Student Handbook page 127, Thanksgiving Break**. Give them a few minutes to read the story and fill out the sheet.]
2. **SAY SOMETHING LIKE:** Welcome, everyone. With a show of hands, who can tell me how they feel today? [Let hands go up.] Now, who can tell me how they'll feel tomorrow? What about next week? Next month? [Hands will drop.] Who here knows for sure when you'll next get sick, or have an accident? Of course, you don't! No one ever knows when they're going to need medical care. And you also never know how much it will cost. Take Sean, for instance, who broke his leg on Thanksgiving. How much money did you think his accident cost?
3. [Let students share their answers.]
4. **SAY SOMETHING LIKE:** Those are good guesses. The real total is over \$10,000. (SOURCE: <http://lifehappens.org/health-insurance/cost-estimator>) Most people do not have that kind of money to pay out every time they have an accident or require medical care, which is why everyone needs health insurance, including you.

II. Health Insurance Check-Up (15 Minutes)

1. **SAY SOMETHING LIKE:** Health insurance, like car insurance, protects you financially. By paying a little every month you avoid paying a huge amount if something unexpected happens. But even day-to-day medical expenses, like seeing doctors and taking medication, can add up to a lot of money. So having health insurance is a “must,” and you need to budget for it next year. But how much will it cost? Where will you get it? And what do you need to know, to choose a plan wisely? Let's check up on health insurance and find out.
2. [Ask students to turn to **Student Handbook pages 128-129, Health Insurance Check-Up**, which has the same **Vocabulary** words you've written on the board or chart paper. Suggest your students take notes on each term as you cover it. Point to each term as you say it.]
3. **SAY SOMETHING LIKE:** The first thing you need to know is there are many different kinds of plans, or **policies**. They each cost different amounts of money, and cover different kinds of medical services. For example, one policy might include dental care;

whereas another will pay for prescriptions. The list of what your policy does, and doesn't cover, is known as your **coverage**. And depending on your needs, one plan might have better coverage for you than another.

4. **SAY SOMETHING LIKE:** Although the details of insurance plans differ, they all have one thing in common: you have to pay a **premium**, or a basic amount of money, to belong to the plan. It's sort of like paying dues. Depending on the plan, a premium might be as low as \$90 a month, or as high as \$1,000. However, if you work full-time, employers often pay a portion of your premium, which can help considerably.
5. **SAY SOMETHING LIKE:** In addition to a premium, most plans also have a **deductible**. Anyone remember what a deductible is, from when we talked about car insurance? [Let students answer.] That's right - it's the amount of money — besides the premium — you have to pay every year before your plan starts to contribute. So if your deductible is \$500 a year, and your medical bills total \$800, how much do you pay on your own? [Let students answer.] That's correct — you pay the first \$500, and your insurance company will help to pay the other \$300. But the key word here is "help." You will still have some out-of-pocket costs. Exactly how much depends on your plan.
6. **SAY SOMETHING LIKE:** With some plans, you pay a flat fee, called a **co-pay**, for every medical service. For example, when you go for a check-up, your co-pay might be \$25, and your insurance plan will pay the rest.

Or, if you have **coinsurance**, your share might be a percentage. Typically, an insurance plan pays 80 percent of an approved amount, and your coinsurance is 20 percent. But this can vary from plan to plan. So, let's talk about a few different kinds of plans, and see some of the differences.

7. **SAY SOMETHING LIKE:** The two most common types of plans are called **HMOs** and **PPOs**. HMO stands for Health Maintenance Organization, and PPO stands for Preferred Provider Organization.

HMOs are a little more limited than PPOs, but they can also be cheaper. Typically, HMOs cover medical care only given by professionals in their **network**, which is a specific group of providers they have contracts with. Also, in an HMO, before you can see a specialist, you must first get approval from your **primary care physician**, who's usually your main, or family doctor.

PPOs are more flexible than HMOs. They prefer you see a doctor in their network, and will pay a higher percentage of the bill if you do. But they will still cover out-of-network care, though at a lower rate. So, you pay more, but have more choice. Plus, you can seek medical care whenever you want, without first consulting your primary care physician.

8. **SAY SOMETHING LIKE:** When you're shopping for a health insurance plan, you must compare all the details we just covered. Here are some questions you need to ask:
- What kind of plan is it? (HMO, PPO, or other)
 - What types of services are covered?
 - Are **prescriptions** covered?
Some health insurance plans do not cover prescriptions. Others may include coverage subject to a deductible or co-payment.
 - Are **pre-existing conditions** covered?
There may be limitations on coverage for pre-existing conditions. These limitations may be waived or reduced if you can prove you were covered by an insurance plan within a specified period of time prior to your new plan.
 - What's the premium?
 - What's the deductible?
 - What's the co-pay or coinsurance?
 - What doctors and providers belong to the plan, and are they located near me?
 - What steps must I take to get the care I need?

III. Examine the Options (20 minutes)

1. **SAY SOMETHING LIKE:** OK, now that you've got the big picture, let's focus on you. Where will you get health insurance next year? Your options will be determined by your circumstances. You'll either be a full-time student, an employee with coverage provided by your employer, or an individual in need of a plan.
2. [Instruct students to turn to **Student Handbook pages 130-132, Examine the Options.**]
3. **SAY SOMETHING LIKE:** During this activity, you'll work in groups of three, each reading up on one of these options. You'll have five minutes to read and answer the questions at the end of your section, and then five minutes to share what you've learned with the rest of your group. Then, we'll get back together as a class, and spend five minutes summarizing our findings.
4. [Divide the class into groups of three. Tell students to decide, in their groups, who will

read and answer the questions for each option. They should then begin. After five minutes, announce that it's time to share information within their groups. Suggest they spend about one minute per topic. When five minutes have passed, call everyone back together.]

5. **SAY SOMETHING LIKE:** We should all be experts now on our health insurance options for next year! To summarize, who can tell me the key points that college students, employees, and individuals need to know?
6. [Field a discussion. Call on students to cover the material, using **Facilitator Resource 1, Examine the Options Answer Key** as your guide.]

IV. Wrap Up (5 minutes)

1. [Tell students to turn to **Student Handbook pages 133-134, What's My Plan Worksheet**.]
2. **SAY SOMETHING LIKE:** Now you're going to apply what you've learned to your own situation for next year. Pick the most likely scenario of the three we just discussed and, using **Student Handbook pages 133-134, What's My Plan Worksheet**, estimate your health insurance costs for next year.
3. [Give students a few minutes to work.]
4. **SAY SOMETHING LIKE:** Now, add your expenses to the "Estimate" column of the Health Insurance section, which you'll find on **Portfolio page 17, Freshman Year Budget**.
5. [Give students a few minutes to work.]
6. **SAY SOMETHING LIKE:** Very good work. As you can see, health insurance costs are nothing to sneeze at! So, before next week's class, when you finalize your budget, talk to your parents about health insurance. Find out if you'll be covered on their plan, or if you're going to buy your school's insurance. If you have a job lined up, check into the health care benefits and find out what your monthly payment will be. And if you need to look into other options, start to search right away. Have a great week, and I'll see you next time!

Examine the Options Answer Key

I. Full-time Student

1. What requirements must you check on your parents' policy, to see if you'll be covered next year?

Answer: Age limits, full-time status requirement, documents of proof

2. If your parents have an HMO or PPO, what must you find out about the region where you are attending school?

Answer: If you can access your HMO or PPO providers in that area

3. What reasonably-priced option may exist for students not covered by their parents' plan?

Answer: Many colleges and universities offer student health plans

(NOTE: Mention that students should find out the deadline for signing up.)

4. What happens if you're currently covered by your parents' Medicaid?

Answer: You will lose eligibility at the age of 18, and must find other coverage or apply to Medicaid on your own

II. Employee With Coverage Provided by Employer

1. What are the cost advantages of a group health insurance plan provided by your employer?

Answer: A lower premium, and your employer pays part of it

2. What fraction of your base pay might employer-sponsored benefits (including health insurance) be worth?

Answer: A third or more

3. What are some of the coverages you might find in a good employer-provided plan?

Answer: Prescriptions, dental, vision

4. What plan is available if you leave your job? Who pays the premiums and how long does it last?

Answer: COBRA, you pay the premiums, it typically lasts 18 months

III. Individual in Need of a Plan

1. How might an individual find a group health insurance plan?

Answer: Join a union, professional association, or other group that offers it

2. What can you do if you work part time?

Answer: See if your company will let you in on their plan

3. What's the downside to individual coverage?

Answer: More expensive, and you pay the premium yourself

4. How can you find an individual health insurance plan?

Answer: Use an independent insurance agent, or look online

Thanksgiving Break

It happened on Thanksgiving Day. Sean, his sisters, and all 15 cousins decided to play a quick game of touch football before dinner. They promised their parents that no one would get hurt during the game, and, in fact, no one did. It was after the game — after Sean made the winning touchdown by catching a spectacular pass in the end zone — that his cousins leaped on him to celebrate. He ended up on the bottom of the pile-up, breaking a leg.

Instead of heading home to eat turkey, Sean took an ambulance to the hospital, checked into the emergency room, got an X-ray, met with an orthopedist, and had a cast put on his leg.

1. Estimate how much money you think all of these medical expenses cost.

\$ _____

2. If this, or any accident, happened to you, how do you think you would pay for it?

Health Insurance Check-Up

Health Insurance Policy: A health insurance plan.

Notes: _____

Coverage: Medical procedures your health plan pays for.

Notes: _____

Premium: The amount of money you pay to belong to a health plan.

Notes: _____

Deductible: A fixed \$ amount you pay each year before your plan begins paying.

Notes: _____

Co-pay: The flat fee you must pay for each medical expense.

Notes: _____

Coinurance: Percentage of the bill you must pay for each medical expense.

Notes: _____

HMO: A Health Maintenance Organization, which manages and provides medical care.

Notes: _____

PPO: A Preferred Provider Organization, which gives you flexibility in choosing medical providers.

Notes: _____

Network: A group of physicians, hospitals, and other providers who participate in a particular plan.

Notes: _____

Primary Care Physician: Family or personal doctor.

Notes: _____

Prescription: Medication or drugs taken as directed by a doctor.

Notes: _____

Pre-existing condition: An injury or sickness that was diagnosed or treated, or for which prescription medication or drugs were taken or prescribed, during a specific period before the date health-care coverage begins.

Notes: _____

Questions to ask about health insurance plans:

1. What kind of plan is it? (HMO, PPO, or other)
2. What types of services are covered?
 - Are prescriptions covered?
 - Are pre-existing conditions covered?
3. What's the premium?
4. What's the deductible?
5. What's the co-pay or coinsurance?
6. What doctors and providers belong to the plan? Are they located near me?
7. What steps must I take to get the care I need?

Examine the Options

1. Full-time Student

Parents' Insurance Plan

If you will be a full-time student next year, you must check if you can still be covered under your parents' plan. Under the health-care reform bill signed into law in 2010, college students and other young adults who aren't covered by an employer-provided plan can remain on a parent's plan until age 26.

If you are covered by an **HMO** or **PPO**, and you are going away to college in another state or region, you should check that you can find your HMO or PPO providers in that area. If you are going to college far from home, you may not be able to find a doctor or hospital near your school that will accept your HMO's coverage. If this is the case, you'll have to use out-of-network medical providers, which may not be covered at all, or may cost a lot of money.

School Plans

Most colleges and universities offer their own student health plans. These plans are usually reasonably priced (often under \$1,000/year) and give you access to doctors and hospitals near the school. If you are attending college far away from home, this is an option you should consider.

What about Medicaid?

If you currently receive health care provided by Medicaid, you will lose eligibility under your parent's plan at the age of 18, whether you are a student or not. You can apply for Medicaid on your own, as an adult. If you will attend a college that offers a health insurance plan, that may be an option for you. You can also investigate individual health insurance plans – a more expensive option if no others are available.

(adapted from <http://healthinsurance.about.com/od/faqs/f/College.htm>, ©2009 About.com, a part of The New York Times Company.)

NOTE: The companies, agencies, and websites referenced in this lesson plan are for informational purposes only and should not be considered an endorsement by Roads to Success.

Key Questions:

1. What requirements must you check on your parents' policy, to see if you'll be covered next year?
2. If your parents have an HMO or PPO, what must you find out about the region where you are attending school?
3. What reasonably-priced option may exist for students not covered by their parents' plan?
4. What happens if you're currently covered by your parents' Medicaid?

2. Employee With Coverage Provided by Employer

Many employers offer group health coverage. The big advantage to you as an employee is that this coverage costs less than health insurance you purchase on your own. Premiums are generally lower than with individual coverage. And, in the workplace, the employer usually pays a significant part of the premium. The combined value of health insurance and other employee benefits can be worth a third or more of your base pay. So, if your salary is \$24,000/year, your health insurance and other benefits may be worth \$8,000 or more. (You won't see this money, but employee benefits mean you don't need to dig into your own pocket for stuff you really need.) Employer-sponsored health plans often provide good coverage, with prescription, dental, and vision plans included.

Another nice feature is that if you work for an employer with more than 20 employees, you can keep your coverage if you leave your job. Under this plan (called COBRA), your employer no longer pays any part of the premium. You have to pay it yourself, plus a small administrative fee. The advantage of COBRA is that you're still eligible for the company's group rate, which may be less expensive than purchasing a policy on your own. COBRA only allows for temporary coverage (typically 18 months), but it's a great way to keep your health insurance until you find other employment or obtain coverage elsewhere.

(sources: <http://lifehappens.org/health-insurance/where-can-i-get-coverage>, <http://www.practicalmoneyskills.com/personalfinance/lifeevents/benefits/>)

NOTE: The companies, agencies, and websites referenced in this lesson plan are for informational purposes only and should not be considered an endorsement by Roads to Success.

Key Questions:

1. What are the cost advantages of a group health insurance plan provided by your employer?
2. What fraction of your base pay might employer-sponsored benefits (including health insurance) be worth?
3. What are some of the coverages you might find in a good employer-provided plan?
4. What plan is available if you leave your job? Who pays for the premiums and how long does it last?

3. Individual In Need of a Plan

If you will not have health insurance coverage at work or under your parents' plan, you will have to find a policy on your own. Group **coverage** is always cheaper than an individual policy with similar coverage, so you should first look into joining a union, professional association, or other group that has a health insurance option. Many professional organizations (like The Freelancers Union) are easy to join, and some only charge a small upfront membership fee, like \$25 or \$50.

If you work part time, you should see if your company will let you in on their plan. You may have to work a certain number of hours, but given the cost benefit, it's always worth investigating.

Individual insurance plans can be expensive, but this is a better option than having no insurance at all. You will have to pay the entire premium yourself, so shop around to find a plan that fits your needs at a price that you are willing to pay.

Here are two good ways to search for an individual policy:

- Use an independent insurance agent. You can get a list of licensed salespeople from your state department of insurance, or visit the [National Association of Health Underwriters](http://www.nahu.org) website (www.nahu.org) to find an independent agent in your state.
- Look for health insurance coverage online. Several websites, like eHealthinsurance.com, allow you to compare policies from different insurance companies, side-by-side. Then you can contact the companies on your own.

(adapted from: <http://healthinsurance.about.com/od/individualpolicies/a/indpolicy.htm>, ©2009 About.com, a part of The New York Times Company, and <http://lifehappens.org/health-insurance/>)

NOTE: The companies, agencies, and websites referenced in this lesson plan are for informational purposes only and should not be considered an endorsement by Roads to Success.

Key Questions:

1. How might an individual find a group health insurance plan?
2. What can you do if you work part time?
3. What's the downside to individual coverage?
4. How can you find an individual health insurance plan?

What's My Plan? Worksheet

Adding Health Insurance Costs To Your Budget

College Students

1. If you know you will be covered by your parent's policy, use \$0.00 as your monthly health insurance cost.
2. If you take prescription drugs on a regular basis, and know what the monthly co-pay or co-insurance is, add where indicated.

OR:

1. If you will purchase health insurance from your school, and know what it costs per year, divide by 12 and use this amount as your monthly health insurance cost.

\$_____ (divided by 12) = \$_____per month

2. If you don't know how much it costs, use \$1,000 as an estimate. \$1,000 divided by 12 = \$83.33/month.
3. If you take prescription drugs on a regular basis, and know what the monthly co-pay or co-insurance is, add where indicated.

Employees with Coverage Provided by Employer

1. If you expect your employer to provide health insurance, and think you know your yearly salary, assume you'll spend 6% on your health insurance premium. Find 6% of your yearly salary, and divide by 12 to find your monthly expense.

Yearly salary x .06 = yearly health insurance premium

\$_____ x .06 = \$_____ (divided by 12) = \$_____per month

2. If you take prescription drugs on a regular basis, and know what the monthly co-pay or co-insurance is, add where indicated.

Individual In Need of A Plan

1. If you know the yearly cost of your premium, divide by 12 to find your monthly expense.

\$_____ (divided by 12) = \$_____per month

2. If you aren't sure what your plan will cost, use \$500/month as an estimate.
3. If you take prescription drugs on a regular basis, and know what the monthly cost, co-pay or coinsurance is, add where indicated.

The Details

The **BIG** Idea

- Now that I've gathered the details, how do I make my budget work for me?

AGENDA

Approx. 45 minutes

- I. Warm Up: Let's Get Personal (5 minutes)
- II. Supermarket Checkout: Groceries and Household (10 minutes)
- III. Let's Get Real (10 minutes)
- IV. Making It Work (10 minutes)
- V. Wrap Up (10 minutes)

OBJECTIVES

During this lesson, the student(s) will:

- Estimate amounts needed for groceries, clothing, entertainment, and personal items.
- Add up estimated expenses and compare to income.
- Adjust budget so income meets or exceeds expenses.
- Understand the process by which a budget is revisited and revised.

MATERIALS **PORTFOLIO PAGES:**

- Portfolio pages 14-18, Freshman Year Budget (from Money Matters 1)
- Portfolio pages 19-22, Grade 12 Skills Checklist (Money Matters skill only)

 STUDENT HANDBOOK PAGES:

- Student Handbook page 135, Let's Get Personal
- Student Handbook pages 136-138, Supermarket Checkout: Groceries and Household
- Student Handbook page 139, Budget Guidelines

 FACILITATOR PAGES:

- Facilitator Resource 1, Supermarket Checkout: Groceries and Household
- Facilitator Resource 2, Sarah's Estimated Budget
- Facilitator Resource 3, Sarah's Revised Budget

 Overhead projector Calculators, one per student

OVERVIEW

In this lesson, students estimate what they'll need for groceries, clothing, entertainment, and other personal items for next year. They tally up their estimated expenses and compare to their actual income. They experience the joy, or shock, of seeing where their budget exceeds, or falls short, of their needs. They learn to critically examine each item, cut costs where necessary, and adjust their figures to reconcile the difference. They discover that a budget only works if you keep it honest and current, by revisiting and revising. Students practice how to do this for next year.

PREPARATION

- List the day's **BIG IDEA** and activities on the board.
- Take a trip to the supermarket, and fill in the prices on **Facilitator Resource 1, Supermarket Checkout: Groceries and Household**. Then make copies to distribute to each student.
- Make overhead transparencies of **Facilitator Resource 2, Sarah's Estimated Budget**, and **Facilitator Resource 3, Sarah's Revised Budget**.

IMPLEMENTATION OPTIONS

If you prefer, conduct the **Student Handbook page 135, Let's Get Personal** as a class discussion.

Activity II: You may wish to use a game to introduce your students to the cost of groceries and personal items.

Object of the game: Three-person teams guess the prices of common household items. The winning team is the one with the most accurate guesses, as determined by calculating the difference between guessed and actual price.

Set-up: Bring in 21 items (or photos of items) needed for a dorm room or start-up apartment, and arrange in the front of the room. (The game's creator used medicine cabinet items, toiletries, household products, and food — including snacks, which were shared at the end of the game.)

Post 21 large sticky notes (seven each of three different colors) on the wall at the back of the room.

Create three teams of three volunteers each, and give each team a marker (or markers) and directions for the game, as follows.

1. The object of the game is to correctly price seven of the 21 items in one minute.
2. No talking during the exercise.
3. Begin when the time-keeper says "go." Each player goes to the back of the room, grabs a sticky note, and prices an item at the front of the room. Once an item has been priced, the player may return to the back of the room for another sticky note.
4. Play continues until the buzzer rings, or until seven items have been priced.

When time runs out for Team A, Team B repeats the process with one minute on the clock. When Team B's turn has ended, Team C repeats the process.

When play has ended, the class may guess whether prices are high or low. Correct prices are revealed, and scores are tallied.

ACTIVITY STEPS

I. Warm Up: Let's Get Personal (5 minutes)

1. [As students enter the classroom, refer them to **Student Handbook page 135, Let's Get Personal**. Give them a minute or two to complete the sheet.]
2. **SAY SOMETHING LIKE:** Welcome everyone. Today you're going to finish your budget, see how it adds up, and learn to make it work for you. But first, you have to finish accounting for all your expenses. What's left to record is mostly the fun stuff, like your personal items, snack food, clothes, and entertainment. [List these categories on the board: clothes, snacks, personal items, and entertainment.] Since many of you already use your own cash to pay for these items, you probably have a good idea of how much per month you spend. Who wants to share some of your estimates?
3. [Call on students to share what they listed for clothes, snacks, personal items, and entertainment.]
4. **SAY SOMETHING LIKE:** It sounds like you've got a good handle on your personal expenses, so let's take a quick moment to add these estimates to your budget. Turn to **Portfolio page 17, Freshman Year Budget** (from Money Matters 1), and write down your expenses for each of these categories on **pages 17 and 18** in the column marked "Estimate."
5. [Give students a minute to complete this part of their budgets.]

II. Supermarket Checkout: Groceries and Household (10 Minutes)

1. **SAY SOMETHING LIKE:** OK, let's move on to expenses you may not be as familiar with: paying for groceries and household items. When you live on your own, you have to pay for all these things yourself, or at least pay for your share if you have roommates. And so, you have to budget for them.
2. **SAY SOMETHING LIKE:** For the next 10 minutes, you're going to figure out your costs for a month's worth of meals, as well as a month's worth of household items, like laundry detergent and paper towels. Even if you're planning to live at home or in a dorm next year, you'll have your own apartment soon enough, so you'll participate in this activity and estimate your costs.

3. [Have students turn to **Student Handbook pages 136-138, Supermarket Checkout: Groceries and Household.**]
4. **SAY SOMETHING LIKE:** You'll see on this page that groceries are listed first, and subdivided into breakfast, lunch, and dinner. You're going to place a check by the foods you'd eat, and would need to buy at the supermarket. If your favorites aren't there, select some good alternatives. Or, if you know the cost of something you crave – like cheese slices for a grilled cheese sandwich, or cinnamon buns you eat every day, just go ahead and substitute it in. Just make sure you check off enough food in each category to cover all three meals every day for a week. Then you'll multiply by four to account for a full month.

Household supplies are listed at the bottom. If you'll be living in an apartment, you'll probably need one a month of each item. If you'll be sharing a house, depending on its size, you might need more. And for those of you secretly thinking, "Cleaning supplies — who needs those?" — think again! You don't have to admit out loud that you will be cleaning, but you will...so include these costs in your budget!

Once you've gone through the checklist, it will be time to come up with a monthly total. I did a little shopping for you this week, and found out how much these items cost. You can refer to this sheet when figuring out your own expenses.

5. [Distribute the copies of **Facilitator Resource 1, Checkout: Groceries and Household.**]
6. **SAY SOMETHING LIKE:** Remember that you're preparing a monthly budget, so you need to multiply weekly amounts by four weeks, as indicated on the page. And if you've already accounted for a pizza delivery or restaurant meal once a week, you can just figure the costs for six dinners instead of seven.
7. [Give students the rest of the allotted time to work. When time is up, tell them to turn to **Portfolio pages 17-18, Freshman Year Budget** (from Money Matters 1), and enter their monthly expenses for groceries and household in the estimate column on their budgets. (Groceries are listed under the "Food" section, and household supplies are listed under the "Other" section.) Tell students who will be living at home or in a dorm to put "0" in these categories.]

III. Let's Get Real (10 minutes)

1. **SAY SOMETHING LIKE:** Now that you've filled in every item in the estimate column of

your budget, it's time to face reality and see if your budget works. With a show of hands, who thinks they'll have enough money to cover all their expenses – and maybe even save a few bucks? Who thinks their expenses will exceed their income? Well, ladies and gentlemen, you're about to find out! It's better to know sooner, rather than later, while there's still time to revise. You don't want to discover next year that you don't have enough money for food or bus fare at the end of the month!

2. [Make sure everyone has turned to **Portfolio pages 17-18, Freshman Year Budget** (from Money Matters 1).]
3. **SAY SOMETHING LIKE:** Looking at pages 4 and 5 of your budget, here are the steps you're going to take.
 - Number 1: make sure you've accounted for all your expenses. Fill in anything that's missing.
 - Number 2: add up every expense. Use your calculator to come up with a total for all the costs in your estimate column. Write this sum in the "Total" box at the bottom.
 - Number 3: compare your total with your net monthly income, which you can find on page 3 of your budget. If your expenses add up to more than your income, you'll need to revise. If it's less, your budget works. OK, now start adding!
4. [Give students the rest of the allotted time to work.]

IV. Making It Work (10 minutes)

1. **SAY SOMETHING LIKE:** More likely than not, most of your budgets did not balance on your very first try. But that's OK – most of us have the same experience every year when we sit down to plan our finances. And that's the reason we do budgets in advance – to fix them before it's too late.

If your budget worked, you can use this time to look for ways to save, so you can put money in a savings account, to cover emergencies, unexpected costs and "upfront expenses," like books for the whole semester, or security deposits for an apartment. All of your budgets should include savings set aside for big or unexpected expenses.

So: how do you fix a budget that isn't working, or squeeze one that is, for a little more cash? By taking a hard, cold look at it, analyzing each expense, and seeing where you can cut. Let's give this a try with someone else's budget first, and see what we can find.

2. [Put **Facilitator Resource 2, Sarah's Estimated Budget** into the overhead projector. Point to appropriate columns and boxes as you discuss.]
3. **SAY SOMETHING LIKE:** Sarah is a full-time employee in her first job out of high school. She makes \$20,800 a year, and after taxes brings home \$1,213 every month. This is her first attempt at a budget, and she's got the hang of it, but it doesn't quite work yet.

You can see here how she's accounted for all her expenses, added them up, compared them to her net monthly income, and discovered that her expenses are greater than her income. That means she must cut \$185 worth of expenses. Take a look at some of her estimates, and see if you can help her out.

4. [Field a quick discussion to generate ideas about where Sarah might cut costs. Suggestions include:
 - pay less rent, by living with (more) roommates, or living at home
 - buy fewer snacks and eat out less often
 - shop at cheaper clothing stores
 - use public transportation instead of buying a car (NOTE: this does not pertain to Sarah but it's a likely category for savings.)]
5. [Display **Facilitator Resource 3, Sarah's Revised Budget** using the overhead projector. Point to appropriate columns and boxes as you discuss.]
6. **SAY SOMETHING LIKE:** After making some painful choices, like realizing she was spending too much on restaurants and entertainment, Sarah revised her budget and made it balance. She decided her apartment could handle another roommate, which saved her \$60 on rent. (It's really helpful to know you need an additional roommate before you move in!) She resolved to cut back on her grocery bill by clipping coupons – a savings of \$40 – and to go out once a weekend instead of twice – shaving \$60 off her entertainment total. Also, she found a cheaper hair salon, and vowed to look for sales more often – saving \$25 in personal items and clothing. She still isn't saving any money – but she knows now, if she sticks to her budget, she can cover her expenses every month. And if necessary, she can babysit once in a while on a Saturday night, to pick up some extra cash.
7. **SAY SOMETHING LIKE:** OK, everyone, now it's your turn. Examine your expenses, find places to cut, and rework the estimates until you balance your budget.

8. [Direct students to **Student Handbook page 139, Budget Guidelines**, as an additional resource to guide them to categories in which they might consider cutting expenses, based on recommended percentages for a typical family budget.
9. Give students the rest of the allotted time to work. (NOTE: Leave **Facilitator Resource 3, Sarah's Revised Budget** on the overhead projector.)]

V. Wrap Up (10 minutes)

1. **SAY SOMETHING LIKE:** Congratulations, you have finished your budget! You now have a roadmap for next year – a really solid guide to keep you financially on track and out of debt. But there's one thing you must know that's really important: a budget isn't something you can put in a drawer and forget about. You have to keep an eye on it, and make sure, every month, it reflects reality and still works for you. That means keeping track of your spending, and revisiting and revising your budget periodically.
2. [Refer to **Facilitator Resource 3, Sarah's Revised Budget** on the overhead projector, and point to the appropriate items.]
3. **SAY SOMETHING LIKE:** Let's use Sarah again, as an example. She worked really hard to balance her budget, and decided to keep track of her expenses each month. The first month everything was fine. But the second month, the "extra" roommate moved out, and Sarah's rent went back up to \$339. One day she couldn't resist a really cool cell phone download, which added \$9.99 to her phone bill. And the \$81 she budgeted for a monthly train pass didn't cover the \$12 bus fare she needed to get to and from the dentist's office when she had a toothache. How can Sarah use this information to plan for future months?
4. [Let students answer, and field a discussion that generates the following suggestions:
 - Rethink and revise her budget
 - Find another roommate, quick
 - Move home
 - Find other places to cut
 - Make more money (babysit more often, look for a higher paying job)
 - Set new goals for her spending next month]
5. **SAY SOMETHING LIKE:** Just like Sarah, you will also have to rethink and revise your budget next year when you know your real costs. That's why, as you'll see on your budget, there are two blank columns called "Budget" and "Actual." Keep track of your expenses, and after a month or so, fill in the "Actual" column with what you're really

spending. Then, revisit and revise your estimates so they work. Put these numbers in the “Budget” column, and you will have a “Real” budget that really works. If you keep doing this periodically, you will always have a good idea of what you’re spending, and won’t get yourself into trouble with wishful thinking and unnecessary purchases.

I’ll see you next week, when we’ll discuss non-financial tips for life after high school.

SKILLS CHECKLIST

Direct students’ attention to **Portfolio pages 19-22, Grade 12 Skills Checklist**. Have students complete the skills checklist questions for Money Matter skills.

MONEY MATTERS

I can...

Understand the purpose for creating and revising a budget.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
List expenses associated with attending college or living on my own.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
Identify hidden housing and transportation costs (that is, other than rent and a car loan).	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
Understand the importance of health insurance, and identify ways to obtain it.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well
Create a budget for the year following high school.	<input type="checkbox"/> not at all	<input type="checkbox"/> somewhat	<input type="checkbox"/> very well

Supermarket Checkout: Groceries and Household

Breakfast:

Item	Cost
Cereal	
Milk	
Juice	
Bread	
Bagels	
Butter	
Cream Cheese	
Eggs	
Toaster Waffles/Pancakes	

Lunch:

Item	Cost
Lunch Meats	
Bread (if not previously checked)	
Peanut Butter	
Jelly	
Lettuce	
Tomato	
Hot Pockets/or Similar	
Yogurt	
Fruit	
Condiments (Ketchup/Mustard)	
Chips	
Soda	

Dinner:

Item	Cost
Burger (meat or veggie)	
Sandwich Buns	
Pasta	
Pasta Sauce	
Parmesan Cheese	
Lettuce (if not previously checked)	
Tomato(if not previously checked)	
Frozen Dinner/ or similar	
Macaroni & Cheese/or similar	
Fruit	
Dessert	
Pizza Delivery	
Soda (if not previously checked)	

Household:

Item	Cost
Laundry Detergent	
Glass Cleaner	
All purpose Cleaner (for counters/floors)	
Bath/Tile Cleaner	
Hand/bath soap	
Dishwashing Soap	
Sponges	
Paper Plates	
Paper Napkins	
Paper Towels	
Toilet Tissue	
Facial Tissue (like Kleenex)	

Sarah's Estimated Budget

Sarah's monthly net income is \$1,213.

	Estimate	Budget	Actual	Difference
Housing				
Rent (apt. share)	339			
Utilities (gas, electric, water)	incl			
Phone	28			
Cell phone	30			
Internet	incl			
Cable	20			
Household insurance (if yearly fee, divide by 12)	7			
Transportation				
Car payment or subway/bus fare	81			
Car insurance				
Car repairs				
Gas				
Parking and tolls				
Travel home (if living away from your family, add costs for the year and divide by 12)				
Food				
Groceries	240			
Snacks & other meals (including restaurants, fast food, & deliveries)	65			
Health				
Health insurance	83			
Prescriptions				
Medical expenses	30 (co-pay)			
Other				
Savings				

Clothing	150			
Entertainment	200			
Personal (like shampoo or haircut)	100			
Household (like cleaning supplies)	25			
College Shortfall (d, if less than 0)				
Other				
TOTAL (ALL CATEGORIES) Must be less than or equal to (f).	1,398			

Sarah's monthly net income is \$1,213. This is less than \$1,398.

Sarah does not have a budget that works. She must cut \$185 from her expenses.

Sarah's Actual Budget

	Estimate	Budget	Actual	Difference
Housing				
Rent (apt. share)	339	279		
Utilities (gas, electric, water)	incl	incl		
Phone	28	28		
Cell phone	30	30		
Internet	incl	incl		
Cable	20	20		
Household insurance (if yearly fee, divide by 12)	7	7		
Transportation				
Car payment or subway/ bus fare	81	81		
Car insurance				
Car repairs				
Gas				
Parking and tolls				
Travel home (if living away from your family, add costs for the year and divide by 12)				
Food				
Groceries	240	200		
Snacks & other meals (including restaurants, fast food, & deliveries)	65	65		
Health				
Health insurance	83	83		
Prescriptions				
Medical expenses	30 (co-pay)	30 (co-pay)		
Other				
Savings				

Clothing	150	145		
Entertainment	200	140		
Personal (like shampoo or haircut)	100	80		
Household (like cleaning supplies)	25	25		
College Shortfall (d, if less than 0)				
Other				
TOTAL (ALL CATEGORIES) Must be less than or equal to (f).	1398	1213		

Let's Get Personal

How much money do you spend a month on snacks and restaurants, clothes, entertainment, and personal items? If you're used to spending weekly on these categories, multiply by 4 weeks to get a monthly total.

1. Snacks & Other

(include restaurants/fast food/deliveries)

\$ _____

2. Clothing

\$ _____

3. Entertainment

\$ _____

4. Personal Items

(haircut, shampoo, make-up, aftershave, etc.)

\$ _____

Supermarket Checkout: Groceries and Household

When you live on your own you must pay for all your own groceries and household items. Use the list below to determine what you will most likely buy and how much it will cost.

I. GROCERIES

1. Check off the foods you will eat.
2. Find the cost for each item on your handout of **Facilitator Resource 1, Supermarket Checkout: Groceries and Household**.
3. Add up your costs, and multiply by 4 weeks.

BREAKFAST:

Item	Cost
<input type="checkbox"/> Cereal	
<input type="checkbox"/> Milk	
<input type="checkbox"/> Juice	
<input type="checkbox"/> Bread	
<input type="checkbox"/> Bagels	
<input type="checkbox"/> Butter	
<input type="checkbox"/> Cream Cheese	
<input type="checkbox"/> Eggs	
<input type="checkbox"/> Toaster Waffles/Pancakes	
<input type="checkbox"/> Other	

Weekly Breakfast Costs: \$ _____

Monthly Breakfast Total: **X 4=** \$ _____

LUNCH:

Item	Cost
<input type="checkbox"/> Lunch Meats	
<input type="checkbox"/> Bread (if not previously checked)	
<input type="checkbox"/> Peanut Butter	
<input type="checkbox"/> Jelly	
<input type="checkbox"/> Lettuce	

<input type="checkbox"/> Tomato	
<input type="checkbox"/> Hot Pockets/or Similar	
<input type="checkbox"/> Yogurt	
<input type="checkbox"/> Fruit	
<input type="checkbox"/> Condiments (Ketchup/Mustard)	
<input type="checkbox"/> Chips	
<input type="checkbox"/> Soda	
<input type="checkbox"/> Other	

Weekly Lunch Costs: \$ _____

Monthly Lunch Total: **X 4 =** \$ _____

DINNER:

Item	Cost
Burger (meat or veggie)	
Sandwich Buns	
Pasta	
Pasta Sauce	
Parmesan Cheese	
Lettuce (if not previously checked)	
Tomato (if not previously checked)	
Frozen Dinner/ or similar	
Macaroni & Cheese/ or similar	
Fruit	
Dessert	
Pizza Delivery	
Soda (if not previously checked)	
<input type="checkbox"/> Other	

Weekly Dinner Costs: \$ _____

Monthly Dinner Total: **X 4 =** \$ _____

TOTAL MONTHLY GROCERIES:

Breakfast + Lunch + Dinner = \$ _____

II. HOUSEHOLD

You will most likely need to buy each of these items, once a month.

Item	Cost
<input type="checkbox"/> Laundry detergent	
<input type="checkbox"/> Glass cleaner	
<input type="checkbox"/> All purpose cleaner (for counters/floors)	
<input type="checkbox"/> Bath/tile cleaner	
<input type="checkbox"/> Hand/bath soap	
<input type="checkbox"/> Dishwashing soap	
<input type="checkbox"/> Sponges	
<input type="checkbox"/> Paper plates	
<input type="checkbox"/> Paper napkins	
<input type="checkbox"/> Paper towels	
<input type="checkbox"/> Toilet tissue	
<input type="checkbox"/> Facial tissue (like Kleenex)	

Monthly Household Total: \$_____

Budget Guidelines

This chart shows some rough guidelines on how much of your income should be spent in each budget category. If you live in an area where transportation is higher than normal or rents/mortgage are higher, you may need to make adjustments. Also, if you would like to add a section for gifts, or something else, then you'll need to subtract from another area.

30%	Housing
18%	Transportation
16%	Food
8%	Miscellaneous
5%	Clothing
5%	Medical
5%	Recreation
5%	Utilities
4%	Savings
4%	Other Debts

SOURCE: <http://www.practicalmoneyskills.com/personalfinance/savingspending/budgeting/means.php>

