Lesson Plan

Venture: Entrepreneurial Expedition®

Building a Balanced Budget

55 minutes

Prerequisite: Building a Budget and Saving Startup Capital

INSTRUCTIONS

Each digital lesson is supplemented with a follow-up synchronous lesson plan to extend and reinforce learning. Activities and questions are structured in a way that supports both in-person and virtual classroom settings.

OBJECTIVES

Students will be able to…

- Build a balanced budget including common budget elements.
- Define and distinguish between variable and fixed expenses.
- Identify common types of taxes and explain how taxes impact income.

MATERIALS

- Computer or device with internet access if virtual
- Whiteboard and writing utensils
- Worksheet: Fixed and Variable Expenses
- Worksheet: Budgeting Methods Worksheet

PROVIDED STUDENT & TEACHER MATERIALS

- Budgeting Methods: Student Worksheet
    - Students will use this worksheet at the closing of the lesson.
- Fixed and Variable Expenses: Student Worksheet
    - Students will use this worksheet during the activity and closing of the lesson.

LESSON OVERVIEW

Students will identify fixed and variable expenses using real-world scenarios. Then, they will learn about different budgeting techniques.

SECTION	DESCRIPTION/FORMAT	DURATION
Opening	Say: "This course is about starting a business. Before building a business, it's important to have your personal finances in order. Budgeting is key when managing your money. When you begin to build a budget, one of the first steps you must take is to identify your expenses." Ask students to name some common household expenses that they may need to budget for in the future. Examples can include rent, mortgage, car payments, groceries, or utility bills. **Background Information:** Lesson 1 discusses the fundamentals of budgeting and personal finance. Students learn about their take home pay, taxes, and starting a budget. It's important for students to understand what a fixed and variable expense is so they can budget effectively. **Vocabulary (review with students in the Intro to New Material):** • Fixed expense: An expense or bill that must be paid each month and costs the same amount each time a person pays it. • Variable expense: An expense or bill that changes in amount each month. • Budget: A plan for income and expenses during a set period.	10 mins
Introduction to New Material	**Say:** • "Today you will learn about different kinds of expenses. You will also learn some new methods for budgeting." • "There are two kinds of expenses: fixed and variable. Fixed expenses are expenses that cost the same each month and will not change, while variable expenses can change from month to month or at any time." Define the vocabulary for the lesson: • Fixed expense: An expense or bill that must be paid each month and costs the same amount each time a person pays it. • Variable expense: An expense or bill that changes in amount each month. • Budget: A plan for income and expenses during a set period. Ask students if they have created budgets for themselves before. Remind students that it can be motivating to keep to a budget if they have a savings goal they are working towards. If students have created a budget before, ask what types of budgeting methods they have used. Say: "In the next activity we will explore different scenarios involving both fixed and variable expenses. We will be figuring out which kinds of expenses are used in each scenario."	5 mins

SECTION	DESCRIPTION/FORMAT	DURATION
Activity/Practice	Distribute the Fixed and Variable Expenses worksheet or have students access the worksheet from their computer. Direct students to read each scenario on the worksheet. Students can work on the worksheet individually or in pairs to complete. Once students have completed the worksheet, review the answers with the group. Ask students to explain how they decided on their answers. Once students have answered the questions on the worksheet, ask them a reflection question like this one: • Would you rather get a new phone that you have to finance over time or an older model cell phone you can pay for in cash and not have to make payments on? Ask students to explain their reasoning.	30 mins
Closing	Direct students to read and review the Budgeting Methods portion of the Budgeting worksheet. Ask students which budgeting method they would like to try in the future. Wait for responses. Encourage students to budget in the future.	10 mins

ANSWER KEY

Fixed and Variable Expenses

1. Mika broke her leg and had to have an unexpected surgery. Due to this, she has a large number of medical bills. What type of expense is this?	**Variable**
2. Akeem got his first apartment! He signed a one-year lease. What type of expense is this?	**Fixed**
3. Carlos bought a new car. He ended up getting a 5-year fixed-rate car loan. What type of expense is the loan?	**Fixed**
4. Panuk got a summer job. He will have to buy a transportation pass to get to his new job downtown. What type of expense is this?	**Variable**
5. Katrina spent more money than she realized on holiday gifts this year. Due to this, she is in a lot of credit card debt. What type of expense is this?	**Variable**
6. Ross got a new puppy. He's very fluffy! He will need to pay for him to get groomed once a month. What type of expense is this?	**Fixed**
7. Claudia enrolled herself in "budget billing" for her utilities. This means she will pay the same amount each month. What type of expense is this?	**Fixed**
8. Jamie bought a cell phone. He paid for it in full. What type of expense is this?	**Fixed**
9. Quinta is starting a new budget. She wants to include gas in her budget but every time she buys gas the price goes up! What type of expense is this?	**Variable**
10. Noah is on a payment plan for his new cell phone. He pays the same amount each month for two years until he pays off the phone. What type of expense is this?	**Fixed**