



Lesson 3: Make a Plan

Topic: Budgeting

About This Topic:

Creating a budget helps children plan how they will spend their money.

From the classroom:

What is a budget, and how it is useful? A budget is a spending plan. It is useful because it can help you decide how much money can be spent and how to spend it.

Why is it important to set spending limits? Setting spending limits can stop you from overspending and running out of money.

How can you stay within a budget? You can stay within a budget by writing it down, checking it regularly, and sticking to your plan. If your plan is too difficult to achieve, you can always change it.

What does “pay yourself first” mean? When you receive money, make sure to save some of it before you spend it.

Words To Know:

Budget: A plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time.

Expense: The cost of goods and services; the amount of money that is spent.

Save: Setting something, like money, aside to use in the future.

Savings Goal: The amount of money you plan to put aside for a specific purpose.

Resources:

Books:

- *Budgeting (How Economics Works)* by Sandra Donovan: This book teaches children how to create and stick to a budget so they can spend and save money wisely.
- *The Lemonade War* by Jacqueline Davies: Evan and his younger sister, Jessie, compete to earn money by selling lemonade.
- *The Everything Kids' Money Book: Earn It, Save It, and Watch It Grow!* by Brett McWhorter Sember: Full of information, this book covers everything about finance, including the basics of budgeting.

Games and Online Resources:

- **Visa Money Metropolis:** Travel through a neighborhood as you work to reach your goal by earning and saving. www.practicalmoneyskills.com/games/moneymetropolis/
- **Biz Kid\$ Dollar a Glass:** Test your business skills as the owner of a lemonade stand. <http://bizkids.com/games/dollar-a-glass>

Conversation Starters ... Ask Your Child:

- If you won \$10,000, what would you do with the money?
- When you are a grown-up, what are some expenses you might have?
- How might you be able to save more money?
- Can you name some ways that we can save money as a family?

Try This at ...

Home:

Sell a Product: Brainstorm business ideas for selling a product (lemonade, baked goods, or old toys) or a service (raking leaves, pulling weeds, and washing cars), and choose one. Have your child advertise the product or service by creating posters and/or flyers to hand out to neighbors. Ask your child to create a budget and keep track of money spent (for example, on supplies, such as lemons, sugar, paper cups, and poster paper) and money earned. Then ask him or her to figure out the profit.

Plan to Save: Have your child read grocery store flyers and circle items for things you need to buy. Then make a shopping list together.

Grocery Store:

Stay Within Budget: Ask your child to bring the store flyer and shopping list with you. Give your child a specific amount of money (your budget) and ask him or her to help find the items you need while staying within that budget. Encourage comparison-shopping. After you get the receipt, have your child figure out whether you stayed within the budget and, if so, then calculate how much money you saved.

Check Your Progress: Ask your child to save your grocery store receipts for a week. At the end of the week, to help with the family budget, have your child add up how much money was spent on food. Discuss ideas to save money on future food shopping trips to meet budget goals. You can also invite your child to collect the receipts for a longer period of time (several weeks or months) to keep track of progress toward goals. Check in regularly to discuss as a family.

Bank:

Record Expenses: Ask a bank teller for a checkbook register for your child. Explain the purpose of the register and tell your child that, for now, he or she can use it to record and deduct the money spent on food shopping (see grocery store activity above). You can also print a check register online (such as at <http://www.activitiesforkids.com/printable-checks/> by clicking on "Printable Check Register" listed under "Materials") or create your own.