

# Financial Literacy: Lesson Plan on Money Management



## Unit Overview

Teacher/Program:

Course/Setting: ABE/HSE Course

**NRS Level(s):** Low and High Adult Secondary Education (NRS level 5–6) **Unit Theme:** Financial Decision Making

**Length of Unit:** The entire unit takes 2 weeks, with three 2-hour lessons per week.<sup>1</sup>

**Content Area:**

- Civics education
- Digital literacy
- Workforce preparation
- Health literacy
- Financial literacy

**NOTES on Content Area:**

Money management is a key skill leading to financial literacy. This unit's focus is on identifying how financial aspirations, personal values, and cash flow influence the development of household spending plans or budgets. Other financial literacy units, such as Buying a Car, refer back to the basics explored in this unit.

**Main Standards Addressed:**

**CCRS Level E:**

- R2: Summarize complex information by paraphrasing.
- R3: Follow precisely a complex multistep procedure.
- R7: Translate quantitative information expressed in words in a text into a table or chart.
- R8: Evaluate the specific claims in a text and assess whether the reasoning is valid and the evidence is relevant and sufficient.
- W4: Produce clear and coherent writing appropriate to task, purpose, and audience.
- W6: Use technology, including the internet, to display information flexibly and dynamically.
- SL1: Collaborate, follow rules of discussions, propel conversation, and respond thoughtfully.
- SL4: Present information clearly and concisely.
- L4: Verify the meaning of unknown or multiple-meaning words.
- Math, Number and Operations, Level C: Use place value understanding and properties of operations to perform multidigit arithmetic.

<sup>1</sup> Note. The lesson presented here is intended to be part of a larger unit, described here to provide context for the lesson, but the rest of the unit has not been developed.

Math, Number System, Level D: Apply and extend previous understandings of operations with fractions to add, subtract, multiply, and divide rational numbers.

Math, Statistics and Probability, Level D: Summarize and describe distributions.

MP 1: Make sense of problems and persevere in solving them.

MP 4: Model with mathematics.

Math, Ratios and Proportional Relationships, Level D: Find a percentage of a quantity as a rate per 100; solve problems involving finding the whole, given a part and the percentage.

Math, The Number System, Level D: Use proportional relationships to solve multistep ratio and percentage problems.

MP 1: Make sense of problems and persevere in solving them.

MP 2: Reason abstractly and quantitatively.

MP 4: Model with mathematics.

**Additional Standards:**

[National Standards for Adult Financial Education:](#)  
Money Management: Recognize how cash flow management can be used as a tool to achieve financial goals

[My Money Five Principles:](#)  
Spend: Make a budget or a plan for using money  
Protect: Take precautions about financial situations



**Rationale for This Unit** (*Why is this unit important to my students?*):

Navigating the world of personal finance can be overwhelming, even for an adult who has quite a bit of experience in the working world. Adult learners who need to make major purchases (e.g., a car, business equipment) or who are planning for future expenses such as college tuition need to be able to evaluate their financial resources and develop or expand their mathematical competence to effectively employ basic money management strategies.

**Unit Objective(s)** (*What will my students be able to do at the end of this unit?*):

By the end of the unit, students will be able to:

- Identify spending habits that have and have not been effective in the past
- Analyze and interpret their cash flow to create a spending plan (or budget) that acknowledges their personal values and helps them move closer to achieving their financial aspirations
- Problem-solve for unexpected expenses
- Analyze household expenses in order to prioritize, as needed
- Interpret and evaluate information on bank and credit union savings accounts
- Create a savings plan (or budget)
- Use a spreadsheet or budget app to keep track of spending and savings plans

**Lines of Inquiry (LOI)** (*What essential question(s) form the thread that holds this unit together?*):

- How can money management improve my ability to go to college, buy a car, or reach other financial goals?
- How can I be sure that I am on the right track with my spending and saving?

**Central Skills of Focus in This Unit** (*Check the skills that are most emphasized in this unit*):

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Critical thinking                    | <input type="checkbox"/> Navigating systems                    |
| <input type="checkbox"/> Communication                                   | <input type="checkbox"/> Adaptability and willingness to learn |
| <input checked="" type="checkbox"/> Processing and analyzing information | <input type="checkbox"/> Respecting differences and diversity  |
| <input checked="" type="checkbox"/> Self-awareness                       | <input type="checkbox"/> Interpersonal skills                  |
|  | <input checked="" type="checkbox"/> Problem solving            |

**NOTES on Central Skills** (Items underlined are explicitly taught and/or practiced):

Communication: One-question survey, reflection and discussion tasks on cash flow and budget texts, pair and team work throughout unit

Critical Thinking: Making inferences and drawing conclusions based on lesson texts, consider how cash flows can be balanced

Adaptability and Willingness to Learn: Adjusting nonessential expenses on application tasks to balance budget, KWL

Navigating Systems: Recording, analyzing, and planning in order to manage money

Processing and Analyzing Information: Analyzing cash flow statement and budget (practice 1 and 2)

Problem Solving: Analyzing and making suggestions to balance a cash flow statement

Self-awareness: Identification of financial aspirations, KWL sticky notes, application tasks (cash flow statements and budget)

Respecting Differences and Diversity: Examining data from one-question survey, team and pair exchanges throughout

Interpersonal Skills: Teamwork to create pie chart with aspiration data, collaborating to create a budget in the team task, team and pair work throughout



**Common student misconceptions/misunderstandings** that may interfere with learning:

- It is possible that some students will feel that their difficult financial situation does not merit making a spending plan or budget.
- Some students might be intimidated by the mathematical thinking that this type of planning entails.
- Other students may simply not want to examine their financial health (just as some people avoid an annual medical or dental exam).



# Lesson Plan: Creating a Spending Plan (Budget)

<p><b>Standard(s)</b></p> <p><i>Indicate which standards from the unit are targeted in this specific lesson.</i></p>	<p><b>ELA/Mathematics/ELP:</b></p> <p><b>CCR Level E:</b></p> <p>R2: Summarize complex information by paraphrasing.</p> <p>R3: Follow precisely a complex multistep procedure.</p> <p>SL1: Collaborate, follow rules of discussion, propel conversation, and respond thoughtfully.</p> <p>SL4: Present information clearly and concisely.</p> <p>L4: Verify the meaning of unknown or multiple-meaning words.</p>	
<p><b>Lesson as Part of the Unit</b></p>	<p>Where does this lesson fall within the unit? <input checked="" type="checkbox"/> beginning <input type="checkbox"/> middle <input type="checkbox"/> end</p>	
<p><b>Instructional Objective(s) and Learning Target Statements</b></p> <p><i>The former are written in teacher language primarily derived from content standards and includes evidence of mastery. The latter are written in student-friendly language and help learners reflect on what they are able to do as a result of the lesson.</i></p>	<p><b>Instructional Objective:</b></p> <p>By the end of this lesson, the students will be able to</p> <ul style="list-style-type: none"> <li>• Identify one or more of their financial aspirations.</li> <li>• Analyze and evaluate their financial situation (e.g., compare actual cash inflows with actual cash outflows).</li> <li>• Create a spending plan (budget).</li> </ul> <p>Note that this lesson initiates or expands students' understanding of two money management tools: a cash flow statement and a budget or spending plan. In order for students to meaningfully apply the lesson content, they will need access to their financial information. You can help them get access by giving them a checklist and having them bring in the necessary materials or you can make the application task a homework assignment with a reasonable timeframe and high accountability.</p>	<p><b>Learning Target Statements (for learners' exit tickets, learning logs, or reflection)</b></p> <p><i>I can identify my financial aspirations.</i></p> <p><i>I can analyze my financial situation using a cash flow statement.</i></p> <p><i>I can create a budget that addresses my financial obligations and aspirations.</i></p>



<p><b>Assessing Mastery of the Objective(s)</b></p> <p><i>Indicate <u>when</u> and <u>how</u> assessment—formative and/or summative—will occur during the lesson.</i></p>	<p><b>Proof of Learning:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Via observation of a team task (e.g., discussion, work on project)</li> <li><input checked="" type="checkbox"/> Via team self-assessment</li> <li><input checked="" type="checkbox"/> Via individual self-assessment</li> <li><input checked="" type="checkbox"/> Via team product</li> <li><input type="checkbox"/> Via individual product</li> <li><input checked="" type="checkbox"/> Other <u>Peer review (role-play exercise)</u></li> </ul> <p><b>Proof of Learning Tools:</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Rubric   <input type="checkbox"/> Checklist   <input type="checkbox"/> Quiz</li> <li><input checked="" type="checkbox"/> Other <u>Completed tasks (cash flow statement, budget)</u></li> </ul>	<p><b>Ongoing Formative Assessment:</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Nonverbal responses to comprehension questions (e.g., answer cards, Kahoot)</li> <li><input type="checkbox"/> Peer-to-peer quizzing</li> <li><input checked="" type="checkbox"/> Exit/admit tickets</li> <li><input checked="" type="checkbox"/> KWL charts</li> <li><input checked="" type="checkbox"/> Other <u>Responses to whole-group and small-group questions and prompts; pie charts; sample spending plans</u></li> </ul>
<p><b>Language Demands</b></p> <p><i>Include academic language and any language that may affect a student's ability to access the content in directions, examples, tasks, etc.</i></p>	<p>The students will use high-frequency terms such as <i>budget, cash, expense, fixed income,* spend, and variable*</i> as well as technical (financial) terms such as <i>inflow</i> and <i>outflow</i> throughout the lesson. The expectation is that the students will use professional language (i.e., academic discourse) to discuss the information in the sample financial documents.</p> <p>Mathematical language is used throughout the cash flow and budgeting practice tasks (e.g., add/sum, subtract/difference, etc.).</p> <p>* Academic vocabulary.</p>	



<p><b>Adaptations and/or Accommodations</b></p> <p><i>How will EVERY student have access to the content of the lesson? Identify differentiation strategies and consider misconceptions from the unit plan.</i></p>	<ul style="list-style-type: none"> <li>• Assess the students' familiarity with the key math and/or high-frequency vocabulary above and have the students teach each other the terms using an activity that matches an example with the term (non-English speakers in particular may need support in this area).</li> <li>• Post or project all activity instructions and read aloud as needed.</li> <li>• Provide sentence stems or frames to support academic discourse as needed.</li> <li>• Encourage use of smartphone calculator apps and/or provide calculators for calculations during the activities.</li> <li>• Create mixed-ability pairs so that students can support each other.</li> <li>• If there are students in the class who are very familiar with budgeting basics, you can increase the challenge level of the material by having them input the information on Luis's finances (Appendix D) into an online budgeting tool or use the budget template on a spreadsheet app.</li> </ul>	<p><b>MATERIALS</b></p> <ul style="list-style-type: none"> <li>• KWL chart on board</li> </ul> <p><i>Note.</i> This lesson may be adapted to make use of an online budget tool that allows learners to input data and run "what-if scenarios."</p>
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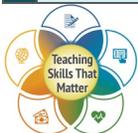
## Introduction

*How will you introduce the lesson objective and explain how it fits into the unit/LOI? Identify its relevance to learners' needs and goals.*

**Time: 30 minutes**

1. Project an image of a budget and ask the students to tell you what they see (numbers, expenses, income, budget).
2. If no one identifies the image as a budget, identify the image as a budget and introduce the lesson topic and objectives. Then move to the survey activity (item 5 below).
3. If at least some students recognize the image as a budget, quickly poll the class on these true/false statements (using True/False/Not Sure Cards, Plickers, or Kahoot) and write the results on the board (e.g., 15 T, 10 F).
  - I've made a budget in the past.
  - I currently have a budget.
  - I have to make or use a budget for work.
  - Making budgets is fun.Based on the data from the poll, ask the students to draw conclusions about the class's overall experience with—and feeling about—making budgets.
4. Draw a KWL chart on the board (or use a tear sheet) and distribute sticky notes. Have pairs take 2 minutes to write one thing they know or want to know about budgets on the sticky notes, then post the notes on the white board chart. Scan and summarize the notes and let the students know that the lesson will help them expand what they know and answer their questions. (Take note of the questions so that you can reference them during the lesson.)

- Image of budget (could be taken from the lesson materials or a screenshot of an enlarged spreadsheet budget)
- KWL chart on the board or on a tear sheet



**Learning objective 1: Identify financial aspirations**

5. Tell the students they will do a little research to determine the financial aspirations (goals) of their classmates and think about ways to budget for those expenses.

Each team will have a different question they will use to survey their classmates (each team member has a copy of the team’s question). For example:

Are you planning to buy a car in the near future?	Yes	No	Not Sure
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- a. Team members number off, and all the 1’s go to one section of the room, the 2’s go to another, etc. In these areas, the students survey their classmates and record the answers (3–5 minutes).
- b. When time is called, team members return to their seats, total their data, and create a labeled pie chart that represents their data.
- c. Post the pie charts and have the class make observations about the data they have collected. For example: “According to the data, no one is hoping to buy a home, but half of us are planning on moving to a larger apartment.”

Provide sentence stems to support academic language:

- It’s fairly obvious that ...
- According to the data, most of us ...

Encourage comparisons and the use of percentages in the statements: “Fifteen of us, or 75%, are hoping to buy a car soon.”

Acknowledge the students’ financial aspirations as a first step in getting them to think about how to manage their money. Transition to learning about another person’s aspirations (Tanya) and her steps toward her goals.

**Critical Skills:** Communication, Self-Awareness, Respecting Differences and Diversity, Processing and Analyzing Information, Interpersonal Skills

- One-question survey question strips (Appendix A)

- Paper for pie charts



<p><b>Explanation and Modeling 1</b></p> <p><i>What type of direct instruction do learners need? Are there ways for learners to access the new content independently? What types of models will you provide and when?</i></p> <p><b>Time: 15 minutes</b></p>	<p><b>Learning objective 2: Analyze and evaluate finances (compare actual cash inflows with actual cash outflows)</b></p> <p>Use the narrative section of the Analyzing Cash Flow handout (Appendix B) to help students get a picture of Tanya’s financial aspirations and responsibilities. Use the text to verify their comprehension of the key terms by having them restate the key terms in their own words or with examples.</p> <p><b>Critical Skills:</b> <u>Navigating Systems, Processing and Analyzing Information, Interpersonal Skills</u></p>	<ul style="list-style-type: none"> <li>Analyzing Cash Flow handout (Appendix B)</li> </ul>
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### Guided Practice 1

*Which tasks and learning activities will you use to engage learners with the content and skills? How will you structure the tasks or other learning activities to support learners' success?*

**Time: 30 minutes**

Have students use page 2 of the Analyzing Cash Flow handout (Appendix B) for cash flow practice. Allow 5 minutes for them to read Tanya's Cash Flow Statement and do the calculation on their smartphone calculators or a calculator.

Give pairs or teams 10 minutes to respond to the reflection questions:

- What conclusions can you draw from Tanya's cash flow statement?
- What advice, if any, do you have for Tanya?

First, have pairs or teams report out their conclusions and prompt further discussion by asking the students what they learned about Tanya (based on her expenses) and what her financial aspirations are (nursing school, buying a car).

Next, have pairs or teams report out their advice for Tanya and record their ideas, then ask the class to categorize the advice by the following types of adjustments:

- **Delay or reduce spending** (for flexible types of costs, such as entertainment)
- **Increase income** to increase cash flow
- **Adjust payroll deductions** if practical to increase take-home pay
- **Save** as a type of "pay yourself first expense" if cash in exceeds cash out (i.e., inflow exceeds outflow)

Point to these categories as ways of making adjustments so that a person's cash inflow and outflow match.

**Critical Skills:** Processing and Analyzing Information, Communication, and Interpersonal Skills

- Analyzing Cash Flow (Appendix B)
- Smartphone calculator app and/or calculators

**Answers:**

Inflow: \$1,933

Outflow/Expenses: \$1,889.



<p><b>Explanation / Modeling 2</b></p> <p><b>Time: 10 minutes</b></p>	<p><b>Learning objective 3: Create a budget (spending plan)</b></p> <p>Point out the value of intentionally planning future spending in order to meet essential financial obligations and be sure that cash coming in and going out balance. Remind the students of the financial aspirations they identified in the earlier survey and connect those aspirations with budgeting (or planning how to spend and save money).</p> <p>Use the Analyzing a Budget handout (Appendix C) to introduce or reintroduce the students to the elements of a budget and guide them through the process of creating one by reading through the budget, totaling the A and B amounts and discussing the questions on the handout.</p> <p>Be sure to confirm the students' understanding of occasional expenses and demonstrate (or elicit) how annual and biannual expenses such as car or health insurance premiums can be divided up over the course of a year.</p> <p><b>Critical Skills:</b> <u>Navigating Systems, Processing and Analyzing Information, Critical Thinking</u></p>	<ul style="list-style-type: none"> <li>• Analyzing a Budget handout (Appendix C)</li> <li>• Total Income and Receipts</li> <li>• Total Expenses and Savings</li> </ul>
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## Guided Practice 2

Time: 25 minutes

**Practice task 2:** The students confirm their understanding of budgets by working as a team to create a budget for an imaginary individual (Luis Navarro) based on a narrative about his lifestyle, expenses, income, and savings.

Using the Team Task: Budgeting Practice handout (Appendix D), direct teams to (1) individually read about Luis's finances and highlight the expenses, income, and savings information in the text and (2) collaborate to complete a budget for Luis with the aim of balancing the A and B amounts.

Remind the students that they may have to

- divide a larger amount to get the monthly amount,
- estimate an amount based on their experience, or
- reduce or increase nonessential costs or savings to balance the A and B totals.

Set a 15-minute time limit.

Call time and have the teams compare their budgets and discuss the similarities and differences.

- I notice that we listed X under ...
- It appears that we identified ...

The students should also reflect on what was easy and what was challenging in the task.

**Critical Skills:** Processing and Analyzing Information, Communication, Problem Solving, Critical Thinking, Respecting Differences and Diversity, and Interpersonal Skills

- Team Task: Budgeting Practice (Appendix D)



<p><b>Application/Extended Practice</b></p> <p><i>What will learners do to demonstrate their acquisition of content knowledge, basic skills, and key soft skills?</i></p> <p><b>Time: independent work on own time or 1 hour in next class, with learners bringing the information they need to class</b></p>	<p><b>Application</b> (independent work outside of class or 1 hour of next class). Distribute the application task and materials:</p> <ol style="list-style-type: none"> <li>1. Personal Cash Flow Statement and Budget handout (Appendix E) <ul style="list-style-type: none"> <li>• Each student should use actual historical data for the past month to complete the personal cash flow statement.</li> <li>• Each budget should reflect the student’s personal values, aspirations, and circumstances.</li> </ul> </li> <li>2. Rubric for Creating a Cash Flow Statement and Budget (Appendix F)</li> </ol> <p>Assure the students that they can use mock data for their assignment, but emphasize that all calculations must be accurate.</p> <p>Project the Rubric for Creating a Cash Flow Statement and Budget (Appendix F) to show the students the criteria for the assignment. Explain that when they turn in their assignment, you will use the rubric to assess their work and provide additional feedback on areas where they excelled (commendations) and areas where they can improve (recommendations).</p> <p><b>Critical Skills:</b> <u>Processing and Analyzing Information, Critical Thinking, Self-Awareness, Adaptability and Willingness to Learn</u></p>	<ul style="list-style-type: none"> <li>• Personal Cash Flow Statement and Budget handout (Appendix E)</li> <li>• Rubric for Creating a Cash Flow Statement and Budget (Appendix F)</li> <li>• Projector</li> </ul>
<p><b>Student Reflection on Learning Targets, Closure, and Connection to Future Learning</b></p> <p><b>Time: 5 minutes</b></p>	<p>Go back to the KWL chart from the beginning of the lesson and see what questions remain. Ask the students to call out items for the “L” column as you record them. Invite the students to put new sticky notes up in the question and learned columns as they leave (for you to review after class.)</p> <p>Acknowledge the students’ work and remind the students of the homework due date (or the need to bring their own information to the next class).</p> <p><b>Critical Skills:</b> <u>Self-Awareness, Processing and Analyzing Information</u></p>	<ul style="list-style-type: none"> <li>• KWL chart</li> <li>• Sticky notes</li> </ul>



## Appendix A. One-Question Survey

Make enough copies of this sheet so that each team gets multiple copies of one question (one copy for each team member). For example, in a class with five teams of five members each, you would make five copies of the handout so that Team 1 would get five copies of question one, one copy per team member.

1. Are you hoping to buy a car in the near future?	YES	NO	Not Sure
2. Do you plan to pay college tuition for a child in the future?	YES	NO	Not Sure
3. Do you hope to attend college or training classes in the near future?	YES	NO	Not Sure
4. Are you planning to purchase a large kitchen appliance in the near future?	YES	NO	Not Sure
5. Are you hoping to purchase a computer, laptop, or tablet in the near future?	YES	NO	Not Sure
6. Are you hoping to move to a larger apartment in the next 5 years?	YES	NO	Not Sure
7. Are you hoping to purchase a home in the next 10 years?	YES	NO	Not Sure
8. Will you have a major expense such as car repair, dental work, or travel in the near future?	YES	NO	Not Sure



## Appendix B. Analyzing Cash Flow

### *Tanya's Finances*

After she gets her GED, Tanya is hoping to apply to a 2-year nursing program that will cost approximately \$13,000 a year in tuition, textbooks, and supplies. She is planning to apply for financial aid and scholarships to help reduce the cost. In fact, Tanya has already worked on cutting costs. She saves on her rent and utilities because she has a roommate. Her mother helps reduce childcare costs by taking Tanya's daughter three times a week.

Tanya is concerned about her current financial obligations. She wants to be able to pay her bills and go to school. So, before she continues planning for the future, Tanya wants to get a better idea of her current financial situation. It's time for a cash flow statement.

To create her statement, Tanya identifies the money she earned last month as a home health care aide (her income) as well as money that came in from other sources. Her paycheck and other sources of cash are all part of her cash inflow. Tanya also records her expenses for the last month. Expenses are also known as cash outflow. Some of those expenses are fixed, such as her rent and her utilities. Fixed expenses do not change from month to month. Other expenses are variable. For example, if her daughter needs over-the-counter or prescription medication one month, then Tanya's medical expenses would increase for that month. For the months where she and her daughter are healthy, Tanya's medical expenses would be lower.

When she compares the cash coming in with the cash going out each month, she gets a clear picture of her finances.

Answer the questions with a partner. Be prepared to report your answers to the class.

1. What did you learn about Tanya from this narrative?
2. Based on the text how would you define the following terms:
  - cash inflow
  - cash outflow
  - financial obligation
  - fixed expense
  - variable expense



## Cash Flow Practice

1. Did Tanya have more cash flowing in or out last month? Find the answer:
  - a. Total the cash inflows (A) and outflows (B) on Tanya's statement below.
  - b. Calculate the difference between inflows and outflows (C).

<b>My Cash Flow Statement for Tanya (Last Month)</b>	
<b>Month Cash Inflow</b>	
Net pay	\$1,820
Interest income on savings	\$ 10
Garage sale receipts	\$ 78
Birthday gift card	\$ 25
<b>Total Cash Inflow (A)</b>	<b>\$</b>
<b>Month Cash Outflow</b>	
<i>Fixed Expenses</i>	
Housing (rent, renter's insurance)	\$605
Utilities (sewer, water, electricity, gas)	\$114
Internet	\$ 47
Cellphone	\$ 65
Auto insurance	\$134
Afterschool childcare	\$150
<i>Variable Expenses</i>	
Transportation (gas, oil change)	\$125
Groceries	\$100
Medical (vitamins)	\$ 15
Personal care (haircut and tip)	\$ 45
Dining out/entertainment (8 lunches, 2 dinners)	\$150
Household items (toiletries, lightbulbs, cleaning supplies)	\$ 60
Clothing (uniform top, sweater)	\$ 79
Savings: car fund	\$200
<b>Total Cash Outflow (B)</b>	<b>\$</b>
<b>Difference of Inflows (A) – Outflows (B) = C</b>	<b>\$</b>

2. Work with your classmate(s) to answer these questions.
  - a. What conclusions can you draw from Tanya's cash flow statement?
  - b. What advice, if any, do you have for Tanya?



## Appendix C. Analyzing a Budget

### Creating a Budget or Spending Plan

A budget, or spending plan, is used to plan for future spending and savings. A recent cash flow statement is a useful tool to help you create your budget. Read the sample budget below, total the figures for (A) and (B), and answer the questions on the next page.

<b>Tanya's Budget (Future Month)</b>	
<b>Month Income and Receipts</b>	
Net pay	\$1,820
Interest income on savings	\$ 10
<b>Total Income and Receipts (A)</b>	<b>\$</b>
<b>Month Expenses and Savings</b>	
<i>Fixed Expenses</i>	
Rent	\$605
Utilities (sewer, water, electricity, gas)	\$114
Internet	\$ 47
Cellphone	\$65
<i>Variable Expenses</i>	
Transportation (gas, oil change)	\$125
Groceries	\$170
Personal care (haircut and tip)	\$ 45
Dining out/entertainment (8 lunches, 3 dinners)	\$165
Household items (plant, lightbulbs, cleaning supplies)	\$60
Clothing	\$135
Savings: car fund	\$200
<i>Occasional Expenses</i>	
Auto insurance (paid every six months)	\$134
Renters insurance (paid once a year)	\$10
Car registration (paid once a year)	\$75
<b>Total Expenses and Savings (B)</b>	<b>\$</b>



Read the questions. Discuss your answers with your classmates.

1. What differences and similarities do you see between Tanya's budget and her cash flow statement?
2. Look at the items on the budget. How would you explain the difference between occasional expenses and variable and fixed expenses?
3. What is the relationship between the total income and receipts and the total expenses and savings?
4. Imagine Tanya's expenses exceed her income and receipts, what expenses would you advise her to adjust? (Remember, basic living expenses and financial obligations need to be covered!)



## Appendix D. Team Task: Budgeting Practice

**Part 1:** Read about Luis Navarro's finances. Highlight information about Luis's income, expenses, and savings in the reading.

### *Luis's Finances*

Luis Navarro is an assistant installer for a heating and air conditioning company. He brings in \$35,000 a year. He owns a 2012 Ford van that recently got a new transmission. It gets about 22 miles per gallon. His commute to work varies, but he typically drives about 15,000 miles per year. His auto insurance is \$1,500 a year.

Luis is single, but he likes to go out with friends. He typically goes out on Friday and Saturday nights. He never has more than one drink, and he usually eats dinner before he goes out. Every other week or so, he goes to a movie or out to a club.

His rent is \$800 a month, but he lives with two roommates, so they split the utility bills, which total around \$200 a month. He also pays for a parking permit to keep his van on the street. That costs \$100 a year.

Luis's employer pays for his cellular service, but Luis pays \$60 a month for internet and several streaming services that run him about \$30 a month.

Luis is very lucky. His employer provides excellent health insurance. Luis only has a \$10 co-pay for most doctor visits. Because he is pre-diabetic, he gets his blood tested annually at his physical. He's healthy, but that's because he eats a lot of fresh foods and he shops at farmers markets. His grocery bill is usually pretty high. He spends about \$200 a month on his groceries.

He gets a haircut every month at a discount salon. He needs to keep his hair short for work. The cut costs \$12 but he tips \$5. He doesn't spend much on clothes, but he has to buy a new uniform for work every 6 months.

Luis is looking forward to getting a raise next year. He's saving up to get more training in installation and maintenance. He puts aside as much as he can each month toward the cost of HVAC training.



**Part 2:** Use the information from the reading (and your experience) to fill in lines on the budget below.

- Do the totals for A and B match? If not, adjust the budget until they do.
- Prepare to explain your adjustments to the class.

<b>Luis Navarro Monthly Budget</b>	
Income and Receipts	Amounts
Net pay	
<b>Total Income and Receipts (A)</b>	
Expenses and Savings	
<i>Fixed Expenses</i>	
Housing	
Utilities	
Internet/TV	
Cellphone	
<i>Variable Expenses</i>	
Transportation	
Groceries	
Personal care	
Dining out/entertainment	
Household items	
Clothing	
<i>Occasional Expenses</i>	
<b>Total Expenses and Savings (B)</b>	

Remember, it's a good idea for income to cover basic living expenses and financial obligations. If income is less than the expenses and savings total (B), you'll need to adjust the dollar amounts for nonessential items and possibly the savings amount to make the income and receipts (A) match the expenses and savings (B).



# Appendix E. Personal Cash Flow Statement and Budget

Name: \_\_\_\_\_ Due Date: \_\_\_\_\_

Use the form below to create your own cash flow statement using your financial information from the past month.

Cash Flow Statement for Last Month	
Month Cash Inflow	Amounts
Net pay	
<b>Total Cash Inflow (A)</b>	
Month Cash Outflow	
<i>Fixed Outflows</i>	
Housing	
Utilities	
Internet/TV	
Cellphone	
Auto insurance	
<i>Variable Outflows</i>	
Transportation	
Groceries	
Personal care	
Dining out/entertainment	
Household items	
Clothing	
<b>Total Cash Outflow (B)</b>	
<b>Difference of Inflow (A) – Outflow (B) = C</b>	

Reflect: What observations do you have about the difference between your cash inflow and cash outflow?



## Personal Budget

Name: \_\_\_\_\_ Due Date: \_\_\_\_\_

Create your own budget using the form below, a separate piece of paper, or a budget app or software. Reference information from your cash flow statement to estimate what you expect to receive, spend, and save in the next month.

Use the rubric to help you complete the plan accurately.

Remember: If your totals don't match, start adjusting the amounts where do you have choices about how much you'll receive, spend, or save. For example, can you increase savings? Of if expenses need to be decreased, what makes sense to reduce?

Monthly Budget	
Income and Receipts	Amounts
Net pay	
<b>Total Income and Receipts (A)</b>	
Expenses and Savings	
<i>Fixed Expenses</i>	
Housing	
Utilities	
Internet/TV	
Cellphone	
<i>Variable Expenses</i>	
Transportation	
Groceries	
Personal care	
Dining out/entertainment	
Household items	
Clothing	
<i>Occasional Expenses</i>	
<b>Total Expenses and Savings (B)</b>	



## Appendix F. Rubric for Creating a Cash Flow Statement and Budget

Criteria	✓	INSTRUCTOR FEEDBACK	
		Commendations	Recommendations
All items on the cash flow statement are listed in the correct category.			
All calculations are accurate.			
All items on the budget are listed in the correct category.			
Any item without a monetary amount is entered as "0".			
The totals for income and expenses match.			
All budget calculations are accurate.			

