

## Re Visualizing "Where Does Your Money Go?"

### Using Visual Tools

Participants are introduced to the concept of budgeting as a way to manage their money and achieve their goals.

### Using Visual Tools

In the introductory part of this activity we use several different types of Visual Tools in order to support students in thinking through the key concepts of "needs and wants", "balanced budgets", and "income and expenses." The estimated time of the lesson may actually become shorter because students are generating, organizing, and mapping their ideas so that they can SEE and REMEMBER the concepts as they build an understanding of the relationships between these basic concepts of Financial Literacy. There is no need to change Overhead #1 or Handouts #1-4. The multiple-choice assessment is still useful, but students and teachers will find that using Visual Tools as assessment tools will *show* students' learning and more effectively and meaningfully for students as they grapple with these concepts.

The notes and Visual Tools offered below in "blue" are additions to the existing lesson plans. These are examples only and in real time in a classroom setting we may not use all of the examples as shown below unless the lessons were completely revised with the full integration of Visual Tools.

#### TOPIC

Budgeting and Keeping Track of Expenses

#### SUBJECT AREA

Math

#### RELATED SUBJECT AREAS

Economics, Social Studies

#### LESSON OBJECTIVES

Students will:

- Practice recording, evaluating, and balancing a budget
- Practice recording expenses on a cash record
- Explore ways to reduce expenses by going "green"

#### IMPORTANT TERMS

needs, wants, budget, balanced budget, income, expenses, cash record

Estimated Time Requirement 40–80 minutes

Part One:  
Introduce lesson and work with Ann's budget.

Part Two:  
Work with Sue's budget and conduct

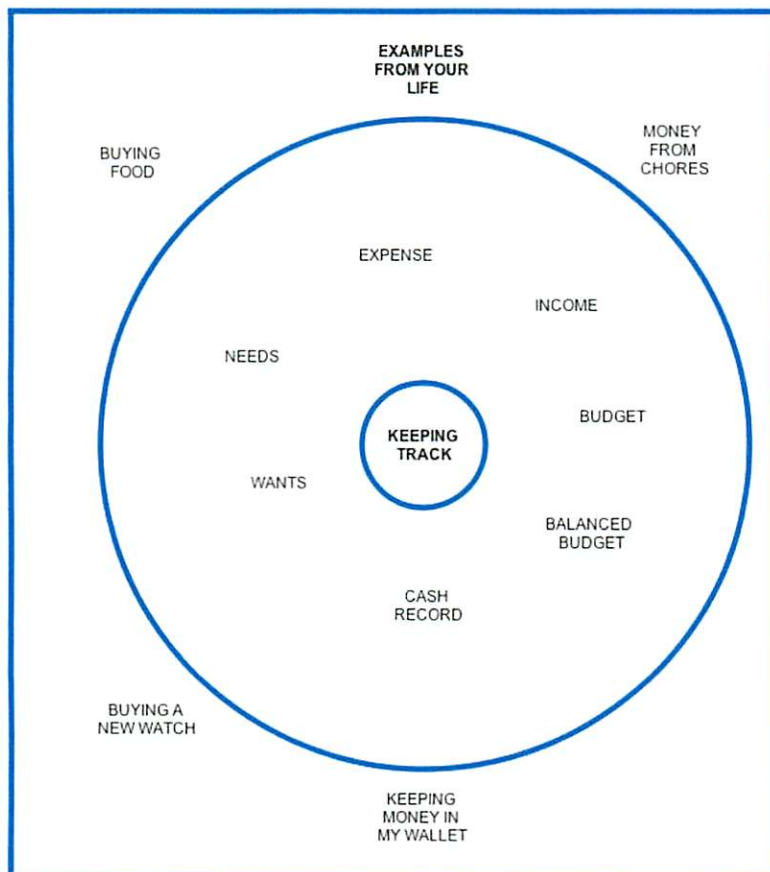
### Introduction

Budgets can help students achieve their own goals. In this lesson, students will explore the concept of making and balancing a budget and learning to keep track of expenses.

### Teaching Strategies and Learning Activities

- Throughout the lesson, emphasize the Important Terms.

As you introduce an Important Term, on a white board or computer, create a Brainstorming Map that will ultimately display each of the key terms. Ask students to create their own circle of ideas and examples from their own lives.



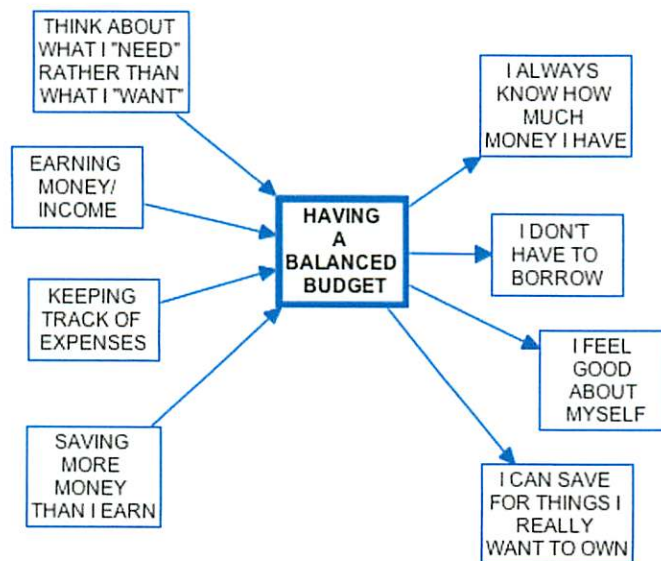
- Ask, “What are some ways people can keep track of their money?” Elicit students’ responses to include writing down income and expenses on paper or keeping a record on the computer.”

The concept of “Keeping Track” is one the most important basic lessons of Financial Literacy. Teachers can create a “Transfer Map” in a few seconds to help create an analogy with students about the importance of “keeping track” in other parts of their lives.

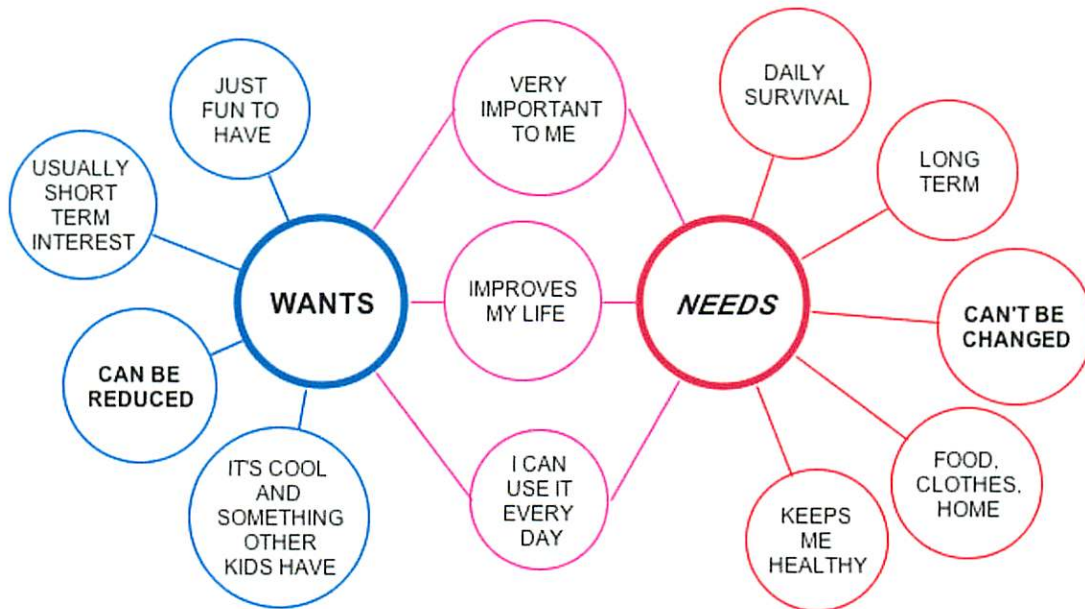


- Explain the importance of planning a budget and that the goal of a balanced budget is to have the total spent be less than the money earned. Remind students the differences between needs and wants.

People often make poor financial decisions because they think in short term ways about money and do not **see** the long term effects of their actions. This happens for many reasons, but it often a case of using “simple causality.” Adding a systems “Systems Map” will help students see the ripple effect of their positive actions. In this case, teachers use the map with students to explore the causes and long term effects of balancing their budgets.



In this introductory section of the lesson, the importance of understanding the difference between “wants” and “needs” is crucial, because decision about how to spend money is based on these two concepts. When a teacher uses a comparison Visual Tool as shown below students engage in deeper reasoning about the difference between the two concepts, but also the similarities between “wants” and “needs.” Interestingly, if “wants” and “needs” did not have some close similarities then it would be very easy to tell the difference and make better decisions!

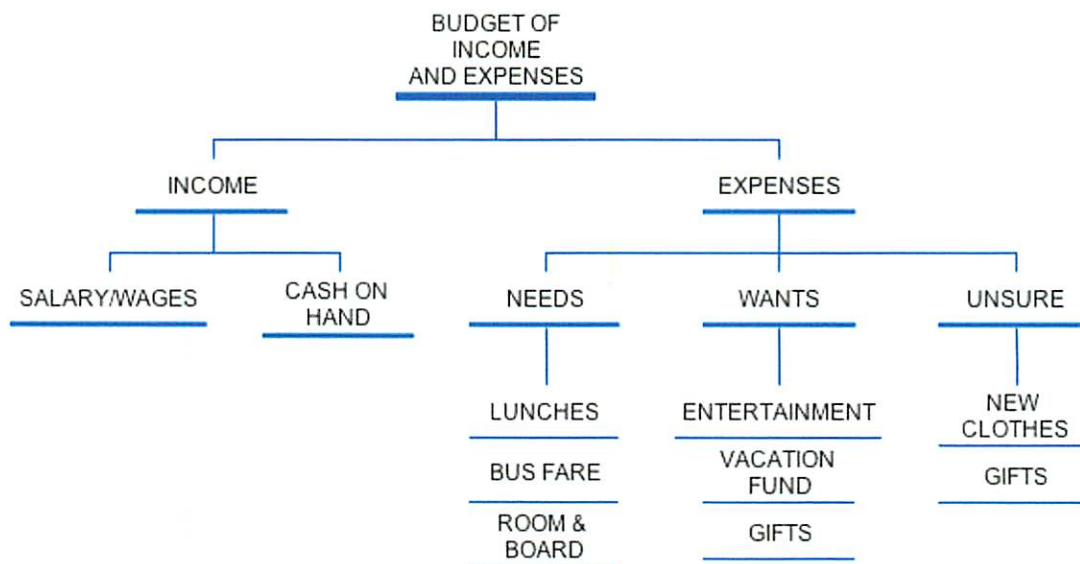


- Show students Overhead 1. Ask, “What’s wrong with Ann’s budget?” (A person cannot spend more than he/she earns.) “Does Ann list her most important expenses first?” (needs — some expenses cannot be changed) “What can Ann do to balance her budget?” (“want” areas can be reduced)

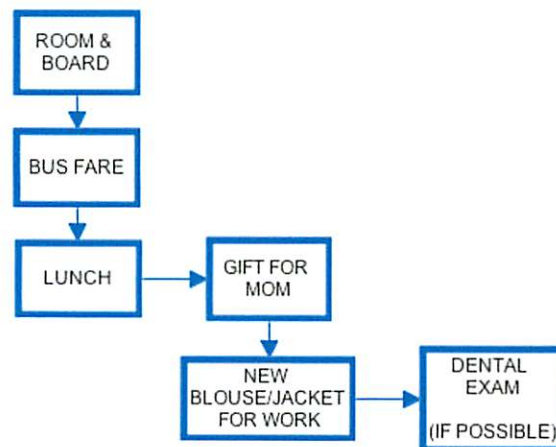
The problem with Ann’s thinking as she created her budget is that she did not know how to both generate ideas and prioritize them at the same time. There is too much cognitive load to do this effectively. Generating “lists” and then “prioritizing” the information requires two-step mental processing. Students can see these processes, respectively, by using a “Concept Map” to generate AND organize information and then use a simple “Flow Chart” to create a prioritized order of items. Once students do this two-step process they then can quickly map concepts and prioritize the generated ideas.

**STEP 1: Generating a Meaningful List**

Notice that in this Concept Map Ann now sees and recognizes a dilemma in her decision making. She has been going to work in shabby clothes and thinks she may lose her job if she does not present herself better. Does she buy new clothes? Is this a “need” or a “want”? Also, she realizes that her mother’s birthday is coming up in the next two weeks, and she “needs” to give a present to her mother at the family celebration of her mom’s 40<sup>th</sup> birthday. Ann must make some difficult decisions, but this Concept Map helps her see the problem clearly.



**STEP 2: PRIORITIZING ORDER OF IMPORTANCE** using a FEEDBACK FLOW  
 Here is her prioritized list in sequence showing the three “chunks” from her Concept Map. Students can see their decision-making and now create a Budget.



- Divide the class into pairs. Distribute the Handout 1 worksheet, the Handout 2 worksheet, and calculators to each pair. Have pairs review Sue's Estimated Income and Expenses (Handout 2) and record this information onto the Budget Record Form (Handout 1). Remind students to list needs and wants in order of importance. Then tell students to calculate the total estimated income and total estimated expenses.
- As a class, discuss results and observations.
- Explain that a budget is just an estimate of income and expenses. A cash record can help keep track of actual expenses and help a person to follow a budget plan.
- Distribute the Handout 3 and Handout 4 worksheets to students. Explain how to record expenses in chronological order, add for income, subtract for expenses, and keep a running balance. Have students use the information on the Handout 4 worksheet to practice recording income and expenses on the Handout 3 worksheet.
- As a class, evaluate whether Sue stuck to her budget allotments by totaling items on the cash record for each category. Discuss what Sue could have done to reduce her expenses. Are there habits she could change to reduce her expenses in the future? If Sue reduced her energy consumption, for example, she could reduce her monthly utility bills.
- Display Overhead 2. Ask students whether they realized they could save money by reducing their energy use. Remind them that reducing monthly expenses can help them keep a balanced budget.
- Summarize the purpose of a budget and cash record and how each of them can help students better manage their money.
- Review the Important Terms.

#### Evaluation

Present an additional case study and ask students to make a budget, show expenses and income on a cash record form, and evaluate whether they balance or not.

Use the Student Questionnaire as an activity assessment.