CHAPTER 7
LESSON PLANS

CHAPTER OVERVIEW
This chapter explains the benefits of a budget and demonstrates how to complete a zero-based budget. An in-depth explanation of balancing a checkbook is included.

Budgeting 101

Getting Started
- Watch Message for the Instructor [Unit 3 Disc, Budgeting 101 Chapter]
- Complete Before You Begin [page 94 in workbook] prior to watching the video lesson
- Review Key Terms

Video Segments
- Message for the Instructor – 1:00 minutes
- Part 1 – 10:58 minutes
- Part 2 – 11:22 minutes
- Part 3 – 13:03 minutes
- Part 4 – 11:03 minutes
- Part 5 – 7:58 minutes
- Part 6 – 8:14 minutes
- Bonus: Balancing your Checkbook – 3:24 minutes

Learning Outcomes
- Explain how money is active: Money is always moving and can be utilized in many ways.
- Analyze the reasons why people do not budget:
  - A budget has a negative connotation because it has been used to control them.
  - You fear what you may find so you don’t create a budget.
  - Most people have never had one that really worked so they don’t want to try another budget.
- Examine common problems associated with budget failures:
  - The budget doesn’t work because things are left out.
  - The budget is too complicated.
  - You don’t actually create a budget.
  - You write a budget, but don’t live on it.
- Explain the benefits of a budget:
  - Removes the management by crisis from your finances.
  - Managed money goes further than money that is not managed.
  - Managed money removes many of the money fights from your marriage.
  - Budgets remove guilt, shame and fear from relationships.
  - A written plan can show you where you’re over spending in certain areas of your life.
Demonstrate how to complete a zero-based budget:
- A zero-based budget is spending every dollar on paper before the month begins.
- Use the student budget form and write down how much money you plan to spend in each category. If you don’t have expenses in categories, leave them blank.
- The money you spend should always equal the money you earn. That is, “income minus expenses equals zero”—that’s what makes it zero-based.

**Key Terms**

**Budget:** cash flow plan; assigns every dollar to a specific category/expense at the beginning of each month.

**Discipline:** self-control used in directing behavior; the key to wealth building is being consistent over time.

**Envelope System:** series of envelopes, divided into pre-determined categories, used to store cash for planned monthly expenses; self-imposed discipline tool to assist people in managing their monthly finances; possible categories include food, entertainment, gas, etc.

**Impulse Purchase:** To buy an item without thinking about it.

**Reconcile:** to match your bank statement with your checkbook, preferably within 72 hours of receiving the statement.

**Zero-Based Budget:** cash flow plan that assigns an expense to every dollar of one’s income, wherein the total income minus the total expenses equals zero.

**Discussion Questions**

1. How many envelopes would you use? Do you think this is a good way of saving money?

2. How would doing a budget help you from over spending in certain areas? For example, how much money do you spend on the weekends? If you could save some of your weekend money, where would you spend that money?

3. How many students have a checking account? Do you balance it on a regular basis?

4. Why is it important to do a zero-based budget?

5. What are some of the major components of a healthy financial plan and why are they important?

**Bonus Video**

*Balancing your Checkbook* [Unit 3 Disc, *Budgeting 101* Chapter, Additional Video]
Assessments

- Test A, Test B, Test C [Teacher’s Guide CD-ROM]

Activities [Teacher’s Guide CD-ROM]

- Balancing Your Checkbook
- How to Write a Check
- Student Budget
- Consumer Equity
- Family Feud

Academic Standards Met in Chapter 7

*Foundations in Personal Finance* aligns to the National Standards for Financial Literacy provided by the Jump$tart Coalition for Personal Financial Literacy.

- Planning and Money Management: Organize personal finances and use a budget to manage cash flow.
  - Standard 1: Develop a plan for spending and saving.
  - Standard 2: Develop a system for keeping and using financial records.
  - Standard 3: Describe how to use different payment methods.
  - Standard 5: Consider charitable giving.
  - Standard 6: Develop a personal financial plan.
  - Standard 7: Develop the purpose and importance of a will.