

Including giving in your budget

Students explore how creating a budgeting rule can help people include giving in their monthly budgets.

Learning goals

Big idea

Creating a budgeting rule for donations can help us reach our goals for giving.

Essential questions

- How can a budgeting rule help us donate to an organization that is important to us?
- What are some ways to support an organization that is important to us?

Objectives

- Understand how a budgeting rule can help us reach our goals for giving
- Reflect on ways we can support an organization that is important to us

What students will do

- Explore ways to include giving in an imaginary budget.
- Reflect on things they could do now to support an organization that is important to them.

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

- Executive function
- Financial habits and norms
- Financial knowledge and decision-making skills

Grade level: High school (9-12)

Age range: 13-19

Topic: Spend (Budgeting, Giving to others)

School subject: English and language arts, Math, Social studies or history

Teaching strategy: Direct instruction, Simulation

Bloom's Taxonomy level: Understand, Apply, Analyze

Activity duration: 45-60 minutes

National Standards for Personal Financial Education, 2021

Spending: 8-1, 12-1, 12-2, 12-7, 12-9

Saving: 8-1, 8-2, 12-8, 12-9

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

Preparing for this activity

- While it's not necessary, completing the "Bouncing ball budgets" activity first may make this one more meaningful.
- Print copies of all student materials for each student, or prepare for students to access them electronically.
- Make sure students have access to calculators if you want students to use them.

What you'll need

THIS TEACHER GUIDE

- Including giving in your budget (guide)
cfpb_building_block_activities_including-giving-your-budget_guide.pdf

STUDENT MATERIALS

- Including giving in your budget (worksheet)
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- Calculators (optional)

Exploring key financial concepts

Making a budget is an important step toward reaching your financial goals. A budget is a plan for how to spend and save money. It helps you decide how much you'll need to spend on necessities, how much money you'll put aside for savings, and how much you can use for your "wants," such as dining out or travel. (It's important to remember that a budget should be made using your net income, which is the amount of money you bring home in your paycheck after taxes and other deductions are taken out.) Some people create budgeting rules for themselves. One rule to live by when budgeting is to use 50 percent of your income on needs, 30 percent on wants, and 20 percent on saving for financial goals. The table on the next page gives you a snapshot of the type of items that you might assign to each category.

People also often choose to donate to charities, which are private, nonprofit organizations operated for religious, health and welfare, scientific, education, or

TIP

Because practices related to giving can change, students should be encouraged to always look for the most up-to-date information.

other specified purposes. Donating money is one way we can support a charity. We also can donate property, like a car or a gently used household item. Volunteering our time and talent is another way to give.

For some people, giving money is part of their budget. They have a budgeting rule in which they donate a specific percentage of their income. Creating your own budgeting rule for donations can help you reach your goals for giving.

NOTE

Be sure to explain that the 50-30-20 budget rule is only one rule to live by. Not everyone can follow it. Students should decide on their own personal rule to live by that works for their financial situation.

Percentage of net income	Budget category	Examples of items
50 percent	Needs	Rent or mortgage payments, groceries, utilities, transportation
30 percent	Wants	Dining out, vacations, entertainment
20 percent	Financial goals	Emergency savings, pay down debt, save for education, save for retirement

Teaching this activity

Whole-class introduction

- Ask students whether they or someone they know has ever donated money to a charity.
 - If they or someone they know has donated to a charity, ask volunteers to share what the charity was.
- Explain that some people make giving part of their monthly budget.
- Read the “Exploring key financial concepts” section to the students.
- Be sure students understand key vocabulary:
 - **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; also called a spending plan.
 - **Cause:** Something (such as an organization, belief, idea, or goal) that people support or fight for.
 - **Charitable organization or charity:** A private, nonprofit organization operated exclusively for religious, health and welfare, scientific, testing for public safety, literary, educational, or other specified purposes.

- **Donate:** To give something (like money, food, or clothes) to help a person or organization.
- **Net income:** Amount of money you bring home in your paycheck after taxes and other deductions are taken out; also called take-home pay.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

Individual work

- Tell students they'll review an imaginary budget and come up with a budgeting rule that includes giving.
- Give the "Including giving in your budget" worksheet to each student.
- Make sure students have access to calculators if you choose to use them.
- Students will complete the worksheet independently, including the reflection questions.

Wrap-up

- Ask volunteers to share what percentage they would give if they were Kaia and how they think she could reduce her budget for wants so she could give that amount.
- If time allows, ask volunteers to share their answers to the reflection questions.

Suggested next steps

Consider searching for other CFPB activities that address the topic of spending, including budgeting or giving to others. Suggested activities include "Analyzing budgets" and "Writing about giving."

Measuring student learning

Students' answers on their worksheets and during discussion can give you a sense of their understanding. The answer guide on the next page provides possible answers for the "Including giving in your budget" worksheet. **Keep in mind that students' answers may vary, as there may not be only one right answer.** The important thing is for students to have reasonable justification for their answers.

Answer guide

Finding a way to give

1. If Kaia donates this percentage of net income	How much in dollars is she donating?
3%	\$45
5%	\$75

2. Answers will vary.

3. Answers will vary.

Reflection questions

Answers will vary.