

Brainstorming household budgets

Students review monthly incomes and household expenses to practice making budget decisions, including about housing and roommates.

Learning goals

Big idea

Budgeting helps you make sure you have enough money to pay for the things you need, build up your savings, and still be able to afford to buy some things you want.

Essential questions

- What items do people need to include in a budget when they live on their own?
- How does having a roommate change the costs of living on your own?

Objectives

- Learn what items household budgets often include
- Understand how adding roommates can help a household budget

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:

 Financial knowledge and decision-making skills

Grade level: Middle school (6-8)

Age range: 11-14

Topic: Spend (Budgeting, Buying things, Paying bills)

School subject: CTE (Career and technical education), English or language arts, Math

Teaching strategy: Cooperative learning, Simulation

Bloom's Taxonomy level: Understand, Apply, Analyze

Activity duration: 45-60 minutes

National Standards for Personal Financial Education, 2021

Earning Income: 4-5, 8-5

Spending: 4-1, 4-2, 8-1, 12-1, 12-2, 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.

What students will do

- Brainstorm what items a household budget may include.
- Decide which type of apartment they want to rent, based on a sample monthly income and budget.
- Explore how having roommates can help with monthly expenses.

Preparing for this activity

- While it's not necessary, completing the "Learning about 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.
- Print enough copies of the income slips sheet in this guide for each student to have one slip, and then cut out the slips.
- Print a copy of the "Monthly budgets: One- and two-bedroom apartments" sheet in this guide for each student.

What you'll need

THIS TEACHER GUIDE

- Brainstorming household budgets (guide)
[cfpb_building_block_activities_brainstorming-household-budgets_guide.pdf](#)

STUDENT MATERIALS

- Brainstorming household budgets (worksheet)
[cfpb_building_block_activities_brainstorming-household-budgets_worksheet.pdf](#)
- Income slips (in this guide)
- "Monthly budgets: One- and two-bedroom apartments" (in this guide)

Exploring key financial concepts

Knowing how to make 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 money you'll save and how much you'll need for bills and things you want. When you make a budget, always remember to use your net income. That's

the amount of money you bring home in your paycheck after taxes and other deductions are taken out.

Having a budget can help you figure out what kind of place you can afford when you live on your own. It can also help you to decide if you need a roommate who can help pay some of the household bills.

TIP

Because financial products, terms, and laws change, students should be encouraged to always look for the most up-to-date information.

Teaching this activity

Whole-class introduction

- Introduce the concept of budgets to the class.
 - You can read the “Exploring key financial concepts” section of this guide aloud to the class.
- 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 and spend it (your expenses) for a given period of time; also called a spending plan.
 - **Fixed expenses:** Expenses, like bills, that must be paid each month and generally cost the same amount. Some fixed expenses, like a utility bill, may also be variable because the amount changes each month depending on usage.
 - **Net income:** Amount of money you bring home in your paycheck after taxes and other deductions are taken out; also called take-home pay.
 - **Variable expenses:** Expenses that change in amount from month to month.

TIP

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

Individual and group work

- Distribute the “Brainstorming household budgets” worksheet to students.
- Start a discussion about common monthly bills and expenses that students might have once they’re living on their own.
- Give an income slip to each student.
 - Be sure students understand that the incomes on the slips are only examples; actual incomes may be different.

- Have students record on the worksheet the information from their income slip (questions 1 and 2).
- Distribute the “Monthly budgets: One- and two-bedroom apartments” sheet.
- Working independently, students will review the budgets and use them to complete the worksheet.

Wrap-up

- Once students have finished, ask students with the same income slip to sit together in a group and share their answers and ideas.
- Ask for volunteers from any group to share their answers for questions 3 and 4; you can use the answer guide to go over the answers.
- Ask a volunteer from each income group to share their answers for questions 5 and 6.
 - Ask students how they made their decisions about their budgets.
- Ask for volunteers to share their answers to questions 7-10.
 - Compare answers and discuss.
- Ask for 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, buying things, and paying bills. Suggested activities include “Furnishing your first apartment” and “Budgeting for needs and wants.”

Measuring student learning

Students’ answers on their worksheets and during discussion can give you a sense of their understanding.

This answer guide provides possible answers for questions 3, 4 and 7 on the “Brainstorming household budgets” worksheet. **Keep in mind that students’ answers to the other questions 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

3. What's the total cost to rent the two-bedroom apartment? (Add up all expenses listed.)

Renting a two-bedroom apartment	
Rent	\$900
Water	\$40
Electricity	\$110
Television/cable	\$70
Internet	\$30
Cell phone (per person)	\$60
Renter's insurance	\$30
Laundry (cost of laundry products only)	\$10
Groceries (per person)	\$240
Total	\$1,490

4. What's the total cost to rent a one-bedroom apartment? (Add up all expenses listed.)

Renting a one-bedroom apartment	
Rent	\$600
Water (included)	\$0
Electricity (included)	\$0
Television/cable	\$70
Internet	\$30
Cell phone (per person)	\$60
Renter's insurance	\$20
Laundry (per person)	\$35
Groceries (per person)	\$240
Total	\$1,055

7. If you want to reduce your monthly costs, which expenses could you give up? How much could you save by giving up those expenses? Explain how you decided what to keep and what to give up.

Answers will vary, but students may decide that they can do without television/cable or Internet. Some students might realize that they can find a cheaper cell phone plan. Others may be tempted to say that they will give up renter's insurance. Be sure to help them understand the risks associated with that choice and explain that some landlords require renters to have that insurance. Students may have other creative ideas, such as doing laundry at their parents' house or growing their own vegetables to save money on groceries.

Monthly budgets: One- and two-bedroom apartments

Below are sample budgets for a young person who has recently moved out on their own. The two-bedroom apartment is large and has a nice yard and a washer and dryer. The one-bedroom apartment is very small and doesn't have a yard or laundry facilities on site.

Notice how the two budgets are different. As you look at each budget, think about which expenses are things you need and which expenses are things you may want but could do without so you have a little more money left over at the end of the month.

Note: These budgets are only examples; actual budget items and costs may be different.

Renting a two-bedroom apartment		Renting a one-bedroom apartment	
Rent	\$900	Rent	\$600
Water	\$40	Water (included)	\$0
Electricity	\$110	Electricity (included)	\$0
Television/cable	\$70	Television/cable	\$70
Internet	\$30	Internet	\$30
Cell phone (per person)	\$60	Cell phone (per person)	\$60
Renter's insurance	\$30	Renter's insurance	\$20
Laundry (cost of laundry products only)	\$10	Laundry (cost per person)	\$35
Groceries (per person)	\$240	Groceries (per person)	\$240

Income slips

Print enough copies of this sheet single-sided for each student to have one slip.
Cut the slips apart and give one to each student.

Note: The incomes here are examples only; actual incomes may be different.



Hello! Welcome to adult life!

You work as a dishwasher. Your monthly net income is \$1,150.

Hello! Welcome to adult life!

You work as a nurse at a local pediatrician's office. Your monthly net income is \$3,700.

Hello! Welcome to adult life!

You work as a teacher at an elementary school in your town. Your monthly net income is \$4,000.

Hello! Welcome to adult life!

You work as a social worker. Your monthly net income is \$5,000.

Hello! Welcome to adult life!

You work as a professor at a state university. Your monthly net income is \$6,000.