

# Creating a monthly household budget

Students determine how to balance their needs and wants when budgeting for household bills.

## Learning goals

### Big idea

Budgeting helps ensure that you'll have enough money for the things you need and the things you want, while still building your savings for future goals.

### Essential questions

- What types of things should be included in a budget?
- How can budgeting help me manage my money?

### Objectives


- Create a budget for imaginary housing expenses
- Understand the advantages of making and sticking to a 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), Math, Social studies or history

Teaching strategy: Competency-based learning, Personalized instruction, Simulation

Bloom's Taxonomy level: Apply, Analyze

Activity duration: 75-90 minutes

### National Standards for Personal Financial Education, 2021

Spending: 4-1, 4-2, 8-1, 8-2, 12-1, 12-2, 12-9

Saving: 4-1, 4-2, 8-1, 8-2

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

- Complete a budget for housing expenses.
- Reflect on how budgets help people manage money.

## 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.

### What you'll need

#### THIS TEACHER GUIDE

- [Creating a monthly household budget \(guide\)](#)  
[cfpb\\_building\\_block\\_activities\\_creating-monthly-household-budget\\_guide.pdf](#)

#### STUDENT MATERIALS

- [Creating a monthly household budget \(worksheet\)](#)  
[cfpb\\_building\\_block\\_activities\\_creating-monthly-household-budget\\_worksheet.pdf](#)

## Exploring key financial concepts

A budget is a plan for how to spend and save your money. A monthly household budget can help you make sure you have enough money to pay for things you need like rent, groceries, and electricity. They can also help you think about how you spend your money on things you want like cable television or having a pet. Paying for all your household needs before you spend money on things you want is a wise financial habit. Knowing how to make a budget is an important first step toward managing your money.

### TIP

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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

- Discuss the types of bills associated with owning or renting a home.
- Ask students to share the types of items they'd like once they're living on their own.
- Distribute the "Creating a monthly household budget" worksheet, or have students access it electronically.
- Tell students that they'll learn about creating a household budget for when they're living on their own.
- Be sure students understand key vocabulary:

### TIP

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Visit CFPB's financial education glossary at [consumerfinance.gov/financial-education-glossary/](https://consumerfinance.gov/financial-education-glossary/).

- **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.
- **Needs:** Basic things people must have to survive (such as food, clothing, and shelter), resources they may need to do their jobs (such as reliable transportation and the tools of the trade), and resources to help build and protect their money and property so they can meet future needs (such as emergency savings and insurance).
- **Savings:** Money you have set aside in a secure place, such as in a bank account, that you can use for emergencies or to make specific purchases.
- **Wants:** Upgrades and other things that would be nice to have but aren't necessary for living, income, or protecting what you have.

## Individual work

- Students will work individually to complete the worksheet.
- As students review the worksheet, ask them to pretend that they're renting their first home.
- Tell students that their budget is \$2,000 a month and emphasize that they have to stick with that amount.
  - Be sure students understand that the costs in the worksheet are only examples; actual costs may be higher or lower.

- Make sure students understand the task before having them complete the worksheet.
- Have students choose a housing option from the worksheet.
- After choosing a housing option, students will calculate:
  - How much their monthly bills are for the things they need
  - How much money is left over
- Students then will review the list of items they may want and choose which ones they'll spend money on, based on how much is left in their budget.
- Make sure students have time to complete the reflection questions.

## Wrap-up

- Ask volunteers to share what they chose and why.
- Discuss the concept of compromising and living within your means.
  - Be sure to emphasize the importance of saving money each month.
- 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, buying things, or paying bills. Suggested activities include ["Calculating energy costs"](#) and ["Paying bills."](#)

## 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 the "Selecting housing options" section in the "Creating a monthly household budget" worksheet. **Keep in mind that students' answers may vary.** The important thing is for students to have reasonable justification for their answers.

### Answer guide

Monthly total for one-bedroom apartment: **\$1,165**

Monthly total for studio apartment: **\$875**

Monthly total for room in a shared house: **\$595**