NO PREP

Teen Budgeting 101

Mastering Your Money

Includes: Student reading, case study, differentiated questions, teacher key

Name: Period: Date:

Teen Budgeting 101: Mastering Your Money

Focus

Feeling overwhelmed by money? This guide will equip you with the essential skills to become a budgeting boss! Learn how to track your income and expenses, create a budget that works for you, and set achievable savings goals for your future. Taking control of your finances now empowers you to make smart choices and reach your financial goals, whether it's saving for a new phone, a dream vacation, or even college!

Why is this Important?

Teens who are involved in budgeting and saving money tend to develop better financial habits as adults.

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Teens who are involved in budgeting and saving money tend to develop better financial habits as adults. Learning these skills early on may promote responsible money management and financial well-being in the future.

Know Where Your Money Goes: Tracking Income & Expenses

The first step to mastering your money is understanding where it comes from and where it goes. Track Your Income: This includes any money you receive, such as allowance, part-time job earnings, or birthday gifts. Note down the amount and source of your income for a specific period (e.g., a week or a month). Expense Explorers: Now for the not-so-fun part: tracking your spending! Keep a record of everything you spend your money on, no matter how small the amount. This could involve writing it down in a notebook, using a budgeting app, or keeping receipts.

Pro Tip

: Categorize your expenses! Separate your spending into two main categories: needs and wants. Needs: These are essential expenses you can't live without, such as food, clothing (within reason), transportation (if applicable), and school supplies. Wants: These are things you desire but can live without, like entertainment (movies, concerts), eating out, new clothes (beyond what you need), or video games.

Building Your Budget Blueprint: Needs, Wants, and Savings Goals

Now that you have a clear picture of your income and expenses, it's time to create a budget! Here's how to build a personalized spending plan: Calculate Your Spending Power: Once you've tracked your income for a period, add up everything you brought in. This total represents your spending power – the money you have available to allocate towards your needs, wants, and savings goals. Prioritize Your Needs: First things first! Allocate enough money in your budget to cover your essential needs (food, clothing, transportation, etc.). Be Honest About Wants: Now comes the fun (but also challenging) part: allocating funds for your wants. Be realistic about how much you can realistically spend on non-essential items after covering your needs. Savings Superstar: Here's the key to reaching your financial goals! Set aside a portion of your income for savings. Even a small amount saved consistently can add up over time.

Setting Savings Goals:

Short-term: Saving for a specific purchase in the near future, like a new phone or concert ticket. Long-term: Building a larger savings goal for a future expense, like a college fund or a dream vacation.

Pro Tip

: Consider using a budgeting table or app to visually represent your income, expenses, and savings goals. This can make it easier to track your progress and stay motivated.

Making Your Budget a Reality: Sticking to the Plan!

Creating a budget is a great first step, but the real challenge lies in sticking to it! Here are some tips to turn your budgeting plan into a financial reality: Review Regularly: Don't let your budget become an afterthought! Schedule regular check-ins (weekly or monthly) to review your income, expenses, and savings progress. This allows you to adjust your budget as needed based on your spending habits. Embrace Change: Your income or spending habits might change over time. Be flexible and adapt your budget accordingly. Maybe you get a raise at your part-time job, allowing you to allocate more towards savings. Or perhaps you discover a new and cheaper way to get to school, freeing up some money for entertainment. Beware of Budget Busters: Unexpected expenses can happen. Set aside a small buffer in your budget for unforeseen costs. This will prevent derailing your financial goals due to a sudden

car repair or medical bill. The Power of "No": Learning to say no to impulse purchases is crucial for sticking to your budget. Ask yourself, "Do I need this, or just want it?" before making a purchase. Consider waiting a day or two before buying something non-essential. This "cooling-off" period can help you avoid unnecessary spending. Celebrate Your Wins!: Managing your money is a marathon, not a sprint. Celebrate your achievements, big or small! Reaching a savings goal or sticking to your budget for a month deserves a reward (within reason, of course!).

Pro Tip

: Find a budgeting system that works for you! Whether it's a traditional pen-and-paper method, a budgeting app, or a colorful chart – choose a system you'll consistently use and update.

Case Study: The Mystery of the Missing Money

Sarah receives a weekly allowance of $20. She loves going out with friends and spending money on clothes and entertainment. However, by the end of the week, her money always seems to disappear, and she's left wondering where it all went.

1. According to the reading, what is the benefit of teens learning to budget and save money?

2. Think about your own spending habits. Do you think creating a budget would be helpful for you? Why or why not?

3. Why might Sarah be having trouble keeping track of her money?

_____

_____

4. How could creating a budget help Sarah manage her allowance more effectively?

_____

_____

Multiple Choice

1. The first step to mastering your money involves:
    a) Setting unrealistic savings goals for the future.
    b) Understanding where your money comes from and where it goes.
    c) Creating a spending plan without tracking income or expenses.
    d) Focusing solely on wants and neglecting needs.

2. When creating a budget, it's important to:
    a) Allocate the majority of your income towards wants like eating out.
    b) Ignore your savings goals altogether.
    c) Leave out a category for unexpected costs.
    d) Prioritize essential expenses like food and transportation.

3. A benefit of regularly reviewing your budget is:
    a) It helps you identify areas where you can adjust spending.
    b) It allows you to punish yourself for overspending.
    c) It discourages you from setting any long-term savings goals.
    d) It forces you to eliminate all entertainment expenses.

Matching

Write the letter of the correct definition on the line next to each term.

Term	Definition
1. ___ Income	A) The money you set aside for future purchases.
2. ___ Expenses	B) Non-essential items you desire but can live without (entertainment, new clothes).
3. ___ Needs	C) The money you spend on things you need and want.
4. ___ Wants	D) Essential items you need to survive (food, clothing, shelter).
5. ___ Savings Goals	E) Money you earn from allowance, a job, or gifts.

Fill-in-the-Blank

1. When you categorize your expenses, separate your spending into two main categories: _____ and _____.

2. When creating a budget, it's important to allocate enough money to cover your essential _____.

3. Sticking to your budget requires the ability to say _____ to impulse purchases.

Short Answer

Answer each question in 2-4 complete sentences.

1. Explain the difference between needs and wants in budgeting. Why is it important to prioritize needs when creating a budget?

_____

_____

_____

2. Describe two strategies you can use to avoid impulse purchases and stick to your budget.

3. Refer to the case study "The Mystery of the Missing Money." Based on the information provided, what are two recommendations you would give Sarah to help her manage her allowance more effectively? Why would these recommendations be helpful?