

# Budgeting to Save



## Objectives

By the end of the lesson, the students will be able to:

- a) Why a budget can help you to save better.
- b) How to create a budget.



## Instructions:

Before beginning the lesson you will need to prepare a Personal Budget on the Board for students to copy.

1. Begin by quickly ask the class what are some reasons why people sometimes cannot save. Accept their answers without criticism.
2. Ask them to listen while you tell them the story of John.

“John is a 12 year old boy who lives in the city. He goes to a public school and is in the 6<sup>th</sup> grade. His mother gives him weekly allowance/pocket money of (think of a reasonable amount of local currency). His mother leaves his spending decisions up to him. He has the option of taking a short bus ride to school or walking. He can also choose to buy food at the school canteen or bring a packed meal. He can also decide to buy stuff like sweets or comics or toys. John enjoys his life in the city. There are more things to do and see than in the country where he used to live. But he also misses his relatives in the country. Summer break is fast approaching and he looks forward to visiting them. His mother told him that he can go if he saves enough money for the trip!

This left John a little confused. He didn’t know how he was going to budget his money so he would have enough saved in time for his summer trip. He knows he can save money by cutting down on some of his expenses but he sometimes can’t help wanting to buy things that he finds at the store. To help John, his mother asked him to make a list of his monthly income and a list of his monthly expenses. When he filled it in, he realized that because he hadn’t been planning or keeping a record he was spending all his money and not leaving enough to save.”

3. Now draw the children’s attention to the Personal Budget you have drawn on the board and ask them to copy it into their notebooks quickly.

Personal Budget			
MONTHLY INCOME		MONTHLY EXPENDITURE	
Allowance		Savings	
Jobs/chores		Sweets	
Gifts		Toys	
Other		Transport	
Other		Other	
<b>Total income</b>		<b>Total expenses</b>	
		<b>Balance (total income minus total expenses)</b>	

4. Ask the children to take five or ten minutes to fill in the table above for themselves.
5. When they have finished ask them to think about the following three questions.
  - Of all the money that you get (i.e. income), do you spend it all or do you keep some aside to use in the future?
  - On this list are there more things that you spend money on for immediate satisfaction, such as sweets?
  - If you plan ahead and change the way you spend, will you be able to save money?
6. Finally, ask the children how much money they would like to save in a month. Then ask them to change the amount they will spend on each item in the Expenditure Column so as to create that amount of savings.