

Learning about spending

Spending responsibly goes hand-in-hand with saving responsibly. It is a skill that also requires discipline and careful planning. We have all heard many stories of friends or family members (and governments and banks!) who have overspent or lived beyond their means – and the stressful consequences. This Session introduces participants to the practical steps of spending money responsibly; beginning with thinking about their spending ‘needs’ and ‘wants’. It also introduces the idea that spending responsibly means considering the well-being of other people and the planet when making their spending decisions.

Lesson objectives: By the end of this Session, participants will be able to:

1. Identify key spending priorities and be able to distinguish between spending needs (essential) and spending wants (desirable).
2. Understand what ‘responsible spending’ means.
3. Understand that balancing income and expenditure is important when trying to manage money effectively.

Key learning:

- There are many demands on our financial resources and we need to distinguish between what is essential spending on our ‘needs’ and desirable spending on our ‘wants’. Learning to prioritize our spending is an important skill that helps us manage our money better.
- Responsible spending is about managing our money well, and considering other people and the planet when making consumer choices.
- Responsible spending is reliant on available income.

Needed

- Starter: Needs & Wants cards (Figure 2.1).
- Option 1: Blank note cards of two different colours or shapes (see instructions below); small prize; different coloured markers.
- Option 2: Spending Game (Figure 3.2); 20 counting objects for each participant (e.g. beans, counters, stones); flip-chart with Spending Game Transportation example written on it (Figure 3.3).
- Reflect: Post-it Notes

Information for Facilitator

- You could write the enquiry questions from the end of the Money and Well-being Session on a flip-chart, ready to discuss in this Session.
- Either prepare the sets of Spending Wants and Needs cards before the Session or, if appropriate, participants can cut the handouts into cards themselves. If necessary, adapt the cards to suit your particular context.
- As the facilitator, be prepared for potentially negative answers - for example, that mention hazardous work - and encourage a frank discussion if this is appropriate for your context and group. You can refer to the previous My Career Session’s discussion of labor rights.

1 Start: Spending Wants and Needs

This activity encourages participants to think about their well-being, and distinguish between what is essential spending and what is desirable.

Method

1. Refer the participants to the enquiry questions from the end of the last Session that they were going to ask their family and friends (you could write them on a flip-chart to remind them):
 - What are the main things that adults spend money on?
 - What do young people spend money on?
 - What does 'spending responsibly' mean?
2. Give participants one minute (per question) to quickly share their answers to each question with the person next to them.
3. Ask for feedback after each question, and make a note of their answers on the flip-chart.
4. Discuss the similarities and differences between the spending habits of young people and adults.
5. Discuss their ideas about what spending responsibly means. Did they consider both the idea of spending carefully and within their means, as well as thinking about how the things they buy are produced and the social and environmental impact (impact on people and the planet)? Explain that being a responsible and 'Cool Consumer' is developed further in a future Session.

Follow this with the Spending Wants and Needs activity:

1. Give out the sets of Spending Wants and Needs cards to groups of four or five participants.
2. Ask them to sort the cards into three piles: essential spending, or 'needs'; desirable spending, or 'wants'; and a middle pile which reflects spending demands that lie somewhere in the middle (e.g. birthday gift for a friend).
3. Invite groups to share what they put in the essential pile. Do they all agree?
4. What have they put in the desirable pile? In the middle pile?
5. Check where they put the Saving for the Future card, and reinforce the importance of saving for future needs.
6. Discuss how some things might not be considered essential, and yet are important for overall well-being (e.g. hobbies and holidays).
7. Explain that they can refer to these spending 'wants' and 'needs' again in the next Session: Creating a Budget.

2 Learn: Investigate and act

Choose one of the following two activities:

Option 1: Imaginary Friend

This is a group activity in which participants will create a hypothetical budget for an imaginary character.

Method (25-30min)

1. Divide the participants into groups.
2. Give each group a sheet of blank flip-chart paper and several differently colored markers.
3. Ask them to create a 'persona' by drawing a picture of a typical adolescent, or a person their age. One or two participants can be the artists.
4. Ask them to give the persona a name, age and other characteristics. Think about the personality, interests and passions. While participants are drawing, distribute 12 blank cards and some sticky tape to each group. Find a way to differentiate the cards into two sets of six (for instance, two different colours or shapes), so that there is one set for income, and one set for expense.
5. Next, explain that the participants need to identify six potential sources of income for their imaginary young persona. These can be anything they feel is appropriate for their character: allowances, gifts from relatives, or money they earn. Ask them to write one source of income on each income card, and to then place these cards on the left hand side of their persona picture.

6. Once this is done, ask them to think what this young person's typical expenses are, and to decide on six things he or she would spend money on. Explain that they need to write one source of expenditure on each expense card, and to place these on the right hand side of the picture.
7. When they have finished, ask the groups to present their imaginary young person to the others, including their name, age, interests, sources of income and expenses.
8. Ask each group the following questions:
 - Does your young person have regular sources of income?
 - Does your young person have enough money to cover all of his or her expenses?
 - What is his or her favorite way to spend money?
9. Invite other participants to ask other questions about the imaginary young person.
10. After all the presentations have been made, ask:
 - Are there any other sources of income that young people have which we have not mentioned yet?
 - Are there any other expenses we have not discussed?
 - Hand out additional cards and ask participants to write any additional sources of income or expenses on cards, and to place them onto the pictures.
11. Now, ask participants to put their persona's expenses into categories. Point out that certain
12. expenses could be grouped together into one, more general category: e.g. clothes, shoes and toiletries could be 'personal items'; video games, movies and tickets to sports events could be considered 'entertainment'; and books, pens and paper can fall into the category of 'school supplies'.
13. Invite a volunteer to report their group's categories, and then ask the other groups if they had different categories.
14. Note down these expense categories and keep them for future Sessions. You should also explain to the participants that these expense categories will help in the next Session: Creating a Budget.

Option 2: Spending Game

This is a game in which participants can practice making spending decisions.

Method (25-30min)

1. Distribute the Spending Game handout and 20 counting objects to each participant.
2. Explain that this is a game in which the participants can practice making choices about how they spend their money. The handout lists the things they can spend their income on. Each category comes with several choices, and the number of 'x's' next to it shows the cost for each item. For each category, the participants need to select one choice that suits them best, and then allocate the number of objects needed to pay for that choice. The choices that do not have an 'x' are free, and so the participants do not have to allocate any income to them.
3. Do an example together first. On the flip-chart, go through the Transportation section from the Spending Game handout, e.g.

SPENDING GAME: TRANSPORTATION

TYPE OF TRANSPORTATION	VALUE
Walk or ride bicycle	
Bus	x
Bus and occasional taxi	x x
Frequent taxi	x x x

4. Ask the participants to select the mode of transport that most appeals to them. Explain to them that they can choose the mode they wish for, rather than the mode that most closely reflects the kind of transportation they actually use. For example, if they want to take taxis to get around, they should put three objects next to

‘frequent taxi’. But if they think they can walk or ride a bicycle to most places, then they don’t have to spend anything on transportation.

5. Invite, and address, any questions they may have.
6. Next, let the participants complete the Spending Game handout.
7. Go round the classroom, and make sure the participants understand what they need to do. Allow a reasonable amount of time for them to work on this, and then ask the following questions:
 - Did you find this exercise challenging or easy?
 - What difficult choices did you have to make?
8. Ask them to put a mark against the options they have chosen as they are going to do the exercise again, only this time, their income has been cut to 13 counting objects.
9. Their task is to figure out how they are going to spend their money now that they have less. Allow five minutes for this second round.

Guide questions

- What was the first item that you gave up? Why?
- What was the last item that you were willing to give up? Why?
- Who included ‘savings’ in their spending plan? How could that have helped you in the second round?
- Compare your spending plans with the person next to you.
- How are your spending plans different?
- Do your different spending choices reflect your different attitudes and values about money and life in general?

3 Reflect

Method (10-15min)

1. Remind participants that spending responsibly involves the 4 Ps: Pocket, Priorities, People, Planet
 - Your Pocket – can you afford it? (Consider income and expenditure.)
 - Your Priorities – do you really need/want it? (What do you value in life?)
 - Your relationship with other People – has anyone’s rights or well-being been compromised or exploited in helping to produce the thing you are buying (e.g. clothing that has been made by people working for less than a living wage and in poor conditions)?
 - Your relationship with the Planet – has the environment been harmed in the production of the thing you are buying (e.g. use of harmful pesticides and toxic chemicals in the growing and making of cotton for t- shirts)?
2. Follow up with the following questions.
 - How easy (or difficult!) do participants think it is to consider all of these things?
 - What do they feel they need more information about?
3. Explain that they will learn more about responsible consumerism (impact on people and the planet) in future Sessions.
4. Ask them to:
 - Think about two key things they will consider when making spending choices in the future.
 - Share these with the person next to them.
 - Write the two things on separate Post-it Notes, and stick them onto a flip-chart as they leave the classroom.

Enquiry Questions for the next Session

Encourage participants to ask adults in their family the following questions about living expenses and spending habits, in preparation for the next Session: Creating a Budget

- What are the three most important things that you have to spend money on each month/ week?
- How do you make sure there is enough money for these things?

Figure 3.2
Spending game table:

Housing		Clothing	
Live with parents	O	No purchase	O
Share a room with a friend	x	Shoes	xxx
Share an apartment with friends	xx	Top/T-shirt	x
Rent on your own	xxx	Jeans	xx
Phone		Personal Care	
Pay as you go	x	Toiletries (razor, shampoo)	x
Monthly plan	xx	Hairdresser/barber	xx
Food		Entertainment	
Always eat at home	O	Visit friends	O
Tea/Snacks out	x	Movies	x
Eat lunch out	xx	Video game parlor	xx
Lunch + tea/snacks out	xxx	Concert/sports event	xxx
Transportation		Contribution to Household Expenses	
Walk or ride bicycle	O	None asked for/expected	xx
Bus	x	Occasionally as needed	xxx
Bus and occasional taxi	xx	Quarter of monthly income	x
Frequent taxi	xxx		
Savings			
Occasional coins in a jar	O		
Small amount each week to savings collector	x		
Regular monthly deposit to bank	xx		

Figure 3.3
Spending game Transportation

Spending Game: Transportation	
Type of Transportation	Value
Walk or ride bicycle	x
Bus	xx
Bus and occasional taxi	xxxxx
Frequent taxi	x