

# Budget basics



Unit  
Me in the world



Length:  
135 minutes

## About this lesson

To introduce responsible financial management, students will be introduced to basic financial management skills to help them achieve the skills needed to make better financial decisions. Students will learn how to prepare a budget, review their own spending habits, investigate saving and investment strategies, and set three savings goals.

## Learning objectives

By the end of this lesson, students will:

- identify between needs and wants
- investigate major financial decisions they may make in the future (e.g. buying a phone, saving for a car, or saving for college)
- explore ways to save and practise short, medium, and long term financial goal setting
- evaluate online budgeting tools that may help them set and reach their financial goals

## Driving question

Why should I prepare a budget?

## Future-ready skills

Financial planning

Financial literacy

Spending habits

Self-knowledge

Self-regulation

Analyzing

Evaluating

## Lesson breakdown

65

minutes

### Activity 1: Financial basics

In this activity, students will be introduced to basic financial management skills to help them achieve the skills needed to make better financial decisions.

10

minutes

### Activity 2: Saving for financial goals

Create discussion groups of 3-4 students each. Post the following 3 questions one at a time, giving each question 3 minutes: What might you need to change about your spending habits to attain one of your financial goals? What strategy will you use to help you stay motivated to attain your financial goals? Which saving option (video 2 @ 5:38) makes the most sense for you at this time and why?

60

minutes

### Activity 3: Planning basics

In this activity, students will explore planning tools available through financial institutions to help them set and reach their financial goals for their first post-secondary year.



### Xello entry point

Students should be familiar with their Xello account, specifically where to find and submit Xello assignments and how to add and rate skills on their profile.

## Vocabulary

- Budget
- Income
- Savings
- Fixed expenses
- Variable expenses
- Irregular expenses
- Emergency fund
- Spending habits
- Surplus
- Deficit
- Financial goals (short and long term)
- Needs and wants
- Non-essential expenses
- Saving options

## Ontario career studies

**C2.1** describe fundamentals of financial responsibility, assessing the benefits of a variety of savings options and exploring planning tools available through financial institutions and other avenues

xello

## Activity 1: Financial basics



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### Inquiry prompts

- Why should I start saving money today?

### Before you begin

- Create an assignment for your students with the following handouts in a Xello Assignment:
  - [Needs, wants, and priorities handout](#)
  - [Savings goals worksheet](#)

### Teaching strategies

In this activity, students will be introduced to basic financial management skills to help them achieve the skills needed to make better financial decisions. They will determine a list of needs versus wants and prioritize them, and also investigate how to invest for short and long term financial goals.

- 1 Provide the [instructions](#) on the next page to your students.

### Materials required

- Computers or tablets with internet access
- [Student instructions](#)
- [Needs, wants, and priorities handout](#)
- [Savings goals worksheet](#)

### Artifacts

Students will submit the Financial basics assignment on Xello, which includes three files (**Needs, wants, and priorities handout**, **Savings goals worksheet**, and **Financial goals calculator** PDF file) and participate in a class discussion on spending habits and motivation strategies in connection to their financial goal setting.

# Financial basics

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## Student instructions

- 1 Watch: [How to prepare a budget?](#) (8:44) from the Financial Consumer Agency of Canada. While watching the video be attentive to the following terms:
  - Sources of income
  - Fixed expenses
  - Variable expenses
  - Irregular expenses
  - Non-essential expenses (wants vs needs)
  - Spending habits
- 2 Use the **Needs, wants, and priorities** handout to determine your current spending habits.
  - Knowing the difference between needs and wants is the first step to managing your spending.
  - The next step is setting priorities so you know where to spend your money. One helpful way to set spending priorities is the 1-2-3 system:
    - 1 = items that are essential for healthy living (e.g., basic food, shelter, clothing)
    - 2 = items that are not essential but are important (e.g., a bicycle or transit pass, running shoes, cell phone)
    - 3 = items that are not essential and not important (e.g., candy bars, spa treatments, music downloads)
  - Add up the cost of the priority 2 and 3 items. Can you think of anything else you could do with that money?
- 3 Watch: [Saving and investing](#) (11:17) from the Financial Consumer Agency of Canada. Consider the following questions while watching the video:
  - What 4 different “reasons to save” are given in the video?
  - Ideally how much should you save of your income?
  - How can you grow your money?
  - What will help you achieve a financial goal?
- 4 Use the **Savings goals worksheet** to identify three potential financial goals (Short term, medium term, and long term). Do your best to estimate the target amount for each by researching the item online. If post-secondary tuition is one of your goals, use **Explore programs** on Xello to find the estimated yearly expenses.
- 5 For each goal, use the **Financial goals calculator** to “Set your savings goals”, making them specific and attainable.
  - After calculating all three goals answer the following on the worksheet: Do you think you have set attainable goals? Did anything surprise you in the calculations?
- 6 To submit your Xello assignment, upload your **Needs, wants, and priorities** handout, **Savings goals** worksheet, and **Financial goals calculator** PDF file.
- 7 Be prepared to respond to these questions in a class discussion based on your Financial goals calculations:
  - What might you need to change about your spending habits to attain one of your financial goals?
  - What strategy will you use to help you stay motivated to attain your financial goals?
  - Which saving option ([Saving and investing video](#) @ 5:38) makes most sense for you at this time and why?

## Activity 3: Planning basics



Unit  
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Length:  
60 minutes

### Inquiry prompts

- Why should I make a budget?
- What tools can help me stay on track with my financial goals?

### Before you begin

- Create a Xello **Assignment** called **Planning basics** where students can share the link to their budget planner tools and add their reflections as outlined in the [Student instructions](#) for this lesson.

### Teaching strategies

In this activity, students will explore planning tools available through financial institutions to help them set and reach their financial goals for their first post-secondary year.

- 1 Provide the [instructions](#) on the next page to your students.

### Materials required

- [Student instructions](#)
- Computers or tablets with internet access

### Artifacts

Students will reflect on and upload two online budget and financial planning tools to a Xello **Assignment**. In addition, students will add and rate the skills of financial planning and budgeting under **Skills** on their Xello profile.

## Planning basics

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### Student instructions

- 1 Before making a budget, read the article [Making a budget](#) on the Financial Consumer Agency of Canada website.
- 2 Explore this online [Budget planner](#) to get familiar with its functionality and features. Do your best to input estimated amounts, but the goal is not to produce a perfectly accurate budget, but rather to explore the online tool itself.
- 3 Add the link for the [Budget Planner](#) tool to the **Assignment** called **Planning basics**. In the textbox, answer the following questions:
  - What do you like and dislike about this tool?
  - Would it be an effective tool to help you monitor your spending habits and reach your financial goals, why or why not?
  - Continue to Step 4 before turning in your work.
- 4 Check out two other budget and financial planning tools. Most major banks and credit unions offer free online tools. Select the better of the two, to add to your **Assignment** called **Planning basics** in Xello and include a short reflection in the text box:
  - What do you like and dislike about this tool?
  - Would it be an effective tool to help you monitor your spending habits and reach your financial goals, why or why not?
- 5 In Xello, add the following two **Skills**: "budgeting" (found under **Information & Analysis**) and "financial planning" to your profile. Rate these skills based on your level of comfort and confidence at this point in time.