

What to Spend and How to Save

AIM

To raise students' awareness of their spending habits by helping them create a budget to plan and save for short-term and long-term goals and to familiarize students with online tools that can assist with this process.

OBJECTIVES

At the end of this lesson, students will be able to:

- Understand and use new vocabulary related to the topic.
- Evaluate and create a budget.
- Analyze the cost of using credit cards to purchase items.
- Access a variety of online tools to help them create a budget and examine their household and personal expenses.
- Set spending and saving goals.

TARGET GROUP

High-intermediate to advanced ESL students (levels 6 through 9)
(For the purpose of this lesson, the target group levels range from 1 through 9, with the following guidelines: 1 = beginning, 5 = intermediate, 8–9 = advanced.)

Academic-credit classes are the main focus, though the lessons could be adapted for noncredit and lower-level students.

LENGTH

Five class periods of 60 to 90 minutes each

OVERVIEW

In this unit, students closely examine their spending and earning habits. They learn to use online financial tools, such as a budget builder and savings calculators; they investigate where their money goes each month; and they consider the implications of using credit cards versus cash. Each lesson focuses on one tool and is accompanied by a student worksheet, allowing students to navigate the tool, record their results and be prepared for a follow-up discussion.

DAY ONE

Thinking About Where Your Money Goes

Schema Building

1. Ask students to quickly jot down answers to the following questions:
 - a. List everything you have spent money on so far *today*.
 - b. What are some things you have spent money on *this week*?
 - c. What are some things you have spent money on *this month*?
 - d. What is the most expensive item you have bought *recently*?
2. Ask students to discuss their answers in small groups and then to identify what was a special purchase, what was a regular purchase and which purchases were necessary and unnecessary. Invite each group to report back to the whole class so that the class can discuss commonalities.
3. Introduce the class to the general topic of money, including budgeting, saving and debt. Starting with the vocabulary below, ask students to work in groups and come up with definitions (without dictionaries). As a class, check the definitions and work together to provide correct meanings. Assist with understanding the usage of unfamiliar words.

budget	expenses	fixed
debt	frugal	variable
income	insurance	utilities
gross	net	

4. Tell students that they will now listen to a short commentary about one family's strategy for saving money. Introduce the title "**Family Takes Frugality to the Extreme.**" Explain the meaning of *frugal* and *frugality*. Ask students to predict what they may hear.

ONLINE RESOURCES

Audio Links

“Family Takes Frugality to the Extreme”
http://marketplace.publicradio.org/display/web/2009/07/03/pm_frugality/

“Where It Pays to Make It from Scratch”
<http://marketplace.publicradio.org/display/web/2009/08/07/mm-frugal-blogger/>

Budget Tools

Marketplace Money Toolbox
<http://marketplace.publicradio.org/toolbox/>

Home Budget Analysis
<http://marketplace.publicradio.org/toolbox/calculators/HomeBudget.html>

Bank It or Bust
<http://www.thirteen.org/finance/games/bankorbust.html>

Savings Goals Calculator
<http://marketplace.publicradio.org/toolbox/calculators/Savings.html>

Lunch Savings Calculator
<http://marketplace.publicradio.org/toolbox/calculators/LunchSaver.html>

Credit Card Payoff
<http://marketplace.publicradio.org/toolbox/calculators/PayoffCC.html>

Just Charge It!
<http://senseanddollars.thinkport.org/games/charge/home.html>

It Costs What?!
<http://www.thirteen.org/finance/games/itcostswhat.html>

OTHER MATERIALS

Student Handout A: “Family Takes Frugality to the Extreme”

Listening Guide

Student Handout B: Home Budget Analysis Tool

Student Handout C: Savings Goals Calculator

Student Handout D: Just Charge It! Worksheet

5. Play the commentary (http://marketplace.publicradio.org/display/web/2009/07/03/pm_frugality/) and ask students to listen for main ideas. Check for understanding, then distribute **Student Handout A**. Ask students to listen again and take notes this time.
6. Suggest that students check their answers in small groups or pairs and discuss their notes. Draw out their ideas in a whole-class discussion at the end.
7. For further listening practice, ask students to listen to the commentary “**Where It Pays to Make It from Scratch**” (<http://marketplace.publicradio.org/display/web/2009/08/07/mm-frugal-blogger/>).

Homework

Money Journal or Money Blog: Instruct students to keep a journal (written) or blog (online) about their expenses this week. They should keep each and every receipt and record what they buy or spend and why they bought the item. If blogging, they may include a photo if they’d like and they may comment on each others’ posts.

DAY TWO

Creating a Budget

1. Collect or view students’ Money Journal / Money Blog. Give them five minutes to talk with a partner or in small groups about their purchases over the last 24 hours.
2. Distribute **Student Handout B**. Examine the sample budget together and check students’ understanding of the categories.
3. Shift to the **Do It Yourself!** section of **Student Handout B**. Ask students to use Marketplace’s Home Budget Analysis tool (<http://marketplace.publicradio.org/toolbox/calculators/HomeBudget.html>) to create and analyze their own budget. For additional practice with tracking expenses in specific categories, they may play the game **Bank It or Bust** (<http://www.thirteen.org/finance/games/bankorbust.html>).

WHAT'S UP IN FINANCE? DID YOU KNOW? 19 years! the amount of time it takes to pay off a \$2,000 credit card bill at 20% interest if you pay only the minimum due each month. By the time you've paid off the card, you'll have paid \$3,262 in interest.

HOME GAMES CAREERS ABOUT THE SHOW FOR EDUCATORS RESOURCES

games: **bank it or bust** Select another game

Seattle Sea to Sunland: \$9.99	Center school and food for: \$5.99	Trick-Or-Treat Candy: \$4.97	Madame Tresselt's Cafe: \$24.00	Booked game at Zephyr Stadium: \$22.00	Kitty-Play Mini Golf game: \$6.75	2007 award: \$4.49
Summer's Gas Station: \$35.00	Cherry-cheese, blue, and vanilla: \$6.21	Sandwich: \$8.00	Teas and homemade fruit: \$6.25	Flip-Ac: \$5.75	Scheduled newspaper: \$21.95	Bank Handout: \$14.99
United Fuel Gas Station: \$12.56	Fourteen Pizza Palace: \$9.79	Hot dog and milk at Zephyr Stadium: \$4.67	"The Lanes" amount total: \$24.00	Movie ticket: \$9.00	"The Lanes" Bank Handout: \$22.00	

FOOD AND DRINKS TRANSPORTATION CLOTHING ENTERTAINMENT

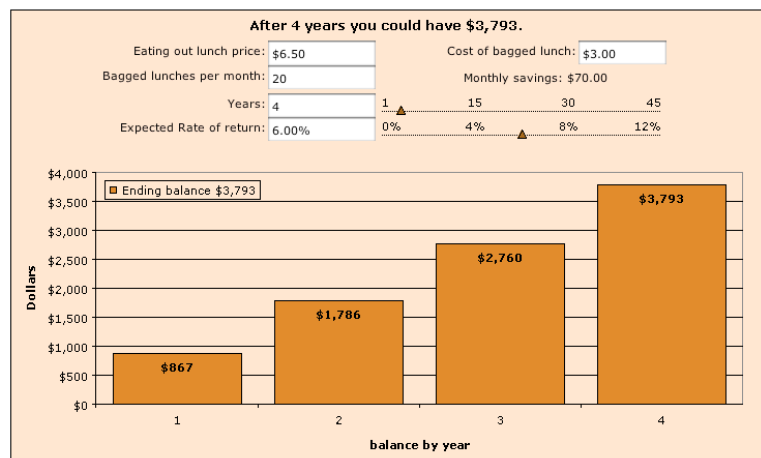
Homework

Encourage students to continue their Money Journal / Money Blog, looking even more carefully at daily purchases to see where those expenditures fit into their budget.

DAY THREE

Finding a Way to Save

1. Review the budget categories from the day before. Introduce the topic of savings and have students look again at the amount they have in savings based on their monthly budget analysis. Ask them to list their short-term and long-term goals for savings. Share and brainstorm savings goals and list them on the board.
2. Explain the different types of savings. Distribute **Student Handout C** and demonstrate how to use Marketplace's **Savings Goals Calculator** (<http://marketplace.publicradio.org/toolbox/calculators/Savings.html>). Ask students to share and discuss their results with a partner or in small groups.
3. Students can further calculate small savings with Marketplace's **Lunch Savings Calculator** (<http://marketplace.publicradio.org/toolbox/calculators/LunchSaver.html>).



Homework

Students write in their Money Journal / Money Blog about one short-term savings goal, one long-term savings goal and how they plan to achieve these goals.

DAY FOUR

Using Credit Cards Wisely

1. Warm-up

Ask students to discuss the following questions with a partner or in small groups:

- How many credit cards do you have?
- How often do you use credit cards?
- What types of items do you buy with cash versus with credit cards?

EXTENSIONS

- A. Write a **Money Essay** exploring the theme of money in your life—how you value it, what you use it for and so on. Focus on a quotation about money and write about whether you agree or disagree with its meaning.
- B. Create a **Spend and Save Photostory** showcasing what your daily and monthly expenses are, what you are saving for in the short and long terms, and how you are saving for those goals. In addition to photos, include text, voice and music. Share with the class in a gallery walk.
- C. Develop and distribute a **Community Survey**. Question your fellow students about the cost of tuition, books and other school supplies and how these expenses affect their education.

2. Vocabulary Exercise

Ask students to define the terms below working in small groups, helping each other instead of using a dictionary. After they have finished, check their definitions as a whole class, offering correct meanings where necessary.

APR	annual fee	cash advance
minimum payment	application fee	credit limit
account number	balance	interest

3. Optional

Bring in a sample credit card statement and application and have students find and circle the vocabulary terms above. Show them a mock credit card and examine it for the account number, expiration date and other terms.

- 4. Distribute **Student Handout D** and demonstrate how to play the game **Just Charge It!** (<http://senseanddollars.thinkport.org/games/charge/home.html>). Students can record their answers on the worksheet.
- 5. Students can learn more about the cost of credit cards by playing the game **It Costs What?!** (<http://www.thirteen.org/finance/games/itcostswhat.html>).

Homework

Students write in their Money Journal / Money Blog about any credit card purchases they have made recently. Encourage them to record how they feel about using credit after seeing the results of **Just Charge It!**

DAY FIVE

Putting a Financial Plan in Place

- 1. Encourage students to showcase their work in a final paper or online portfolio.

Portfolio List
Money Journal / Money Blog
New Budget
Savings Plan and Goals
Credit Card Choices
Reflection

ADDITIONAL RESOURCES

Online Tool: Compound Interest Calculator

<http://www.econedlink.org/interactives/interest.html>

Article: “A 30-Day Challenge: Don’t Spend”

– Read about a family who pledged to buy nothing for 30 days.

<http://articles.moneycentral.msn.com/SavingandDebt/LearnToBudget/A30DayChallengeDontSpend.aspx>

Audio Podcasts from ELLLO –

Also includes text and an online quiz for each topic:

- **Saving Money:** Listen to six people from around the world talk about whether they are good at saving money; available at <http://www.ello.org/english/Mixer/22-SaveMoney.html>.
- **Cash or Credit?:** Two people discuss whether they use cash or credit to buy things; available at <http://ello.org/english/0751/T796-Anita-Credit.htm>.
- **Waste of Money:** Listen to six people from around the world talk about what they waste money on; available at <http://www.ello.org/english/Mixer/31-WasteMoney.html>.

Just for Fun

Songs about money:

<http://www.businesspundit.com/30-best-songs-about-money/>

Quotes about money:

<http://www.quote花园.com/money.html>

2. Invite them to share with their group or the class their overall financial plan for the rest of this year and to respond to the following:
 - What did you learn about your spending habits?
 - What changes will you make?
 - What are your savings goals?

The class or groups should listen and take notes, then discuss the financial plans that were presented.

3. Ask students to respond in writing to these questions:
 - Which tools were best for you?
 - How have your ideas about money changed?
 - Do you think you will be able to stick to your new budget? How?
 - What is still confusing?

DEVELOPED BY **DENISE MADULI-WILLIAMS**,
ESL INSTRUCTOR AT CITY COLLEGE OF SAN FRANCISCO

STUDENT HANDOUT A

“Family Takes Frugality to the Extreme” Listening Guide

http://marketplace.publicradio.org/display/web/2009/07/03/pm_frugality/

Before Listening

Look at the title and read this introduction:

“People are taking more hard-line measures as they look to drop debt. Maine-based author W. Hodding Carter and his family are taking this idea to the extreme for an entire year and documenting it all on Gourmet.com.”

Predict what you will hear in this commentary. List three things you think you will hear:

1.
2.
3.

Listening for Main Ideas

Listen the first time and respond to the question: What prompted the Carter family to “get frugal”?

Listening for Details

Now listen again—take notes and answer the questions below.

- List a few of the ways in which the Carter family was overspending.
- What had been the Carter family’s combined income per year for the last 10 years?
- How much had they been spending per year?
- What was left each month after their major expenses?
- What are some things they are doing to save money?

Vocabulary

Listen for the following phrases. What do you think they mean?

- *We pulled this off.*
- *We’re no longer afraid of the other shoe falling.*
- *We’re finally living within our means.*

Making It Personal

Discuss your opinion with your partner or a small group.

- What do you think of the main idea of this commentary?
- Why do you think people live “beyond their means”? Do you? Explain.
- Could you do what the Carter family is doing? Why or why not?

STUDENT HANDOUT B

Home Budget Analysis Tool

<http://marketplace.publicradio.org/toolbox/calculators/HomeBudget.html>

View this sample online or use a printed copy.

Monthly Expenses: Click on EXPENSES CALC

Total monthly expenses \$2,747.00

Monthly house expenses

House Payment:	\$700.00	Home maintenance:	\$50.00
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Monthly loan payments

Auto Payment:	\$275.00	Auto Payment 2:	\$0.00
Credit Card Payments:	\$150.00	Bank Service Charge:	\$12.00

Monthly insurance expenses

Auto Insurance:	\$95.00	Life:	\$25.00
Health:	\$50.00	Home:	\$50.00

Monthly utilities

Electric:	\$110.00	Gas:	\$0.00
Sewer and water:	\$25.00	Cable:	\$35.00
Telephone:	\$100.00	Internet:	\$20.00

Other monthly expenses

Food:	\$275.00	Auto gas and maintenance:	\$75.00
General Merchandise:	\$200.00	Donations:	\$0.00
Travel and Entertainment:	\$50.00	Gift Expense:	\$50.00
Child care expense:	\$350.00	Medical:	\$50.00
Other expenses:	\$0.00		

Examine the monthly expenses and answer the questions below.

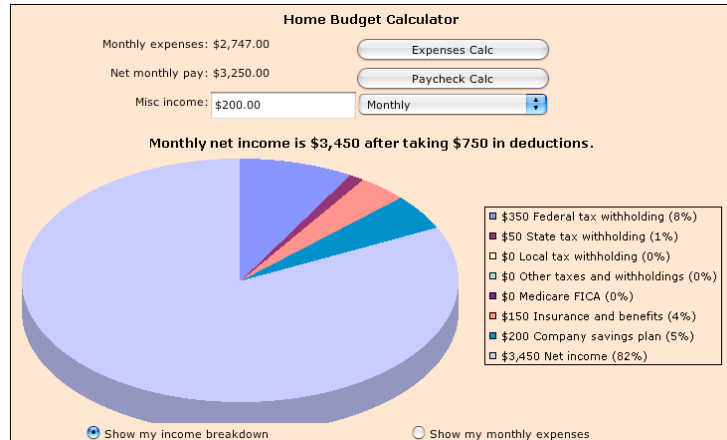
1. How much are the combined monthly house expenses?
2. Which insurance expense costs the most?
3. How much is the Internet expense?
4. Does this family have children?
5. How much is spent on food?

Monthly Expenses: Click on PAYCHECK CALC

Total net paycheck is \$3,250.00

	You	Your Spouse
I am paid:	Monthly	Monthly
Gross amount paid:	\$4,000.00	\$0.00
Federal tax withholding:	\$350.00	\$0.00
State tax withholding:	\$50.00	\$0.00
Local tax withholding:	\$0.00	\$0.00
Other taxes and withholdings:	\$0.00	\$0.00
FICA:	\$0.00	\$0.00
Medicare:	\$0.00	\$0.00
Insurance and benefits:	\$150.00	\$0.00
Company savings plan:	\$200.00	\$0.00

Analysis: Click SHOW MY MONTHLY EXPENSES



Now view the pie chart to see the budget breakdown.

1. Where does most of the money go?
2. What is only 6 percent of the total monthly expenses?
3. How much is available for savings?

Discussion

- Was there anything surprising about this home budget analysis?
- How can creating a budget help?
- Do you think your budget will be similar to or different from the sample?

Do It Yourself!

Use the Home Budget Analysis Tool to create your own budget. Input data for your expenses and income, following the steps below.

1. Go to <http://marketplace.publicradio.org/toolbox/calculators/HomeBudget.html>
2. Click on EXPENSES CALC
3. Input your expenses
4. Click on PAYCHECK CALC
5. Input your income
6. Click below the pie chart SHOW MY INCOME BREAKDOWN
7. Click below the pie chart SHOW MY MONTHLY EXPENSES

Now analyze your budget by thinking about, writing or discussing with a group the following:

- How much savings do you have available?
- What are your biggest monthly expenses?
- Which expenses are fixed?
- Which expenses do you think are variable?
- What was surprising when you looked at your budget analysis?
- Think about changes you could make to increase your available savings.

STUDENT HANDOUT C

Savings Goals Calculator

<http://marketplace.publicradio.org/toolbox/calculators/Savings.html>

1. Look at your list of short-term and long-term savings goals. Choose two of each to calculate.

Short-Term Goals

Item	Cost

Long-Term Goals

Item	Cost

2. Go to the **Savings Goals Calculator** at <http://marketplace.publicradio.org/toolbox/calculators/Savings.html>. Input your goal, the amount you need to save to achieve your goal and how much time you want to take to save that amount. Record your results on the chart.

Goal	Total Cost	Monthly Saving	Time to Save

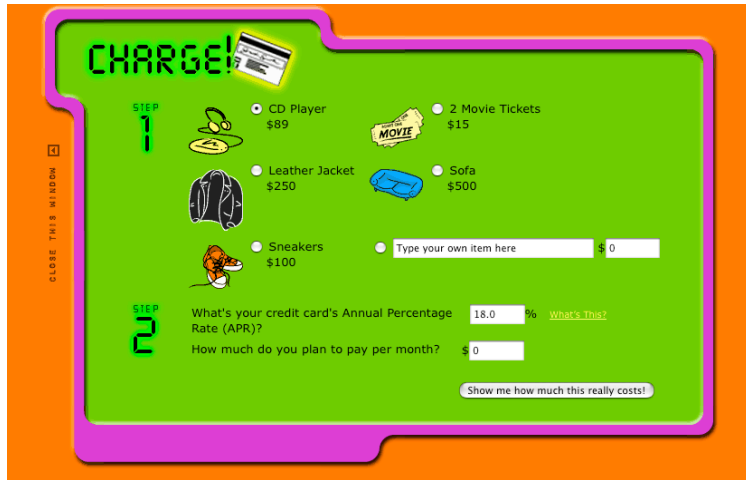
3. Reflection

- Are you satisfied with your results?
- Was anything surprising?
- Share your findings with a partner or in a small group.

STUDENT HANDOUT D

Just Charge It! Worksheet

<http://senseanddollars.thinkport.org/games/charge/home.html>



1. Go to <http://senseanddollars.thinkport.org/games/charge/home.html>.
2. Follow the steps to select an item, type in your credit card's APR and how much you will pay each month.
3. Then click SHOW ME HOW MUCH THIS REALLY COSTS
4. Record your answers in the chart below.

Item	Cost	Time to Pay Off	Total Cost of Item
CD player			
Two movie tickets			
Sofa			
Leather jacket			
Sneakers			
Other _____			

Discussion

Share your answers with a partner or in a small group.

- What did you find?
- What was surprising?
- What did you learn?
- How do you feel about using credit cards now?

SURVEY: KQED would love to hear from you.

Send results to MEINHORN@KQED.ORG

Just tell us which lesson/activity you used and tally the total number of correct responses pre and post lessons/activities.

Budgeting – What to Spend and How to Save

Pre- and Post-Assessment Questionnaire

DIRECTIONS: CIRCLE THE CORRECT ANSWER

1. Which category does **DVD rental** go under?
 - a. childcare
 - b. transportation
 - c. entertainment

2. Which of the following is an example of a **long-term savings goal**?
 - a. buying lunch
 - b. buying a house
 - c. buying movie tickets

3. Which of the following is a **fixed expense**?
 - a. travel
 - b. utilities
 - c. groceries

4. **“Frugal”** means
 - a. the total amount of income
 - b. an expense that cannot be changed
 - c. careful to buy only what is necessary

5. Look at the budget below. What is the largest **variable expense**?

Total monthly expenses \$2,747.00	
Monthly house expenses	
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Monthly loan payments	
Auto Payment: \$275.00	Auto Payment 2: \$0.00
Credit Card Payments: \$150.00	Bank Service Charge: \$12.00
Monthly insurance expenses	
Auto Insurance: \$95.00	Life: \$25.00
Health: \$50.00	Home: \$50.00
Monthly utilities	
Electric: \$110.00	Gas: \$0.00
Sewer and water: \$25.00	Cable: \$35.00
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