

Instructional Scenario



Demonstrating Knowledge of Personal Financial Planning

Budgeting for Life: Planning for the Unexpected

Course: Economics and Personal Finance

Scenario:

Barbara is a member of the marching band and a sophomore at JA Enterprise High School. She has a part-time job working 20 hours a week at the supermarket for \$5.15 an hour. Her gross monthly income is \$732.00, and her take-home pay is \$529.60 a month. In her spare time, Barbara babysits for her neighbor, earning approximately \$90.00 monthly.

Barbara's parents gave her a used compact car, and Barbara pays her own insurance, which is \$110.00 a month. Her gas and minor car repairs usually run \$75.00 a month.

In three weeks, Barbara will be giving a surprise birthday party for her best friend Regan. This party will cost Barbara \$60.00, but she also plans to buy \$50.00 worth of clothes to wear to the party, and her gift for Regan will cost \$40.00.

Barbara has to repair her broken iPad and the repair will cost \$79.00. She also needs to start saving for Christmas, which is in four months, and she usually spends around \$150.00 on presents for her family and friends.

Even though Barbara's parents have promised to help pay for her college tuition, she knows she will have to pay for her room, board, and books. Room and board will cost her \$650.00 for each semester after grant funds are applied at the state university, and her books will cost about \$300.00 for each semester.

Big Question: How will preparing and maintaining a budget be beneficial?

Focused Questions:

1. What is the importance of a budget?
2. Who determines what and how much to budget?
3. What are some implications of not sticking to a budget?
4. What are some benefits of sticking to a budget?
5. How often should a budget be reviewed and updated?
6. What is Barbara's net monthly income?
7. How much are Barbara's regular monthly expenses?
8. How much will Barbara need to save each month for the next four months if she wants to have enough money to do her Christmas shopping?

Project-Based Assessment:

Katie’s Planned Income

Katie works part time at a bookstore and part time for a veterinarian. Her net monthly income (NMI) from the bookstore is \$500.00 and her NMI from the veterinarian is \$900.00.

Using this information, record Katie’s planned and actual budget figures in the respective columns below. Finally, compare the two budgets and complete the three questions on the last page.

Katie’s Planned Expenses

\$175.00 – Rent (Shared apartment)	\$ 60.00 – Clothing
\$200.00 – Car Payment	\$100.00 –Post-Secondary Training Vocational School
\$240.00 – Car Insurance	\$ 50.00 – Entertainment
\$ 50.00 – Gas	\$ 50.00 – Personal/Household Items
\$100.00 – Food	

Katie’s Actual Income

In addition to her NMI, Katie earned an additional \$50.00 for working overtime.

Katie’s Actual Expenses

\$175.00 – Rent (Shared apartment)	\$ 30.00 – Birthday Present
\$200.00 – Car Payment	\$185.00 – Car Repairs
\$240.00 – Car Insurance	\$ 90.00 – New Sneakers
\$ 60.00 – Gas	\$ 60.00 – Entertainment
\$140.00 – Food	\$ 80.00 – Personal/Household Items
\$ 20.00 – Parking and tolls	\$160.00 – Speeding Ticket

Budget Work Sheet

	Planned	Actual	New Budget
Monthly Income:			<i>Read instruction #3 below</i>
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Total NMI	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
<i>Write the budget categories from above in this column</i>	Expenses		
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.

Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.
Total Monthly Expenses	\$Click here to enter text.	\$Click here to enter text.	\$Click here to enter text.

1. **What is the dollar difference between Katie’s planned expenses and her actual expenses?** Click here to enter text. **Why is there a difference?** Click here to enter text.

2. **According to the actual column, in what areas did Katie over spend?** Click here to enter text.

3. In the **“New Budget”** column, create and total a new budget using the information below. Use her actual NMI to budget from; your new total monthly expenses should not exceed this amount.
 - a. Katie has found that her monthly food expense has increased to \$150.00 a month. Due to Katie receiving a speeding ticket, her monthly car insurance rate has increased to \$325.00/month. She must pay this amount in addition to her monthly car payment. As a safety precaution, Katie added renter’s insurance and now pays \$100.00 each month for the insurance - in addition to her rent. Additionally, Katie would like to begin saving to purchase Christmas presents for her family and friends and begin vocational school. The cost of post-secondary training is \$100.00, and Katie would like to save 200.00 a month. Create budget amounts for the other categories not mentioned above using your own numbers; do not exceed your total income.

Resources:

1. [Budgeting 101: How to Budget Money](https://www.nerdwallet.com/article/finance/how-to-budget)
https://www.nerdwallet.com/article/finance/how-to-budget
2. [Budgeting Basics! \(video\)](https://www.youtube.com/watch?v=sVKQn2I4HDM)
https://www.youtube.com/watch?v=sVKQn2I4HDM
3. [Personal Monthly Budget](https://docs.google.com/spreadsheets/d/1YIGTsomx1Y47jdc9HMdV4iVLP9vtZEcnJZQWHLTc1jk/edit#gid=0)
https://docs.google.com/spreadsheets/d/1YIGTsomx1Y47jdc9HMdV4iVLP9vtZEcnJZQWHLTc1jk/edit#gid=0

Instructional scenario submitted by Fahryka Elliott, Educational Specialist, Henrico County Public Schools, 2022.

Instructional Scenario

Demonstrating Knowledge Of Planning For Living And Leisure Expenses



Car Buying: New, Used, or Leased?

Course: Economics and Personal Finance

Scenario:

Emily is trying to decide whether to buy a used pickup truck or a new one. The used truck costs less, but Emily is concerned it will need a lot of costly repairs because it's an older model. The new truck will likely have higher insurance costs and a larger monthly payment. Based on your spending experience and personal knowledge, what would you recommend to Emily?

Big Question: What considerations factor into making financial decisions?

Focused Questions:

What criteria do people use when they make spending decisions?
How is my financial decision-making process different from others?
What is a certified used car?

Project-Based Assessment:

Students research a used vehicle and a new vehicle of their choice. Students will list the pros and cons and use a payment calculator to estimate the monthly car payment for each vehicle.

Step 1: Build and price a new car of your choice

- A. Go to a car website site of your choice and build your car or truck
- B. List everything you want in your vehicle
- C. Include a picture
- D. Examine the warranty (How long does it last? How much does it cost for an extended warranty?)
- E. Include final price
- F. Calculate your monthly payment- <https://www.cars.com/car-loan-calculator/>

Step 2: Visit a website that sells used cars (e.g., [AutoTrader](https://www.autotrader.com/), <https://www.autotrader.com/>)

- A. Find a vehicle similar to the one you designed
- B. Estimate how much the used version will cost
- C. Include a picture
- D. Examine the warranty (How long does it last? How much does it cost for an extended warranty?)
- E. Include final price

F. Calculate your monthly payment- <https://www.cars.com/car-loan-calculator/>

Step 3: Find a leasing deal for the car of your choice

- A. State the terms of the lease, including your monthly lease payment
- B. Include a picture
- C. Examine the warranty (How long does it last? How much does it cost for an extended warranty?)

Resources:

[Find financial literacy activities](#), Consumer Financial Protection Bureau

[Money Smart for Young People](#), Federal Deposit Insurance Corporation

[Equipping Educators, Educating Students, and Empowering Consumers](#), Federal Reserve Education.Org

Instructional scenario submitted by Elisa Bradford, Skyline High School, Warren County Public Schools, 2022.

Instructional Scenario

Demonstrating Knowledge of Income Earning and Reporting



"What kind of job do I need?"

Course: Economics and Personal Finance

Scenario: You are considering employment options for the summer after your senior year. You have a driver's license, so getting to work isn't an obstacle. Friends have shared about the jobs they've been working.

- **Friend 1:** "I work part-time at a Panera. My manager sets my hours weekly, and I need to show up at those times. There's always my boss around to help me if something goes wrong in the store. I can work there as long as I want, and I plan to work there while attending school this fall. Make sure to bring a check when applying. I had to fill out a W2 when I got the job. "
- **Friend 2:** "I was looking for a stable job to last me for at least a year. I've been working full-time at the local Costco. I have weekly shifts scheduled, and need to be there for my shifts. I get full employment benefits from them, and can stay as long as I want as I figure out what I want to do. If you apply, be sure to bring a check with you. I had to fill out a W2 when I got the job."
- **Friend 3:** "I'm just looking for a way to get some cash for pizza and concert tickets this summer; I'm not planning to stay around for long. The local pizza store is letting me do some delivery work under the table. I show up on busy nights, and the owner pays me in cash at the end of the week. There wasn't really any paperwork; we just shook on the agreement."
- **Friend 4:** "I've been working really hard at selling my homemade cookies – I'm even considering renting a little bakery space to expand! I work whenever I want, and I'm my own boss, but soon I'll need an accountant to help me fill out a 1099 income tax form."

Big Question:

What are the types of employment arrangements described by the four friends? What are the implications for benefits, protections, and long-term financial sustainability?

Focused Questions:

1. What are other examples of employment arrangements?
2. What are the key differences between the four arrangements described above?
3. What are the differences in the two tax forms – the W2 and the 1099 – mentioned?
4. Which one of these jobs would you most like to do? Why? Which one would offer the most flexibility, security, and long-term benefits?

Instructional scenario submitted by Grace Wheaton, Senior Policy Analyst, Virginia Department of Housing and Community Development (DHCD), 2022.