

Tips For Teens

Intended Audience:

- Teens looking for financial assistance (ages 13-18)

Lesson Objectives:

Participants will:

- Understand the concept of the 50-30-20 Rule
- Be able to tell the difference between wants and needs
- Apply budgeting concepts to personal spending habits

Time: 45-60 Minutes

Equipment & Handouts:

- Lined paper
- Index cards
- Pencils
- Calculators

Do Ahead:

- Review lesson.
- Gather supplies.
- Know vocabulary and concepts

Sources:

- OSU Extension Professionals

Basic Budgeting for Teens

BACKGROUND & OUTCOME

Acquiring knowledge about finances at a young age can be extremely helpful across a person's lifespan. The ability to budget monthly expenditures is a valuable tool that teens can utilize to become more money wise with spending and saving. This activity will provide tips to assist teens in developing an understanding about prioritizing expenditures into wants and needs. In addition, this activity will help in learning to save money for future needs.

Objectives of this session:

- Demonstrate ability to plan out a monthly budget with a set income.
- Understand the difference between a want and a need.
- Apply the 50-30-20 rule to personal budget.
- Understand how budgets can easily be broken and fail.
- Apply budgeting goals and tips to personal life to become more financially stable.

Note: Arrange the room so participants are facing the presenter and presentation area.

WHAT TO DO**Anchor: (5 minutes)**

Start by asking what the difference between wants and needs are. Have a participant volunteer to answer the question by giving an example of both, then ask the group for additional examples. Lastly, ask the participants if they are aware of how much they have spent on their "needs."

Pre-Activity Discussion:

Demonstrate and discuss methods to form and maintain a monthly budget, ways budgets are commonly broken, and the advantages of keeping a budget maintained. Explain the 50-30-20 rule (50% Needs, 30% Wants, 20% Debt Payments/ Savings) and see if they could maintain a budget with their financial habits off a \$1,000 monthly income.

Activity: (25 minutes)

- Today we are going to make a budget plan using the 50-30-20 rule and see if that budget will work with your monthly spending and saving habits.
- Let's assume your monthly income is \$1,000. Use the 50-30-20 rule to see if your spending and saving habits could get you through the month.



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Activity Continued:

- Use the 50-30-20 Rule as a guideline and explain how the numbers can be slightly altered. (Put more than 20% in savings if you do not have a lot of needs to attend to).
- Start by having participants identify everything they bought within the last month. Have them include the price if they know it, if not estimate the price. Write these down in a list or table format.
- Next, identify if the purchase was a want or a need. Some items could be classified as both (i.e., clothes) and can be a need but can also be a want.
- Total up all the expenses into two categories: wants and needs. Find the remaining money they did not spend. Remind participants of \$1,000 budget.
- Have participants tally totals and calculate the percentage of both their expenses (divide each expense category by 1,000) to see how close they were to the 50-30-20 rule.
- Ask participants to share how much they went over or under each category, and then have them reflect on their spending.

Apply: (10 minutes)

This is an example of how to create a monthly budget with a fixed income. Notice, as budget was calculated, the group thought about:

- The difference between wants and needs.
- What money was spent on and if it was effective spending or not.
- The importance of saving.

What additional things should we consider as we get ready to create this budget? Ask for a participant to share. Additional talking points can be pointed out:

- How much money are our parents providing?
- Do I have a source of income?
- What expenses can I expect in the next month? Next year?
- When is it or is not okay to splurge and spend more on wants?
- Do you have money set aside in case of emergencies?

Away: (5 minutes)

As you reflect on monthly spending habits, think about how this coming month you could save money, or increase your income to have more money to spend.

Evaluation: (5 minutes)

Have each of the participants fill out an index card to answer the following questions:

- 1) How helpful did you find this lesson?
- 2) After hearing this lesson, do you look at your spending habits any differently? How so?
- 3) Will you be implementing any changes to your spending habits?
- 4) Would you recommend this lesson to other people around your age?