

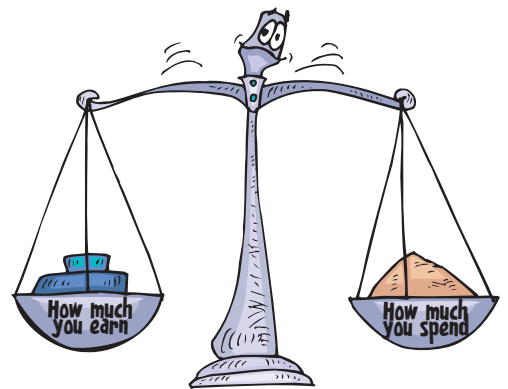
Junior Achievement *\$ave, USA*

Budget Your Money

High School Lesson

A budget is like a balance scale. The two sides must be equal, or the balance is tipped. A balanced budget means you don't spend more than you earn.

It's easy to be tempted to overspend; there are so many neat things to buy: DVDs, skateboards, video games, clothes, fashion accessories. The list is endless, and the ads are so appealing. One of the best ways to keep yourself from overspending is to make a list of your earnings and then create a spending plan that helps you stay within your limit. Here's an example:



Earnings per week

(to make things simple, taxes already have been subtracted):

Part-time job at grocery store	\$140
Babysitting on weekends	\$50
Gifts from relatives	\$20
Allowance	\$10
Total	\$220

Activity for High School

Based on earnings of \$220 per week, how would you balance your budget? Fill in the blanks below, allocating expenses in a way that does not exceed \$220.

Expenses per week:	
Food (groceries and eating out)	_____
Transportation (car expenses and/or public transportation)	_____
Clothing (don't forget dry-cleaning bills)	_____
Music (CDs and concerts)	_____
Entertainment (movies, video rentals, travel)	_____
School supplies (from pencils to printer ink)	_____
Savings (set aside 10% from each paycheck)	_____
Charity	_____
Total	\$220.00

Answer the following questions:

1. If your favorite music group was coming to town for a concert, and you decided to spend \$45 for a ticket, how would you adjust your other expenses?

2. If you had to construct a model for a school project and the supplies cost \$37, how would you modify your budget?

3. If you needed to buy a winter coat priced at \$125, what would you have to give up in another area to pay for it?

Each decision you made above involved an “opportunity cost.” An opportunity cost is the next best alternative given up when a choice is made. Every budget involves opportunity costs; the important thing to remember is that you can’t have everything you want. You have to make choices.

To find out if you could really live within the budget above, track your own expenses for a month and divide by four for a weekly average. Be sure to count every penny you spend, from a package of gum to a new TV. What’s the verdict? Could you live on \$220 a week?

When someone gives you money for your birthday, or your uncle pays you \$5 for helping him wash his car, that’s called income. Some income is earned, like the car-wash money, and some income comes from gifts, like a birthday check. Either way, you can use the money to buy the things you want, but you can’t spend more than your income. If you don’t spend more than you have, you’ve successfully balanced your budget.



About JA Worldwide® (Junior Achievement)

Junior Achievement is the world’s largest organization dedicated to inspiring and preparing young people to succeed in a global economy. Through a dedicated volunteer network, Junior Achievement provides in-school and after-school programs for students which focus on three key content areas: work readiness, entrepreneurship, and financial literacy. Today, 137 individual area operations reach more than four million students in the United States, with an additional five million students served by operations in 123 other countries worldwide. For more information, visit www.ja.org.