



Living on a College Budget

Lesson plan

Items Needed

- Copies of OKMM's *Your Money Matters* college guide for each student.
- Copies of "Susie Smith's Spending Profile."
- Access to OKMM's interactive online budgeting calculator (optional).

Opening Activity/Dialogue

- What expenses are necessary while you're in college?
- Why are budgets beneficial?
- Why do people find it hard to stick to a budget?
- What budgeting methods have you heard of? How many methods have you tried?

Content

The answers you receive from the lead-off questions will tell you a lot about how your students view and value budgeting as a smart financial tool. Many students may feel frustrated with budgeting because they've tried to manage their money before and feel they've failed. Sometimes budgeting is a trial and error process, but when they find a method that truly fits their lifestyle, it will make it easier to plan ahead, monitor spending and prioritize wants and needs.

Despite how they feel about this often underestimated tool, through this lesson you'll show them:

- How writing down their income and expenses will help them spend their money wisely.
- The importance of distinguishing their wants from their needs.
- Proven budgeting methods.
- How to customize a spending plan to fit their lifestyle.

Use the content and resources on pages 2, 3, 4 and 5 of the *Your Money Matters* college guide to educate your students about the basics of living on a college budget and creating a spending plan. Ask your students the following questions for feedback or comments.

- Which of the "Make Your Money Matter" tips on pages 2 and 3 would be easiest to implement? Which ones would be more difficult?
- Of the budgeting methods described, which ones would you like to try? What are the pros and cons of each?
- What money-savings tips could you incorporate to reach your financial goals?

Teacher's Note: Your students may resist the idea of creating a spending plan to help them manage their finances. They may think budgeting is too hard, or too boring, or they may be scared to see how little money they have to work with. Encourage them to focus on the positives rather than the perceived negatives. A spending plan is much like the syllabus they were given at the beginning of the semester. It serves as a guide to help them stay on the right path. Once they realize that they're in control of determining their wants and needs and prioritizing how they handle them, they may actually find that budgeting isn't restrictive, it's empowering!

Application

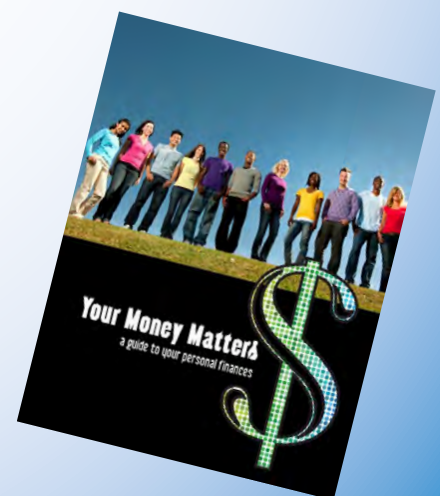
Now that your students are familiar with the basics of budgeting, divide them into small groups and distribute "Susie Smith's Spending Profile." Ask your students to review Susie's story, then customize her budget by eliminating spending categories, adding categories or reallocating funds to help her save money. Once finished, ask a team representative to share the edits they made, explain the reasons for each and share how much Susie saved because of their changes. If time allows, let class members discuss the proposed changes and offer suggestions to create an even better spending plan for Susie.

Teachers note: It's important to emphasize that while each group offered different solutions to Susie's budgeting situation, there's truly no right or wrong answer. Everyone has different spending priorities that will ultimately influence how and where they spend their money. This exercise allows students to look critically at how someone else has chosen to handle their personal finances. Hopefully after completing this exercise, your students will be able to look at their individual financial situations with a new perspective and make adjustments where needed.

Additional Activity

Ask students to visit **OklahomaMoneyMatters.org** to explore the Living on a College Budget self-paced, online learning module to learn more about successfully managing their money while in school. Once they feel comfortable with the basic concepts of creating a customized budget, encourage them to use the interactive budget calculator to create their own college spending plan.

To request classroom copies of Oklahoma Money Matters' College *Your Money Matters* guide, call 800.970.OKMM or email **OklahomaMoneyMatters@ocap.org**. To learn more about OKMM, visit our website, **OklahomaMoneyMatters.org**



Susie Smith's Spending Profile

- Susie is a sophomore History major who lives off campus with her roommate, Mary. They share many household expenses like groceries, utilities and Internet Service.
- Susie is an assistant manager at a local coffee shop. She earns \$8.25 per hour and after state and federal taxes, brings home about \$800 per month.
- She has to wear khaki pants and a nice collared shirt to work so she budgets for both casual and professional clothing.
- Her mother helps her with her car payment, auto insurance and fuel each month. She's able to stay on her parent's insurance until she turns 25.
- Susie pays for a monthly gym membership.
- Susie charged her first semester's tuition to her credit card and is now paying that off. She budgets for more than the minimum payment each month and tries to pay even more than that when she can.
- After her first semester, she applied for a student loan that helps her pay tuition and leaves about \$1,000 each semester for books, supplies and living expenses.
- Susie saves any extra money she has to buy a used guitar so she can start a band.
- Susie budgets \$10 per month for car maintenance. Every three months she has enough money for an oil change.
- Although she loves animals, Susie has decided against owning a pet because her apartment's pet deposit is so expensive.
- She runs a moderately popular fashion blog and subscribes to Cosmopolitan magazine every year. It costs her \$24 for a one-year subscription, so she budgets \$2 per month to cover the cost.
- When she's not catching up on the latest fashion trends, she enjoys spending a nice evening out with her boyfriend. They often go out for dinner and catch a movie.
- Susie tithes about 6% of her income to her church every month.

Susie's Spending Plan



INCOME	Expected Monthly Amount	Actual Monthly Amount	Difference (Actual minus projected)
Wages (after tax)	\$800.00	\$800.00	\$0.00
Investment Income	\$250.00	\$256.36	\$6.36
Misc. Income	\$200.00	\$200.00	\$0.00
TOTAL INCOME:	\$1,250.00	\$1,256.36	\$6.36

EXPENSES	Budgeted Monthly Amount	Actual Monthly Amount	Difference (Actual minus projected)
INVESTMENTS/SAVINGS			
College Fund			
Emergency Savings	\$30.00	\$30.00	\$0.00
Short-term Savings	\$20.00	\$20.00	\$0.00
401(k) (pre-tax)			
Traditional or Roth IRA			
Other Investments			
HOME			
Mortgage or Rent	\$300.00	\$300.00	\$0.00
Insurance			
Property Taxes			
Home Repairs			
UTILITIES			
Electricity	\$50.00	\$62.00	-\$12.00
Water and Sewer	\$15.00	\$16.55	-\$1.55
Natural Gas	\$75.00	\$55.00	\$20.00
DEBT PAYMENTS			
Student Loans			
Credit Cards	\$25.00	\$45.00	-\$20.00
Other Loans			
FOOD			
Groceries	\$100.00	\$96.22	\$3.78
Dining Out	\$30.00	\$45.00	-\$15.00
FAMILY OBLIGATIONS			
Child Support			
Day Care			
Babysitting			
HEALTH & MEDICAL			
Insurance			
Co-Pays			
Fitness	\$25.00	\$25.00	\$0.00
SUBTOTAL	\$670.00	\$694.77	-\$24.77

EXPENSES	Budgeted Monthly Amount	Actual Monthly Amount	Difference (Actual minus projected)
TRANSPORTATION			
Car Payment	\$100.00	\$100.00	\$0.00
Gas	\$50.00	\$74.88	-\$24.88
Auto Repairs			
Maintenance	\$10.00	\$0.00	\$10.00
Insurance	\$50.00	\$50.00	\$0.00
COMMUNICATIONS			
Telephone/Cell Phone	\$50.00	\$51.00	-\$1.00
Internet Access	\$20.00	\$20.00	\$0.00
CLOTHING			
Casual	\$50.00	\$30.00	\$20.00
Professional	\$40.00	\$20.00	\$20.00
Special Occasion			
ENTERTAINMENT/RECREATION			
Cable TV	\$60.00	\$60.00	\$0.00
Movies/Movie Rentals	\$20.00	\$19.50	\$0.50
Hobbies			
Magazine Subscriptions	\$2.00	\$2.00	\$0.00
Organizational Dues			
Vacations			
PERSONAL CARE			
Toiletries	\$10.00	\$9.58	\$0.42
Grooming	\$15.00		\$15.00
PETS			
Food			
Grooming			
Vet Services/Boarding			
MISCELLANEOUS			
Household Items	\$10.00	\$7.00	\$3.00
Charitable Giving	\$50.00	\$50.00	\$0.00
Gifts	\$25.00	\$15.00	\$10.00
SUBTOTAL	\$562.00	\$508.96	\$53.04
TOTAL EXPENSES	\$1,232.00	\$1,203.73	\$28.27