

Lesson 1: Basics of Budgeting

GUIDING QUESTIONS

- ❶ What is the purpose of budgeting?
- ❷ Why should I budget my money?
- ❸ Why should I care about the federal government's budget?

OVERVIEW

Effective budgeting is a powerful tool for individuals, businesses, organizations, and governments to connect resources with priorities, make informed decisions, and achieve meaningful long-term goals.

In this lesson, students learn about key concepts in personal finance and participate in a budgeting exercise based on various fictional scenarios. Afterward, students discuss the federal government's budget and the importance of being an informed and engaged citizen.

LEARNING OUTCOMES

By the end of the lesson, students can:

- explain the basics of budgeting and the value in financial planning;
- practice budgeting through a personal finance activity;
- analyze the importance of being knowledgeable about the federal government's budget;
- assess why citizens should participate in budget or government consultations.

Starter

Begin with an opening conversation about planning for and managing money.

Ask students if they have ever had to make a plan for how they would save or spend an amount of money. Suggested prompts:

- Have you ever saved up for something like a video game, a bike, or a new pair of shoes? How did you plan to save the money? Did you reach your goal?
- When you received money or a gift card for your birthday or during the holidays, did you plan how to spend it? What factors guided your decisions?

Essential Learning

Review some of the basic concepts in budgeting and personal finance.

1. Watch the 'Budgeting 101' video and ask students to write down the keywords they hear in the video.
 - **Income** is any money you earn or receive.
 - **Expenses** are the things we spend money on such as food, clothes and trips.
 - A **budget** is a plan for how to spend and save your money. Usually, we do not have enough money to do everything we want, so we need to set priorities, which includes analyzing our needs and wants to create a budget.
 - **Needs** are essential things people must have to survive, such as food, clothing, and shelter.
 - **Wants** are things that are nice to have or that we find enjoyable but are not necessary for living, earning money, or protecting what you have.
2. Distribute copies of Activity 1.1: Needs vs. Wants. In pairs, have students put each expense under the appropriate heading.

Activity

In this perspective-taking game, students will create a personal budget based on a fictional character and scenario.

1. Divide students into groups and provide each group member with a copy of the 'Personal Budget Plan' (Activity 1.2) and one of the financial scenarios from Handout 1.3. All group members should have the same scenario.
2. Prior to the task, take students through an example of how to use the 'Personal Budget Plan' (Activity 1.2) using an overhead projector or Smartboard.

Teacher Note: Review some average cost estimates for your local area (e.g., rent, transit, food) or use national estimates (Handout 1.4) to provide students with a more realistic sense of potential expenses.

3. Using the character/profile assigned, students should individually plan their monthly expenses according to the money they have to work with for their scenario. While some expenses are fixed, others will be left for students to determine.
4. Afterward, have students share their spending choices with the rest of their group. As an extended activity, consider asking students to work on a group budget for their fictional scenario.
5. Debrief on the activity as a class. Guiding questions:
 - Was it challenging to budget your money? Were you able to save money or would you have to borrow money to meet your wants/needs?
 - Why do you think it's important to focus on needs first when creating a budget?
 - What are the possible consequences if you do not budget your money?

Discussion

1. Watch the '[How Does the Federal Government's Budget Impact You?](#)' video, and review the following key points about the federal budget process and the Student Budget Consultation.

- Every year, the Government of Canada prepares its budget, outlining its priorities and determining how best to tackle current issues and serve Canadians. The budget is typically released in March or April.
- As part of the budgeting process, the Government consults with citizens, stakeholders, economists, and opposition parties to hear their views and recommendations.
- Young Canadians have been invited to participate in the 2025 Student Budget Consultation and provide their opinions on various issues and policies. The feedback collected by CIVIX will be shared with the Department of Finance and the opposition parties in the House of Commons, so they can see what matters to young Canadians.

2. In small groups, ask students to discuss one or both questions using the *Put Your Two Cents In* discussion protocol.

- Is it essential to pay attention to the federal budget? Why or why not?
- Should the government be consulting with young people about the budget, or any other government decision? Why or why not?

a) Provide students each with two tokens (e.g., coin, chip, small item). Let them know that each token represents an opportunity to speak. Each group member will speak twice – once to share their own idea, and once to respond to someone else's idea. Remind them to listen attentively to others.

b) Divide students into groups of four. Each student should take a turn putting a token into the centre of the table and sharing an idea.

c) Once everyone has had a turn, each student puts their second token in the middle of the table and responds to something someone else has said. Consider providing a few sentence stems, such as "I agree with ____ because..." or "I would like to add something to what ____ said..." or "I appreciated ____'s comment because it made me realize that..."

d) (*Optional*) Debrief on the activity. How did you find the experience of listening to others? Were you able to focus on the speaker? Was it challenging to hold your thoughts until everyone had spoken?

Consolidation

Ask students to fill out the *Then vs. Now* exit slip (Activity 1.4).

- I used to think...
- And now I think...