



Part 2, Module 3 & 4

The Ins and Outs of Incomes & Expenses

Where Does it All Go? Tracking Income/Expenses

Lesson Overview:

Module 4 in Part 2 of this course introduces students to the importance of knowing how much money they earn and how much money they spend. This lesson will expand on how to create and maintain a spending plan which is sometimes called a budget.

As a result of this lesson, students will:

- Compare and contrast options for managing expenses at the beginning of the semester.
- Describe various types of costs, especially the term “hidden cost” and explain how hidden costs impact a budget.
- Use the Income-Expense Tracking Worksheet.

Fixed Expenses stay the same each month. For example, your rent is a fixed expense. They are the easiest to plan for because they don't often change.

Variable expenses happen every month, but don't stay the same. For example, utility payments (electricity, natural gas and water) are often based on how much is used and, so, may vary with the seasons.

Periodic expenses or “hidden costs” often take the blame when a budget fails. Periodic expenses occur at least once a year, but not every month.

Preparation to teach this lesson:

Think back to when you were in high school or college and the methods you used to manage money. Pay attention to advertisements and media messaging about money management that are directed toward teens and young adults.

Materials you will need to teach this lesson include:

- Income-Expense Worksheets printed for each student in the class
- Chalkboard, dry-erase board, or alternative method for taking notes that all students can view

Students will need:

- A pen or pencil



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Activity 1:

Students who are new to receiving financial aid are sometimes surprised at the amount of money they receive at the beginning of a new semester of college. What can be equally surprising is the number of expenses at the beginning of a new semester. The first activity for this lesson is to brainstorm with students the expenses related to a new semester.

Introduce the topic by describing what preparing for a first semester of college might entail. Students will register for classes and possibly move in to a residence hall. Ask students to share possible expenses related to these activities. Record suggested expenses on the chalkboard.

What items have students missed? They may have remembered tuition, but what about related fees for student activities, labs, parking, or in some circumstances Orientation? College students are also responsible for purchasing textbooks and supplies. Supplies could include specific laboratory equipment for science courses, art supplies, or computer software. If a student will be living on campus, they may need to purchase a dining plan. Discuss with students related expenses that might not be obvious to fill in the gaps in your list. Help the students organized into one of the three types: Fixed, Variable, or Hidden.

Activity 2:

Hidden costs can sometimes be difficult to understand and predict. Some of the hidden costs suggested in the online learning module are: car tag/taxes, routine car maintenance (an oil change, for example), college costs you are responsible for paying, regular visits to the doctor, planned trips, holiday and other special occasion expenses. Using the same strategy as Activity 1, brainstorm other hidden costs students may encounter.

Instructor: Explain that students should allow room in their budgets to allow for hidden costs. Refer to the Income-Expense Worksheet to list and calculate hidden costs.

Variations on this lesson:

As a homework assignment, have student used the income/expense spreadsheet for 2 weeks. If this lesson is being applied with high school students still living with their parents or guardians, remind students to include all expenses related to them even if their parents are paying the bill. Students may be surprised at how quickly things like snacks, movies, and clothing add up. If this lesson is being applied with college students, have a class discussion about what students learned from monitoring their income and expenses so closely.