

Personal Finance

Business Studies, Grades 9/10, Information and Communication Technology in Business, BTT10/BTT20

Overview

Students develop an understanding of concepts and skills related to financial literacy as they learn to use productivity software to record and communicate spending decisions given a fixed budget.

Students begin with a discussion of needs and wants and then use Internet research skills to determine living expenses. Students use spreadsheet software to create a monthly budget that incorporates these expenses and write a report that outlines the rationale they used in determining the expenses.

Connections to Financial Literacy

Considering their needs and wants, students prioritize their spending decisions within the limits of a budget. Through this process, students learn about concepts of:

- income, money, earning, saving, spending, investing, budgeting, and planning ahead
- consequences of financial decisions
- how to plan for life after secondary school

Connections to Curriculum

The expectations for this course emphasize digital literacy, effective electronic research and communication skills. Students focus on developing a budget while applying effective electronic research techniques and using spreadsheet and word processing software.

The curriculum expectations addressed in each lesson are identified within the lesson plan. Full curriculum expectations with examples, can be accessed through a hyperlink within the lesson.

Considerations for Planning

The two lessons have a suggested timeline of three or four days (First lesson – one period, Second lesson – two or three periods). The due date for the assignment might be adjusted beyond this time to give students an opportunity to consolidate and reflect on their understanding.

In discussions regarding needs and wants, teachers should be sensitive to the fact that students come from varying socio-economic backgrounds. Some students may not feel comfortable sharing their own personal financial information. In these situations, teachers may prefer to use a generic profile, including income and expenses, for the class to use.

Note: In the Personal Budget assignment, students are not asked to include tuition costs. They need to realize that these costs most likely would be incurred when registering for the program and that they would have to plan for how they would cover these costs. They consider the following questions:

- What will your tuition costs be?
- What additional income might you require to cover tuition fees, e.g., summer job?

Further areas for discussion include: tax implications, pay deductions.

An additional reference for Budgeting is available from the Investor Education Fund at <http://www.getsmarteraboutmoney.ca/en/managing-your-money/planning/budgeting/Pages/default.aspx>

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Using Software to Record Personal Income and Spending Lesson 1

Students discuss needs, wants, and priorities, in addition to sources of income. They use a spreadsheet to record their monthly income and expenses, and to determine what they will have left over (net income).

Connections to Financial Literacy

Students list needs, wants, and sources of income and record these in a spreadsheet to calculate net income. They find and evaluate financial information from a variety of sources. Students identify relevant financial information needed to make a decision, as they work through a given scenario.

Curriculum Expectations

[Click here](#) to access expectations in full, with examples.

Productivity Software

- use spreadsheet software to perform a variety of tasks

Spreadsheet

- input, organize, and format data in a spreadsheet
- use formulas and functions to perform specific spreadsheet tasks

Learning Goals

Students will demonstrate the use of spreadsheet software to record sources of income, expenses, and personal net income.

Sample Success Criteria

- I can use a spreadsheet to record income and expenses.
- I can create a formula in a spreadsheet to calculate net income.

Planning Considerations

Readiness

Students are:

- familiar with the basic functions of spreadsheet software

Terminology

- Expenses
- Income
- Net Income
- Spreadsheet
- Financial Planning
- Budget

Materials

- Chart paper, markers
- Spreadsheet software

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Using Software to Record Personal Income and Spending Lesson 1	
Minds On	Connections
<p>Whole Class/Pairs → Considering Needs and Wants</p> <p>Use questions such as the following to help students frame their thinking:</p> <ul style="list-style-type: none"> • What distinguishes a need from a want? • What criteria should you use to determine whether something is a need or a want? • Under what circumstance might a want turn into a need? <p>Students create a list of items that they normally purchase.</p> <p>Working in pairs, students sort their lists into needs and wants. They prioritize their wants by rank ordering them.</p>	<p>A for L Observe whether students understand distinctions between a need and a want.</p>
Action!	Connections
<p>Whole Class → Considering Income and Expenses</p> <p>Pose questions to guide students' thinking about income and expenses:</p> <ul style="list-style-type: none"> • How much income do you have each week? • What are your weekly expenses? • What portion of your income can you allocate to meet your needs? • What portion can you allocate to your wants? <p>Pairs → Preparing a Spreadsheet</p> <p>Working in pairs, students create a draft spreadsheet that identifies income and expenses for a budget.</p> <p>As they draft their spreadsheet, they consider:</p> <ul style="list-style-type: none"> • What are the inputs on the spreadsheet? • What are the outputs on the spreadsheet, i.e., the amounts that are calculated? • What formulas/functions do you need to use to calculate accurate outputs? • How will you test the accuracy of your spreadsheet? <p>With the students, construct a list of criteria for creating an effective spreadsheet. Sample criteria could include:</p> <ul style="list-style-type: none"> • Effectively separates inputs from outputs • Is accurate 	

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Using Software to Record Personal Income and Spending Lesson 1	
Action!	Connections
<p>Individual → Creating a Budget</p> <p>Using the draft spreadsheet they created with a partner, students independently plan and create their own spreadsheet. They consider the question: How are income and expenses reflected in my budget?</p> <p>Students share their spreadsheet drafts with a peer, who assesses their draft on the basis of the co-constructed success criteria for an effective spreadsheet.</p> <p>They revise their drafts based on the peer feedback.</p> <p>Students submit their spreadsheets for evaluation.</p>	<p>A¹⁵ L Using the co-constructed success criteria for an effective spreadsheet, peers provide feedback and students self-assess their spreadsheets.</p> <p>A⁶⁷ L Evaluate students' understanding, using the co-constructed success criteria and evidence from their spreadsheets.</p>
Consolidation	Connections
<p>Whole Class → Group Share</p> <p>Guide the students' reflection with questions such as:</p> <ul style="list-style-type: none"> • Why is the spreadsheet an appropriate tool for completing this task? • For what other purposes could spreadsheets such as this one be used? 	

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Budgeting Concepts, Research, and Reporting Lesson 2

Students create a budget for independent living. They use the Internet and newspapers to research living expenses and then create a budget listing income, expenses, and net income.

Connections to Financial Literacy

Students learn how to plan and create a spending budget using a spreadsheet. They gain an understanding of sources of income and expenses that a student might have when living independently.

Curriculum Expectations

[Click here](#) to access expectations in full, with examples.

Digital Literacy

- apply effective techniques when conducting electronic research

Electronic Research

- use the features of a web browser to facilitate electronic research

Productivity Software

- use word processing software to create common business documents

Word Processing

- use word processing software to produce properly structured and formatted business documents

Productivity Software

- use spreadsheet software to perform a variety of tasks

Spreadsheet

- input, organize, and format data in a spreadsheet
- use formulas and functions to perform specific spreadsheet tasks
- produce spreadsheet documents to manage data

Learning Goals

Students will

- use spreadsheet software to record sources of income, expenses, and calculate personal net income
- use the Internet to research expenses to create a report that outlines the rationale for making spending decisions, using a word processor

Sample Success Criteria

- I can create a formula in a spreadsheet to calculate net income.
- I can use Internet sources to research costs of personal expenses.
- I can use the word processor to create a report outlining the rationale for my decisions.

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Budgeting Concepts, Research, and Reporting Lesson 2		
Considerations for Planning		
<p>Readiness</p> <p>Students:</p> <ul style="list-style-type: none"> • are familiar with productivity software (spreadsheet and word processing) • are familiar with Internet browsing • know how to determine which websites are accurate, objective, and current (Evaluating Internet Sources) • are familiar with the concept of opportunity costs 	<p>Terminology</p> <ul style="list-style-type: none"> • Interest • Investment • Income • Utilities • Payment plans • Fixed expenses • Variable expenses • Planned saving 	<p>Materials</p> <ul style="list-style-type: none"> • Spreadsheet and word processing software • Internet access • Classified ads from local newspapers, magazines • Handout: Developing a Personal Budget • Handout: Sample Monthly Budget Template

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Budgeting Concepts, Research, and Reporting Lesson 2	
Minds On	Connections
<p>Pairs → Discussing and Making Connections</p> <p>Show a picture of a pair of running shoes (or some other item that a group of students might want). Pairs of students brainstorm the criteria that they could use to decide whether to buy the running shoes.</p> <p>Students discuss consumer skills that they apply to purchasing decisions, e.g., comparing prices, systematic decision-making strategies, guided by questions such as:</p> <ul style="list-style-type: none"> • How could you get the money to pay for these running shoes? • If you saved up enough money, what would you have to forego if you buy the running shoes? • What do you consider when deciding whether to purchase something? <p>Review the meaning of opportunity cost: the cost of giving up the next most valuable alternative. For example, if you purchase running shoes, the money you spent is not available for other things that you may want or need. It is also not available to put into a savings or investment account where it could make money for you.</p> <p>Students brainstorm other areas where the concept of opportunity costs applies.</p>	<p>A or L Assess students' responses to determine if they can distinguish between needs and wants and how to prioritize wants.</p>
Action!	Connections
<p>Whole Class → Components of a Budget</p> <p>As a class, discuss the components of a personal budget, including income, planned saving, fixed and variable expenses. Extend their thinking with questions such as: If your planned expenses are more than your income, how might you save money? (e.g., <i>clipping coupons for groceries, etc.</i>)</p> <p>Individual → Budgeting</p> <p>Students consider the following scenario: <i>You want to prove that you are capable of budgeting for the expenses you will have while living on your own. Create a budget based on working part-time while attending postsecondary school or full-time while receiving on-the-job training.</i></p> <p>Students use the Internet to research details and costs to identify actual information and appropriate/reasonable amounts, e.g., cost of renting a place in the community or costs of groceries from local stores. Students list these costs under the heading "Expenses" on a spreadsheet and complete the Developing a Personal Budget assignment. Students produce a word-processed report in which they provide a rationale for each of their budgeting decisions.</p>	<p>Tip</p> <p>It may be useful to pre-select a number of websites for students to use (e.g., rental sites, grocery sites).</p>

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Budgeting Concepts, Research, and Reporting Lesson 2	
Consolidation	Connections
<p><u>Pairs → Peer Assessment</u></p> <p>Students review each others' spreadsheets and reports. Each partner becomes the critical friend who provides constructive feedback. Students revise their work, as needed, and submit their spreadsheet and word processing report to the teacher.</p> <p><u>Whole Class → Group Discussion</u></p> <p>Lead a class discussion, posing questions such as:</p> <ul style="list-style-type: none"> • Why is the spreadsheet an appropriate tool for completing this task? • For what other purposes could spreadsheets be used? 	<p>A¹³L Students review their own spreadsheet or assess each others' work based on the success criteria for an effective spreadsheet.</p> <p>A⁶⁷L Assess students' understanding of budgeting, using their spreadsheets and report.</p>

HANDOUT

Developing a Personal Budget

The goal for this assignment is to give you personal experience with the value of money and how it relates to personal living expense. Your assignment involves you living independently while either:

- a) Attending a full-time postsecondary school program OR
- b) Working full-time with on-the-job training.

You have a monthly budget amount and some criteria for making financial decisions. Use the **Sample Monthly Budget Template** to plan your spreadsheet. Research options to decide the best possible environment for you to live in and where you will shop.

After completing your budget, submit a report explaining your choices along with a final budget on the spreadsheet.

Consider the amounts:

- a) You are attending a full-time post-secondary school program - your monthly budget figure is \$664 (working about 18 hours a week at \$10.25 an hour = \$738, less deductions of \$74). Note that the costs of tuition and books have been covered through savings and do not need to be included in this budget.
 - b) You are working full-time, with on-the-job training, your monthly budget figure is \$1312 (assuming 40 hours of work per week at \$10.25 per hour = \$1640, less deductions of \$328).
- To find accommodation, research sources such as your local newspaper, real estate listings, and the Internet. When you are choosing a location, be realistic about the safety of the area and ability to live. Record specific information, such as costs per month and terms of the lease or rental agreement.
 - Another important aspect is making grocery choices. Along with food, you must decide what essential paper products and toiletries, such as soap, paper towels, toothpaste, and deodorant you need.
 - Decide how you will get around; for example, you might purchase a used bicycle or obtain a transit pass. Obtain accurate information about these costs. Map out the route to get to school and the cost of transit.
 - Once you have the essentials, budget out any remaining income. Some things to consider:
 - Investigate your options, go online and check companies for their student plans for technology such as phones, cable, and Internet, and decide whether you can afford these services within your budget.
 - Detail what you will do in your spare time how you will budget for it.
 - List any other miscellaneous purchases you plan to make and explain them in your report.
 - Think about saving:
 - How realistic is it for you to save money each month given your budget?
 - How much will you save?
 - Decide what you can put away in savings each month and look online for the best financial institution for you to open a savings account.

HANDOUT

Sample Monthly Budget Template

Name: _____

Date: _____

Category	Monthly Budget Amount
INCOME:	
Wages/Income (Paycheque, allowance, gifts, etc.)	
INCOME SUBTOTAL (A)	
EXPENSES:	
Savings (Savings Account)	
Accommodation	
Rent	
Utilities (electricity, gas, water)	
Groceries (food, paper products, toiletries)	
Transportation	
Bus pass	
Car expenses	
Bicycle	
Other	
Miscellaneous Expenses	
Clothes	
Gifts	
House wares	
Pets	
Laundry	
Entertainment (Movies, bowling, eating out, video games, etc.)	
Other Expenses (Describe: _____)	
EXPENSES SUBTOTAL (B)	
NET INCOME: Income (A) – Expenses (B)	

Curriculum Expectations

Financial Literacy in Business Studies

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Using Software to Record Personal Spending Lesson 1	
Productivity Software	
Overall Expectations	Specific Expectations
<ul style="list-style-type: none">• use spreadsheet software to perform a variety of tasks	Spreadsheet <ul style="list-style-type: none">- input, organize, and format data in a spreadsheet- use formulas and functions (e.g., sum, average, minimum, maximum) to perform specific spreadsheet tasks

Budgeting Concepts, Research, and Reporting Lesson 2	
Digital Literacy	
Overall Expectations	Specific Expectations
<ul style="list-style-type: none">• apply effective techniques when conducting electronic research	Electronic Research <ul style="list-style-type: none">- use the features of a web browser (e.g., favourites/bookmarks, history, refresh/reload, print preview) to facilitate electronic research
Productivity Software	
Overall Expectations	Specific Expectations
<ul style="list-style-type: none">• use word processing software to create common business documents	Word Processing <ul style="list-style-type: none">- use word processing software to produce properly structured and formatted business documents
<ul style="list-style-type: none">• use spreadsheet software to perform a variety of tasks	Spreadsheet <ul style="list-style-type: none">- input, organize, and format data in a spreadsheet- use formulas and functions (e.g., sum, average, minimum, maximum) to perform specific spreadsheet tasks- produce spreadsheet documents to manage data