

# FAMILY BUDGET

## Objectives

- Define *budget, earn, expense, fixed, mortgage, utilities, and variable*.
- Identify fixed and variable expenses.
- Explain the need for a family budget.
- Explain how daily functions affect a family.



## Activate Prior Knowledge

Have your parents ever said “no” when you asked them to buy a snack? Have you ever wondered why they said “no” when you know they have \$5 in their wallet? You may not understand that your parents have budgeted that \$5 for something else, like a gallon of milk or gasoline for their car.

## Explain Key Terms

**budget** (n) a plan for earning, saving, spending and giving money; (v) to plan how to use money

**earn** (v) to receive in return for effort, especially for the performance of services or work

**expense** (n) something for which you spend money

**fixed** (adj) unchanging

**mortgage** (n) the money borrowed to buy a home

**utilities** (n) basic services such as electricity, gas, water, or telephone

**variable** (adj) likely to change

## Teach/Model

**Say:** A family budget is different from a personal budget. Since a **budget** is a plan for earning, saving, spending and giving money, a family budget is a plan for your household. It is important to have a plan for your family’s money because there are so many household **expenses** (something for which you spend money). For example, parents have to pay for the rent or **mortgage** (money borrowed to buy a home), taxes, cable television, groceries, and **utilities** (services your family needs like electricity, gas, water, and the telephone).

Someday, when you are in charge of your own family’s budget, you will not be able to use as much money in your personal budget. If a family does not budget money properly, they may pay a high-speed internet bill, but then not be able to pay the electric bill. The power may be turned off when they don’t pay the electric bill; so, it is a better idea to set aside money for needs like utilities before less important things.

Let’s read a passage to find out how much one family spends on bills.



# FAMILY BUDGET



## Practice and Apply

### Why doesn't money grow on trees? (p. 4.3)

Read the directions to the students. Explain that households have fixed expenses and variable expenses. Explain that each family's budget may be different.

### How many hours are worked to pay utility bills? (p. 4.4)

Read the directions to the students. Explain that most bills have detailed notes that show you how the amount due was calculated.

### What's for dinner? (p. 4.5)

Read the directions to the students. Tell students to choose a different meal if it goes over budget. Have students share their planned meals to see what silly combinations they created.

### Including All Learners

- If grade 3 students need additional support reading the passage, read it to the class and then have the students read the passage independently. For ease in filling in the graphic organizer, have students underline the expenses as they read. (p. 4.3)
- Challenge grade 5 students to calculate the problems when Bob makes \$8.00 an hour. (p. 4.4)
- If students have difficulty staying within budget (p. 4.5), ask them to find the least expensive main course and then the least expensive side items. Explain that not having enough money limits choices.

### Hands-On Connections

- **Why doesn't money grow on trees?** Read the McCray Family passage aloud as a group, then ask for volunteers to each make a sign for one of the McCray's expenses (e.g., one sign will read "\$325 for car payment"). Ask students to hold up their sign and separate into two groups near front of classroom – a "fixed expense" group and a "variable expense" group. Have two other students be responsible for recording the two expense lists on the whiteboard or chalkboard. Discuss question 2 as a class.



*How Can I Help?* (Grades 3-5): Ask students to think about ways that they can help decrease their family's expenses. Have students write their solutions in a letter to their parents.

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Unit 4

# FAMILY BUDGET *Why doesn't money grow on trees?*



Read the passage and then list the expenses, their cost and totals in the chart below.

## The McCray Family Budget

I didn't understand why my parents said money doesn't grow on trees until I had my own family. I receive bills more often than paychecks! To save money from my income and pay my bills, I figured out a family budget. My wife and I **earn** (receive in return for work) a total of \$2,900 per month. And every month we put 10% of our income in savings (that means \$290), and we donate \$80 to one of our favorite causes. This leaves \$2,530 (\$2,900 - \$370) to use to pay all the expenses for the month.

We have things called **fixed expenses**, which means things whose cost does not change from month to month. We spend \$700 each month for our mortgage, \$325 for our car payment and \$80 for car insurance.

This leaves the rest of our income to be used for **variable expenses** (those things that change from month to month). Last month we spent \$240 for utilities (power, water and telephone), \$200 for gasoline for our car, \$400 on groceries, \$150 for credit card payments, \$105 on clothes, \$145 for eating out, \$75 for medical bills, and \$80 on entertainment. Though I would like to go out to eat with my family more often, our other expenses, saving and donation plan does not allow us to do this.

1.

Fixed Expense Item	Amount of Expense	Variable Expense Item	Amount of Expense
<b>Total Fixed Expenses</b>		<b>Total Variable Expenses</b>	

2. Did we make enough money to cover all of our expenses, saving and giving last month?

a. Add together the following things the McCrays used their money for last month:

$$\underline{\hspace{2cm}} + \underline{\hspace{2cm}} + \underline{\hspace{2cm}} + \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

(Total Fixed Expenses)      (Total Variable Expenses)      (Saving)      (Donations)      (Total Money Used)

b. The total of the above categories should be less than or equal to the McCray's Total Income. Complete the equation below to see if their income was enough:

$$\underline{\hspace{2cm}} \leq \underline{\$2,900}$$

Total Money Used      Total Income



Name: \_\_\_\_\_ Date: \_\_\_\_\_

Unit 4

# FAMILY BUDGET

## How many hours are worked to pay utility bills?



**Bob makes \$10 per hour at his job. Use Bob's bills to calculate how many hours Bob works in order to have enough money to pay the utility bills. Round the hours up to the nearest whole number.**

**Example:**

PHONE TALK CO.	
Customer: Bob Atwood Line # 555-432-0396	
Service	\$49.99
Taxes and fees	\$6.00
Total due by May 31	\$55.99

$$\$55.99 \div \$10 = 5.599 \text{ or almost 6 hours}$$

**Bob works almost 6 hours to pay the phone bill each month.**

1.

Electricity 4 You "We light your world!"	
Bob Atwood Meter #402372C Service from 4/1/06 to 4/30/06 Prior Meter Read 1205 kWh Current Meter Read 1830 kWh Usage 625 kWh Usage x .10074 \$62.96 Fees +\$16.85 Taxes +\$3.99	
<b>Total Due by May 16</b>	<b>\$83.80</b>

**How many hours does Bob need to work? \_\_\_\_\_**

2.

Lynbrook City Water Utility Bill			
ACCOUNT NUMBER	BILL DATE	DATE DUE	AMOUNT DUE
500369-054	4/4/06	5/4/06	\$15.35

Lynbrook City Water  
PO Box 23897  
Lynbrook, IN 98765-001

Please return this coupon with your check.  
Make check payable to Lynbrook City Water.

**How many hours does Bob need to work? \_\_\_\_\_**

3. How many hours does Bob need to work in order to pay all three bills? (use rounded up numbers)

\_\_\_\_\_

4. If Bob works 8 hours a day, how many days would he need to work to pay all three bills?

\_\_\_\_\_



Name: \_\_\_\_\_ Date: \_\_\_\_\_

Unit 4

# FAMILY BUDGET

## What's for dinner?



Look at the grocery ad. Then plan a dinner with one main course and two sides to feed four people dinner using items in the ad. Your meal may not cost more than \$10.

SUPER FOOD STORE		
<p><b>Specials</b> \$3.99 each, TV dinner with Salisbury steak, peas, and mashed potatoes; serves 1.</p>  <p>\$2.50 Deluxe macaroni and cheese; serves 4.</p>	<p><b>Frozen Foods</b> \$10.99 Supreme Pizza; serves 4.</p>  <p>\$5.99 Lasagna; serves 4. \$2.99 Chicken nuggets; serves 4.</p> <p><b>Bakery</b> \$2.99 French bread; serves 8.</p> 	<p><b>Meats</b> \$6.99 Whole chicken; serves 4.</p>  <p><b>Produce</b> \$1.00 Green beans serves 4 2 for \$1 Corn on the cob 4 for \$1 Potatoes</p>  

- Which main course did you select? Cost for 4 servings \$\_\_\_\_\_
  - whole chicken
  - lasagna
  - TV dinners
  - pizza
  - chicken nuggets
  
- Which item did you choose as side #1? Cost for 4 servings \$\_\_\_\_\_
  - green beans
  - macaroni and cheese
  - corn on the cob
  - potatoes
  - French bread
  - none, bought TV dinners
  
- Which item did you choose as side #2? Cost for 4 servings \$\_\_\_\_\_
  - green beans
  - macaroni and cheese
  - corn on the cob
  - potatoes
  - French bread
  - none, bought TV dinners
  
- What is the total cost of your meal? Total \$\_\_\_\_\_
  
- How much money do you have left? \$\_\_\_\_\_

