

Personal Budgeting Basics: Envelope System

Name: _____ Date: _____

LEARNING OBJECTIVE

Students will create a simple monthly budget distinguishing needs from wants and allocate money using the envelope method.

MATERIALS NEEDED

- paper
- pen
- envelopes or small paper bags (4-5)
- play money or paper cutouts representing a set monthly amount, such as \$100

HANDS-ON ACTIVITY

1. Given a set amount, such as \$100 of mock income for the month, list at least 6 things you would want to spend money on, then sort each into 'Need' or 'Want.'
2. Label 4-5 envelopes with budget categories, such as Savings, Wants/Fun, Needs/Supplies, and Giving/Charity, and decide what percentage or dollar amount to allocate to each.
3. Physically divide your play money into the labeled envelopes according to your allocations, making sure the total adds up exactly to your starting amount.
4. Record your allocations in a simple budget table listing Category, Amount, and Percentage of total.
5. Write a 2-3 sentence explanation of why you chose to allocate more to one category than another.

QUESTIONS

1. What is the difference between a 'need' and a 'want'?
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2. If you had \$100 and put \$20 into savings, what percentage of your budget went to savings?
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3. Why might financial experts recommend paying yourself first, meaning savings, before spending on wants?
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4. Which category did you allocate the most money to, and why did that make sense for your situation?
