

MARRIAGE

Lesson 12

Workbook Assignment *Finances*
The Family Budget

Overview The basic structure of a family budget is presented in this lesson. The lesson will emphasize the need for families to live within their financial means.

Objectives

- The students will choose occupations and incomes using game cards.
- The students will structure a family budget based on the usable income they receive.
- The students will adjust the family budget to suit their particular family needs.

Vocabulary none

Key Concepts

- Financial difficulties are one of the top three reasons why marriage partners experience problems in the marriage.
- Understanding how to make and live within a family budget can eliminate potential problems.
- Students will represent families who make different incomes.
- Both partners of the student couple will have an income to represent the families that have two working parents.
- A percentage of the earned income must be removed for taxes.

Preparation for Lesson The teacher will need:

- **Occupation** game cards cut apart
- Bag or container for distributing the game cards
- Pocket calculators (students usually have these with them)

- Workbook page entitled *Finances* and *The Family Budget*
- Overhead transparency **The Family Budget**.

Teaching the Lesson

Begin the lesson by telling the students that they will be given their occupations and incomes by drawing them from a container. The students may at first protest, saying they want to come up with their own occupations. (When allowed to select their occupations, students tend to choose only jobs that provide high incomes.) Remind them that this is a project and they will be representing families throughout the country who make the incomes they will be drawing.

- Allow the couples to draw their occupations from the container. The students immediately begin to get into the spirit of the exercise by sharing information about their incomes with each other. Because the incomes vary widely, some students will have adequate incomes for their family needs and others will have less to work with.
- Direct the students to the *Finances* page in the workbook. Tell them that before they can begin work on a family budget, they must pay taxes to the government. Read through the instructions on the page and have the students calculate the amount of taxes they owe based on their incomes. (The percentages may change slightly from year to year but these will be reasonably accurate: 22% of income up to \$30,000, and 40% of income over \$30,000. This is an approximation of Federal Income Tax, State Income Tax, FICA, and Medicare combined.) The students will be surprised and disappointed at the amount of money they will not be allowed to use.
- Have the students calculate their taxes and fill in the blanks on the *Finances* page. When they have calculated their usable income after taxes, the students should move on to the next page to calculate the family budget.
- Using the overhead **The Family Budget**, show the students what a typical family budget looks like. The percentages on the diagram are approximations and will have to be adjusted based on the needs of individual families. For instance, a family of seven will consume more food and need a larger house to live in than a family of three. Families with small

children who need daycare must figure that amount into the budget (\$300-\$400/ mo.). Families with teenagers must allow for the cost of car insurance, etc. Students struggle with this assignment and often have difficulty getting the family budget to balance. They may need assistance with the yearly and monthly calculations.

LECTURE NOTES:

One of the top three reasons why married couples have problems is due to financial difficulties. Few young couples starting out today have training in how to set up or manage a family budget. Many couples overspend their resources and discover too late that they cannot pay the accumulated bills. Problems can also develop when partners in the marriage spend money differently. One partner may be cautious with the money and the other spends unwisely. Even when the money is available, the partners may disagree on what purchases are important; the wife may want new carpeting and the husband would rather take a trip.

The occupations and incomes selected for this section of the marriage unit are intended to provide a broad base of information for the students. Incomes range from \$17,000 - \$6,000,000. The students who draw the high incomes are often elated at first, but soon discover that having a lot of money can be as much of a problem as having too little. Additional occupations may be included by the teacher on the blank cards provided or the incomes adjusted to reflect a particular area of the country.

Understanding how a family budget is structured is of primary importance for couples. Husband and wife should decide together how much money must be allocated for each need and both must be committed to living within the established budget. The numbers used in this lesson are averages drawn from a number of resources, and teachers are free to change the numbers to suit their region or state.

FINANCES

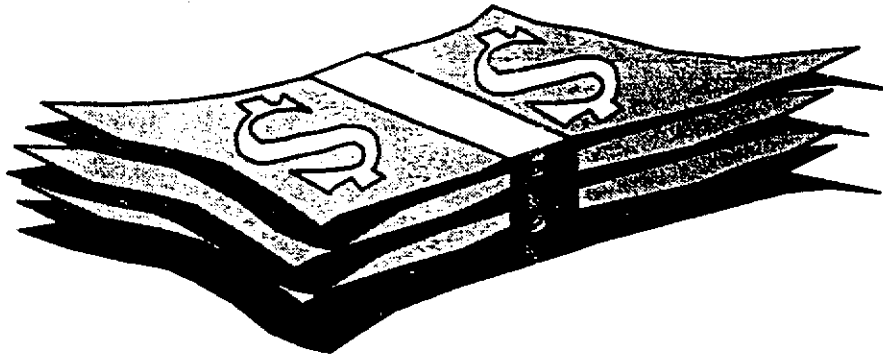
For some families, establishing the budget is one of the most difficult areas to manage. After you know your incomes, complete the following information.

Occupation: _____ Income: _____
Occupation: _____ Income: _____

Total income *before* taxes: _____

Instructions: Use the tax chart provided by your teacher to calculate the percent of income that must be taken out for taxes. Subtract the percent of taxes you owe from the total income above and find your new total. This is the amount you will use to calculate the family budget.

Total income *after* taxes: _____



ROMANCE WITHOUT FINANCE IS A NUISANCE!

THE FAMILY BUDGET

Instructions: You are now ready to calculate the amount of money that will be distributed to the various categories of the family budget. Your teacher will show you a general description of a typical budget. Based on your income and the number of family members in the household, you may have to adjust the percentages to meet a particular need. (Example: a family of seven will have to allow for a larger food budget per week than a family of three).

	<u>Yearly</u>	<u>Monthly</u>
_____ % Housing	_____	_____
_____ % Food	_____	_____
_____ % Transportation	_____	_____
_____ % Clothing	_____	_____
_____ % Medical	_____	_____
_____ % Recreation	_____	_____
_____ % Savings	_____	_____
_____ % Charity	_____	_____
_____ % Misc.	_____	_____