

## Case Study Lesson Plan

### Case Study Objectives

- Compare savings strategies
- Create a budget based on a planned and individualized savings goal.
- Evaluate the decisions made while working towards a financial goal.

Jump\$tart Standards Alignment click [here](#)

### Materials

- Class set of [Budgeting to Buy Big case study](#) and [Mia's Concert Challenge](#)
- Class set of or Internet access to [article](#)
- Optional: Calculator for calculations
- Optional: [Calculation Hints](#) page

### Key Terms

- Budget
- Income
- Expenses
- Pay Yourself First
- Comparative Shopping

### CASE STUDY (40 MIN)

- **Situation/Case Study:** (10 min) Activate student knowledge by asking, “*What are some savings goals (expensive purchases that require savings) you have?*” (i.e. clothing, shoes, phone, bike, car, trip, college). Tell students that today they will help set a savings goal and make a plan to get there. Then, have students read aloud, or read individually, the [Budgeting to Buy Big Case Study](#) including as much of the [Tricks for Savings article](#) as there is time for.
- **Questions:** (15 min) Have students finish reading the [Tricks for Savings article](#) and answer the case study questions. As time permits, begin the challenge task.
- **Challenge:** (10 min) Use [Mia's Concert Challenge](#) page so students can perform the calculations required and then write Mia a text. Students should be prepared to share which advice they gave Mia and why, along with their calculations. (To scaffold, see the [Calculation Cheat Sheet](#).)
- **Reflection:** (5 min) Ask students, “*What are some of the advantages and disadvantages of saving for a financial goal? Do you think it was worth it for Mia to go to the concert?*”

### Assessment

- Evaluate accuracy and completeness of student answers to the questions and challenge using the [Teacher Answer Key](#)

### Extensions/Connections

- Create a [Money Diary](#), to start keeping track of your money. Show this diary to your family and ask their advice on how you can save more!
- More on [Pay Yourself First](#) and why it works!
- Share the [Family Conversation Guide](#) for this lesson

## Budgeting to Buy Big

Mia just got a new job where she earns \$10 an hour and works 7 hours a week. She wants to start saving for a new laptop for high school. She already has an emergency fund of \$100 that she will NOT use, no matter what. The laptop she wants costs \$502.99. She wrote down all of the things she currently spends money on (expenses) and how much money she expects to get from her job plus her allowance (income). She is ready to start saving for her computer so she does some research online and finds the following saving strategies:

### Savings Plans:

- 1) Put all extra change/coins into a jar and then each month put the coins into your savings account.
- 2) Write down all of your expenses and then save whatever you have left over at the end of each week/month.
- 3) Read "[Trick #1: Pay Yourself First](#)" to see the last plan she found.

### MIA'S BUDGETING PLAN

Income	Monthly Income	Expenses	Monthly Costs
Job \$10 per hour, 7 hours per week	\$280	Coffee (\$4.45 five times a week)	\$53.40
		Donation to charity (\$8 a month)	\$8.00
		Spotify Premium (\$9.99 a month)	\$10.00
		School Breakfast (\$1.53 per day)	\$30.60
Allowance	\$60	School Lunch (\$2.68 per day)	\$53.60
		Weekend Activities	\$160.00
Total Income	_____	Total Expenses	_____

### QUESTIONS:

1. What does it mean to "Pay Yourself First?"
2. Which "savings plans" do you think Mia should use and why?
3. If Mia decides to use the "Pay Yourself First" strategy and saves 10% of her weekly income, how many months will it take her to save enough for the computer?
4. Look at Mia's Budgeting Plan to the left. With her current income and expenses, can she save 10% of her income each month? If not, how much money should she cut from her expenses? Give her advice on what to cut. Use [Trick #4](#) from the savings article to help.

### CHALLENGE:

Read about Mia's concert opportunity and help Mia make an important decision on the [Mia's Concert Challenge](#) page.

## Challenge: Budgeting to Buy Big

### Mia's Concert Challenge

**Concert Opportunity:** Six months after Mia started saving 10% of her income each month, Mia's friend invites her to a concert featuring her favorite artist. The tickets cost \$180. Mia would have to use the money in her savings account to buy the concert ticket if she decides to go.

1. First, remember that Mia's **monthly income** is equal to her monthly pay from her job plus her monthly allowance. Also, remember her **big savings goal**, the total cost of her computer from page 1.
2. Next, calculate Mia's **current total savings** if she has set aside 10% of that **monthly income** for six months.
3. Out of that **current total savings** amount, Mia has to decide whether to go to the concert or not. Make both calculations to help her come to the right decision:

*Buy the concert ticket:*

4a. Subtract the ticket cost from Mia's **current total savings** you to find her **leftover savings**.

4b. Calculate the difference between Mia's **leftover savings** and her **big savings goal**.

4c. Use that difference to calculate how many more months Mia will have to save 10% of her monthly income to get to that **big savings goal**:

\_\_\_\_\_ months to **big savings goal** of buying a laptop if Mia goes to the concert.

*Don't buy the concert ticket:*

4a. Keep Mia's full **current total savings** amount you calculated in #2.

4b. Calculate the difference between Mia's **current total savings** and her **big savings goal**.

4c. Use that difference to calculate how many more months Mia will have to save 10% of monthly income to get to that **big savings goal**:

\_\_\_\_\_ months to **big savings goal** of buying a laptop if Mia does NOT go to the concert.

4. Based on your calculations, do you think Mia should go to the concert or not? Write Mia a text and explain your decision and why. Remember: this is Mia's *favorite* artist!

**BONUS:** Let's say that instead of going to the concert, Mia decides to work a few extra hours, earning \$50 extra this month. How does that affect her **big savings goal**?

## Hints: Budgeting to Buy Big

### Calculation Hints

#### CALCULATIONS NEEDED FOR QUESTION 3:

**Calculate Savings per month:** Total Income x percentage saved  
 $(280 + 60) \times 0.10 =$

**Calculate the number of months:** Cost of the computer  $\div$  savings per month  
 $502.99 \div 34$

#### CALCULATIONS NEEDED FOR QUESTION 4:

**Compare current saving potential:** Total Income - Total expenses (compared to) Monthly savings goal  
 $340 - 315.60$  < > or =  $34$

If she has less than \$34 she must make cuts in her expenses to be able to save more money

If she has equal to \$34 then her current expenses are fine.

If she has more than \$34 then you should suggest that she saves more than 10% each month.

#### CALCULATIONS NEEDED MIA'S CONCERT CHALLENGE:

**How much Mia has after 6 months of savings:** Savings per month x 6 months  
 $34 \times 6$

**If you decide she should go to the concert** Total Saved - Cost of Tickets  $\div$  Savings per month  
 $(204 - 180) \div 34$

**If you decide she should NOT go to the concert** Total Saved + \$50  $\div$  Savings per month  
 $(204 + 50) \div 34$

## Answer Key: Budgeting to Buy Big

### Budgeting to Buy Big Case Study Questions

**Note:** There may be slight variations in student answers - use your judgment as to the level of comprehension students demonstrate with their answers.

1. What does it mean to “Pay Yourself First?”

*Pay Yourself First is a savings strategy where you automatically save before spending money.*

2. Which “savings plans” do you think Mia should use and why?

*Answers may vary: I think she should use the Pay Yourself First and the collecting change savings plans. With “Pay Yourself First” she can track and reach her goal, and by collecting change she can save even more.*

3. If Mia decides to use the “Pay Yourself First” strategy and saves 10% of her weekly income, how many months will it take her to save enough for the computer?

*It will take Mia 15 months.*

4. Look at Mia’s Budgeting Plan to the left. With her current income and expenses, can she save 10% of her income each month? If not, how much money should she cut from her expenses? Give her advice on what to cut. Use Trick #4 from the savings article to help.

*No, she needs \$10 more dollars per month, students might advise Mia to eat breakfast at home to save about \$30 a month. (Advice should not include using emergency fund, getting rid of donations, or saving less.)*

### Budgeting to Buy Big Case Study Challenge

1. Monthly income: \$320, big savings goal: \$502.99
2. Current total savings: \$204
3. Out of that current total savings amount, Mia has to decide whether to go to the concert or not. Make both calculations to help her come to the right decision:

*Buy the concert ticket:  $(204 - 180) \div 34 = 15$  months to big savings goal of buying a laptop if Mia goes to the concert.*

*Don’t buy the concert ticket:  $(204 + 50) \div 34 = 7$  months to big savings goal of buying a laptop if Mia does NOT go to the concert.*

4. Based on your calculations, do you think Mia should go to the concert or not? Write Mia a text and explain your decision and why. Remember: this is Mia’s favorite artist!

*Answers will vary*