

Spending scenarios

Students consider everyday spending decisions by working through real-world scenarios.

Learning goals

Big idea

People face spending decisions every day.

Essential questions

- What criteria do people use when they make spending decisions?
- How is my financial decision-making process different from others?

Objectives

- Explore criteria for making spending decisions
- Understand the role of spending in their lives

What students will do



- Make spending decisions based on scenarios.
- Decide whether to agree or disagree with other students' spending decisions.

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

-  Financial habits and norms
-  Financial knowledge and decision-making skills

Grade level: High school (9-12)

Age range: 13-19

Topic: Spend (Budgeting, Buying things)

School subject: CTE (Career and technical education), Fine arts and performing arts, Social studies or history

Teaching strategy: Cooperative learning

Bloom's Taxonomy level: Understand, Apply

Activity duration: 15-20 minutes

National Standards for Personal Financial Education, 2021

Spending: 12-1, 12-2, 12-3, 12-5

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

Preparing for this activity

- While it's not necessary, completing the "Reflecting on needs versus wants" activity first may make this one more meaningful.
- Print one single-sided copy of the "Spending scenarios" (included in this guide).
- Cut the eight spending scenarios into strips.
- Gather index cards or half sheets of plain paper so each student has something to write on.
- To support Spanish-speaking students, there is a Spanish version of this activity guide at https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_ejemplos-de-gastos_guia.pdf.

What you'll need

THIS TEACHER GUIDE

- Spending scenarios (guide)
[cfpb_building_block_activities_spending-scenarios_guide.pdf](https://files.consumerfinance.gov/f/documents/cfpb_building_block_activities_spending-scenarios_guide.pdf)

STUDENT MATERIALS

- Index cards or half sheets of plain paper

Exploring key financial concepts

People face a number of decisions about money every day. Understanding the differences between needs and wants helps you make a budget to manage your spending and informs your daily spending choices. Covering all your needs before you spend money on your wants is a wise financial habit.

Needs are basic things people must have to survive (such as food, clothing, and shelter), resources they may need to do their jobs (such as reliable transportation and the tools of the trade), and resources to help build and protect their money and property so they can meet future needs (such as emergency savings and insurance). Wants are upgrades and other things that would be nice to have but aren't necessary for living, income, or protecting what you have. To tell the difference between a need and a want, ask yourself, "Do I need that _____ (new jacket, video game, specialty coffee), or do I just really want it?"

TIP

Because financial products, terms, and laws change, students should be encouraged to always look for the most up-to-date information.

Teaching this activity

Whole-class introduction

- Ask students to share examples of spending decisions they or someone they know has made recently.
 - Examples may include deciding which brand of food to buy or how much to spend on something they want.
- Read the “Exploring key financial concepts” section to students to elaborate on needs and wants.
- Be sure students understand key vocabulary:
 - **Budget:** A plan that outlines what money you expect to earn or receive (your income) and how you will save it or spend it (your expenses) for a given period of time; also called a spending plan.
 - **Needs:** Basic things people must have to survive (such as food, clothing, and shelter), resources they may need to do their jobs (such as reliable transportation and the tools of the trade), and resources to help build and protect their money and property so they can meet future needs (such as emergency savings and insurance).
 - **Wants:** Upgrades and other things that would be nice to have but aren’t necessary for living, income, or protecting what you have.
- Explain to students that they’ll explore a scenario that details a real-world situation that requires someone to make spending choices.
- They’ll reflect on their own spending experience and personal knowledge and work with their group to make spending recommendations to the subject of the scenario.
- Each group will share their spending scenario with the rest of the class.
 - You can decide whether students will simply read their scenario aloud or act out the scenario for others to observe.

TIP

Visit CFPB’s financial education glossary at consumerfinance.gov/financial-education-glossary/.

Individual or group work

- Divide students into eight groups.
- Give each group one spending scenario.
- One person will read the scenario to their group. Then, the group will talk through the question and agree on a group answer.

TIP

This activity is written for students working in groups. However, if your students are working individually, print multiple copies of the “Spending scenarios” sheet (in this guide).

- They will prepare for their group presentation (which may include acting out the scenario).
- Give each student an index card or a half sheet of paper. Have them write the letter “A” (for agree) on one side of the paper and “D” (for disagree) on the other side.
- Each group will read or act out their scenario. Then, they’ll share their spending recommendation.
- Ask the rest of the class to decide whether they agree or disagree with the group’s recommendation.
 - On the count of three, students should hold up their cards to show “A” (agree) or “D” (disagree).
- Encourage discussion after each scenario to show there is more than one way to interpret and respond to a spending decision.
- Help students understand that their opinions help shape and influence the financial decisions they make.
- Through discussion and questions, communicate the idea that a person’s decision-making process is influenced by their own values, attitudes about money, life stage, and needs versus wants.

Wrap-up

If time allows, ask students to share which scenarios were the hardest to decide on and why.

Suggested next steps

Consider searching for other [CFPB activities](#) that address the topic of spending, including budgeting and buying things. Suggested activities include [“Analyzing budgets”](#) and [“Making spending decisions”](#).

Measuring student learning

Students’ answers during discussion can give you a sense of their understanding.

Keep in mind that students’ answers may vary, as there may not be only one right answer. The important thing is for students to have reasonable justification for their answers.

Spending scenarios

Print one single-sided copy. Cut apart the scenarios and give one to each student or group.



Scenario 1

Emilio is trying to decide whether to buy a used pickup truck or a new one. The used truck costs less, but Emilio is concerned it will need a lot of costly repairs because it's an older model. The new truck will likely have higher insurance costs and a larger monthly payment. Based on your spending experience and personal knowledge, what would you recommend to Emilio?



Scenario 2

Rickie loves to shop. Lately, she's been thinking it might be wise to cut back on the time and money she spends shopping. Then again, it's something she really enjoys. Based on your spending experience and personal knowledge, what would you recommend to Rickie?



Scenario 3

Alexander loaned his best friend a lot of money over the past few weeks. He wants to help his friend, and he believes his friend will pay him back. But he's also worried that he'll hurt his own finances if he keeps loaning the money. He's not sure what to do next. Based on your spending experience and personal knowledge, what would you recommend to Alexander?



Scenario 4

Jamal has bought dozens of video games over the past few months, and his mom thinks he should stop spending so much money on games. He thinks the games are worth it because he and his friends have lots of fun playing them. But he's starting to wonder if his mom is right. Based on your spending experience and personal knowledge, what would you recommend to Jamal?





Scenario 5

Jess is in ninth grade and gets good grades. Jess believes their grades will be high enough to earn a full college scholarship, so they haven't started saving for college. People keep telling Jess that they should save for college instead of spending all their money. Based on your spending experience and personal knowledge, what would you recommend to Jess?



Scenario 6

Felicia wants to buy her first car, so she saves most of her money each month. Her friends spend most of their money going out and having fun. Felicia misses going out with her friends and wonders if it's okay to spend a little money on that. Based on your spending experience and personal knowledge, what would you recommend to Felicia?



Scenario 7

Andre really wants to go to a concert featuring his favorite band. The ticket will use up all the money he has saved, but he believes it's worth it because he really enjoys going to concerts. Based on your spending experience and personal knowledge, what would you recommend to Andre?



Scenario 8

Makayla isn't sure if she needs to get her first job. Many of her friends have started part-time work, but Makayla's parents give her a weekly allowance that helps her buy most of what she wants. If she gets a job, she'll have more money to spend, but she'll also have less free time. Based on your spending experience and personal knowledge, what would you recommend to Makayla?

