

Tracking income and benefits

Using a case study about an urban family, students calculate monthly net income and explore how irregular income may make it challenging to manage monthly expenses.

Learning goals

Big idea

Knowing your monthly net income is helpful when creating and managing a budget.

Essential questions

- How does having a clear picture of monthly net income and benefits help you plan ahead and make and follow a budget?
- What types of challenges does irregular income present for money management?

Objectives

- Recognize different sources of income
- Use a financial tracker to organize income and benefits
- Begin to understand how monthly net income can vary due to irregular income

What students will do

- Learn key terms related to income and benefits.
- Use the “Tracking income and benefits” worksheet to explore a case study looking at the income challenges of part-time employees and calculate weekly and monthly net income.

KEY INFORMATION

Building block:

-  Executive function
-  Financial knowledge and decision-making skills

Grade level: High school (9-12)

Age range: 13-19

Topic: Earn (Making money, Getting paid)

School subject: CTE (Career and technical education), Math, Social studies or history

Teaching strategy: Simulation, Cooperative learning

Bloom’s Taxonomy level: Apply, Analyze

Activity duration: 75-90 minutes

STANDARDS

Council for Economic Education
Standard I. Earning income

Jump\$tart Coalition
Employment and income - Standard 2

- Explore how net income changes as a result of irregular monthly income.

Preparing for this activity

- Print copies of all student materials for each student, or prepare for students to access them electronically.

What you'll need

THIS TEACHER GUIDE

- Tracking income and benefits (guide)
[cfpb_building_block_activities_tracking-income-benefits_guide.pdf](#)

STUDENT MATERIALS

- Tracking income and benefits (worksheet)
[cfpb_building_block_activities_tracking-income-benefits_worksheet.pdf](#)

Exploring key financial concepts

Having a clear picture of your total monthly income and benefits can help you create and manage a budget.

Income is the money you earn through hourly wages, salaries, tips, or commissions. It can also include money from qualified government programs, dividends on investments, tax refunds, gifts, and inheritances. You can have regular income (a set schedule and amount) or irregular income (inconsistent because the schedule or amount varies). If your income is irregular, it may be harder to cover your monthly expenses because you can't rely on a consistent amount. So, it can be helpful to save during months that you earn more money so you have enough to pay for living expenses when you earn less money.

Benefits are something that an employer, the government, or an insurance company provides that's often used only for a particular purpose, such as food or medical costs. Also: An advantage; something that is good.

Teaching this activity

Whole-class introduction

- Distribute the “Tracking income and benefits” worksheet, or have students access the worksheet electronically.
- Be sure students understand key vocabulary:
 - **Benefit:** Something that an employer, the government, or an insurance company provides that’s often used only for a particular purpose, such as food or medical costs. Also: An advantage; something that is good.
 - **Income:** Money earned or received such as wages or salaries, tips, commissions, contracted pay, government transfer payments, dividends on investments, tax refunds, gifts, and inheritances.
 - **Irregular income:** Inconsistent amounts of money you receive through work or investments; both the schedule and the amount may vary.
 - **Net income:** The amount of money you bring home in your paycheck after taxes and other deductions are taken out; also called take-home pay.
 - **Regular income:** A set amount of money you receive at the same time each week or month.

TIP

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

Individual or group work

- Have students work individually, in pairs, or in small groups to review the West family case study.
- Students should figure out the family’s average weekly net income for the months of February and July in the “Weekly earnings snapshot” section of the worksheet.
- Depending on the rules of your classroom, allow students to use calculators to help with the computations.
 - This can be especially helpful for students who struggle with mental math.
 - Additionally, you may want to pair struggling students with students who have a stronger command of multi-step math problems.
- Students will use the “Income and benefits tracker” section of the worksheet to convert the weekly net income into a monthly income statement.
- Have students answer the reflection questions to see how the family’s weekly

earnings change when Reggie is not working his scoreboard job in July and if Diondra also has to miss two weeks in July to care for Marcus.

- Depending on the amount of time you have for this activity and your class focus and goals, you may ask students to describe their ideas in writing or provide evidence for the response with actual mathematical calculations.

Wrap-up

- Once they understand some of the challenges of irregular income, ask students to consider what advice they'd give the West family about how to save for and pay their bills in the months when their irregular income sources provide them with less money.
 - The goal is for students to start to understand the importance of saving money when their income is higher to make up the difference when their income is lower.

Suggested next steps

Consider searching for other [CFPB activities](#) that address the topics of making money, getting paid, or paying taxes.

Measuring student learning

- The answer guide below shows examples of what to look for in the regular and irregular income scenarios.
- Students' advice for the West family should provide a picture of their broader understanding of the challenges that irregular income can pose for money management.

Keep in mind that students' answers for this advice may vary. The important thing is for students to have reasonable justification for their response.

Answer guide

WEEKLY EARNINGS

Family member	Source	Income calculation	Weekly income: February	Weekly income: July
Diondra	Server job	Wages: \$3/hour x 20 hours Tips: \$40 + \$90 + \$130 Deductions: \$34.43 per week	\$60 wages + \$260 tips = \$320 minus deductions of \$34.43 = \$285.57	Stays the same: \$285.57
Reggie	Scoreboard job	Wages (after deductions): \$45 X 2 games per week	\$90	0
Marcus	Disability payment	Monthly income: \$1,197/4 weeks	\$299.25	Stays the same: \$299.25
Reggie	Military pension	Annual pension (after taxes): \$22,000/52 weeks	\$423.08	Stays the same: \$423.08
Total weekly income			\$1,097.90	\$1,007.90

MONTHLY EARNINGS

In February, when Reggie is working his scoreboard job and Diondra works a full schedule at the restaurant, the family makes \$1,097.90 per week. This is \$4,391.60 in net income per month (\$1,097.90 x 4 weeks).

In July, when Reggie doesn't work his scoreboard job, but Diondra is working a full schedule, the family makes \$90 less per week, or \$360 less per month for a total net income of \$4,031.60.

If Diondra has to take two weeks off in July when Reggie isn't working his scoreboard job, the family will make \$571.14 less per month for Diondra's missed work (Diondra's weekly net pay of \$285.57 x 2) and \$360 less per month without Reggie's scoreboard net income. This brings their monthly net income to \$3,460.46.