

Categorizing expenses

Students work with a partner to brainstorm typical household expenses and then categorize those expenses as either fixed or variable.

Learning goals

Big idea

Understanding and managing different types of expenses help you control your cash flow and follow a budget.

Essential questions

- What are different types of expenses?
- What are common fixed and variable expenses?

Objectives

- Understand the differences between fixed and variable expenses
- Identify examples of fixed and variable expenses

What students will do

- Work with a partner to brainstorm typical household expenses and record them on the “Categorizing expenses” worksheet.
- Identify those expenses as fixed or variable.
- Reflect on how to reduce their own expenses.

KEY INFORMATION

Building block:

 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), Math

Teaching strategy: Cooperative learning

Bloom’s Taxonomy level: Remember, Understand

Activity duration: 15-20 minutes

STANDARDS

Council for Economic Education
Standard II. Buying goods and services

Jump\$tart Coalition
Spending and saving - Standard 2

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

Categorizing expenses (guide)

[cfpb_building_block_activities_categorizing-expenses_guide.pdf](#)

STUDENT MATERIALS

Categorizing expenses (worksheet)

[cfpb_building_block_activities_categorizing-expenses_worksheet.pdf](#)

Exploring key financial concepts

When you make a budget, it helps to identify which monthly expenses are fixed and which ones vary. Fixed expenses cost generally the same amount each month (such as rent, mortgage payments, or car payments). Variable expenses change from month to month (such as dining out, gas, medical expenses, groceries, or basically anything you buy from a store).

If you're trying to minimize spending to save money, it's helpful to ask yourself two basic questions about your expenses:

1. Can I lower any of my fixed expenses so I can save more money (for example, choose a cheaper Internet package)?
2. Can I lower or eliminate any of my variable expenses so I can save more money (for example, dine out less often)?

Teaching this activity

Whole-class introduction

- Distribute the "Categorizing expenses" worksheet, or have students access the worksheet electronically.

- Be sure students understand key vocabulary:
 - **Fixed expenses:** Expenses, like bills, that must be paid each month and generally cost the same amount. Some fixed expenses, like a utility bill, may also be variable because the amount changes each month depending on usage.
 - **Variable expenses:** Expenses that change in amount from month to month.

TIP

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

Group work

- Have students work with a partner to brainstorm examples of common monthly household expenses.
 - They should list at least eight of these expenses in the "Categorizing expenses" worksheet and indicate if they're fixed or variable.
- Ask the students to discuss the reflection questions with their partners.
- Give them a few minutes to individually record their answers on their worksheets.
- While students are working, post the headings "Fixed expenses" and "Variable expenses" for the class to see.
- Bring the class back together and ask each pair to post one example of a fixed expense and one example of a variable expense under the appropriate headings.
 - Give other pairs a chance to agree or disagree.
 - To facilitate learning, clear up any misunderstandings about these two types of expenses.

Wrap-up

- Ask students to share their thinking about the reflection questions.
- Through questioning and discussion, help students understand that variable expenses may be easier to change (or give up) than fixed expenses, but fixed expenses can sometimes be lowered (such as switching to a cheaper Internet plan).
- Ask students to consider whether their selections differ from their classmates' choices and why this might be so.

Suggested next steps

Consider searching for other [CFPB activities](#) that address the topics of buying things, budgeting, paying bills, or managing credit.

Measuring student learning

While scoring is not necessary in this activity, you may choose to measure student learning by using the scoring rubric below. If you choose to use the scoring rubric to grade this activity, be sure to share it with all students so they know what criteria matter most and they can plan accordingly.

You can also have students assess themselves or their partners.

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.

SCORING RUBRIC: 100 POINTS TOTAL

Requirement	Point value	Points achieved
8 items listed	80 points (10 for each item)	
Each item checked as fixed or variable	8 points (1 for each item)	
Thoughtful response to the "Reflection" question	12 points	
	Total	