

Chapter 1

Summative assessment:

Budgeting and financial management unit

GLS20

Overall expectation:

C2. Budgeting and financial management: demonstrate an understanding of responsible management of financial resources and of services available to support students' financial literacy as they prepare a budget for their first post-secondary year.

Specific Expectations:

C2.1 Describe fundamentals of financial responsibility, assessing the benefits of a variety of savings options and exploring planning tools available through financial institutions and other avenues.

C2.2 Compare different forms of borrowing and identify some of the risks and benefits associated with each.

C2.3 Identify key considerations related to preparing a personal budget, and apply them in developing a budget for the first post-secondary year.

Success criteria:

Students will demonstrate their understanding of budgeting principles, financial management skills and the ability to apply financial concepts to real-life scenarios. They will demonstrate preparedness to make informed financial decisions in their personal and future professional lives.

Task 1: Budget creation (30 marks)

SCENARIO:

Imagine you are a recent high-school graduate, and have decided to enter the workforce right away to save toward your financial goals. You have secured your first job with a monthly gross income of \$4,000, and 30% is deducted (taxes, CPP, etc.). Your goal is to create a monthly budget, considering various expenses and financial goals.

REQUIREMENTS:

1. Use the budget template to develop a detailed monthly budget covering essential categories such as housing, utilities, groceries, transportation, entertainment and savings.
2. Allocate specific amounts to each expense category, ensuring that the total expenses do not exceed the monthly income. Your allocations should be based on research and cited.
3. Incorporate a savings plan, allocating at least 15% of your monthly income to savings.
4. Use a visual aid, such as a pie chart or bar graph, to represent the percentage distribution of your budget categories (In Excel, highlight your information, click the Insert tab, select the chart type, and then double-click the chart you want to add). [Click here for demo.](#)

Resource to help you estimate expenses:

https://www.numbeo.com/cost-of-living/country_result.jsp?country=Canada

Rubric

	Level 4	Level 3	Level 2	Level 1
Knowledge	Allocations are well-researched and supported with appropriate citations.	Allocations are reasonable and based on some research, with minimal citation.	Allocations may lack detail or research, and citations are limited or absent.	Allocations are unclear, and minimal to no research or citations are evident.
Application	Successfully allocates specific amounts to each expense category, ensuring they do not exceed the monthly income. Incorporates a savings plan, allocating at least 15% to savings.	Allocates amounts to most expense categories but may exceed the monthly income in some cases. Includes a savings plan but may not allocate at least 15%.	Allocates amounts to expense categories, but the budget may exceed the monthly income. Savings plan is rudimentary or unclear.	Difficulty allocating amounts to expense categories. Budget may significantly exceed the monthly income. Savings plan is unclear or absent.
Communication	Communicates ideas clearly and effectively. Visual aid enhances understanding and is well presented.	Communication is clear but may lack some details. Visual aid, if used, is clear but may have minor issues in presentation.	Communication is basic and may lack clarity or organization. Visual aid, if used, has notable issues in presentation.	Communication is unclear or disorganized. Visual aid, if used, does not enhance understanding.

Task 2: Financial goals (9 marks)

INSTRUCTIONS:

1. Identify one short-term financial goal (under three years), one medium-term goal (three to five years) and one long-term financial goal (beyond five years). Consider aspects such as education, travel, car and home ownership and retirement.
2. Complete this chart:

Description of goal	Investment timeline	Type of goal (short-term, medium-term, long term)

Rubric

	Level 4	Level 3	Level 2	Level 1
Thinking	Clearly identifies realistic short-term, medium-term and long-term financial goals.	Identifies somewhat realistic short-term, medium-term and long-term financial goals.	Identifies financial goals, but they are not realistic and/or details are limited.	Financial goals are incomplete and/or unrealistic.
Communication	The chart is clear, organized and comprehensive.	The chart is clear but may lack some details.	The chart may lack clarity or details.	The chart is unclear or incomplete.

Task 3: Investment portfolios

1. Build 3 hypothetical investment portfolios, one for each of your three investment timelines.
 - Include the asset allocation of each: the asset allocation of each portfolio should be based on your investment timeline and risk tolerance.
 - Give an example of a security you could include for each component of your portfolio.
2. Decide how much of your monthly savings you want to put toward each portfolio each month.

Rubric

	Level 4	Level 3	Level 2	Level 1
Application	Successfully builds three hypothetical investment portfolios, considering investment timelines, risk tolerance and asset allocation. Provides examples of securities for each component.	Builds three portfolios with reasonable consideration of investment timelines, risk tolerance and asset allocation. Provides examples of securities, though some may be generic.	Constructs three portfolios with basic consideration of investment timelines and risk tolerance. Examples of securities may be lacking or unclear.	Difficulty constructing portfolios with clear consideration of investment timelines and risk tolerance. Examples of securities are unclear or absent.
Thinking	Clearly decides how much of monthly savings will be allocated to each portfolio. Allocations are well justified.	Decides how much of monthly savings will be allocated to each portfolio. Justifications are reasonable but may lack depth.	Allocates monthly savings but justifications may be basic or unclear.	Difficulty allocating monthly savings to each portfolio. Justifications are unclear or absent.

Task 4: Investing strategies

Explain how you will use diversification, dollar-cost averaging and regular rebalancing with your portfolios.

Rubric

	Level 4	Level 3	Level 2	Level 1
Explanation of strategies (knowledge)	Clearly explains how diversification, dollar-cost averaging and regular rebalancing will be used with portfolios. Demonstrates a deep understanding of investment strategies.	Explains how diversification, dollar-cost averaging and regular rebalancing will be used. Understanding is solid, though some details may be lacking.	Provides basic explanations of diversification, dollar-cost averaging and regular rebalancing. Understanding may be limited or unclear.	Difficulty explaining diversification, dollar-cost averaging and regular rebalancing. Understanding is unclear or absent.
Coherence and clarity of explanation (communication)	Communicates explanations clearly and coherently. Ideas are well organized and presented effectively.	Communicates explanations clearly, though some aspects may be less organized or less clear.	Communication is basic, and explanations may lack coherence or clarity.	Communication is unclear or disorganized. Explanations lack coherence and clarity.