

Lesson 10.2: How Comfortable Will My Place Be?



Standards and Benchmarks

See page 5.

Lesson Description

In this lesson, students identify items they would like to have to furnish an apartment and estimate and research the cost of those items. Students also make decisions about what items to purchase given a budget. To obtain answer keys for the handouts and assessment in this lesson, create an account on FederalReserveEducation.org.

Concepts

Budgeting
Decision-Making
Payment Options

Objectives

Students will be able to:

- identify what furnishing they want for an apartment.
- research and calculate the cost for furnishing an apartment.
- list the options for acquiring what they want.
- use a budget to make decisions about how to furnish an apartment.

Compelling Question

How do you determine how much it will cost to furnish your own place?

Time Required

60-75 minutes

Materials

- Handout 10.2.1: Furnishing an Apartment , one copy for each student
 - Handout 10.2.2: Budget Cards, cut apart, one for each group
 - Chart paper
 - Markers
 - Internet Access
-  = Portfolio Item

Preparation

Cut out the budget cards from [Handout 10.2.2: Budget Cards](#).

Procedure

1. Divide the class into groups of three or four students.
2. Distribute chart paper and a marker to each group of students.
3. Distribute one copy of [Handout 10.2.1: Furnishing an Apartment](#) to each student.
4. Explain to the class that they are going to brainstorm a list of items to furnish a specific room of an apartment they would want to live in.
5. Use the following list to assign each group a specific room. Some groups may need to be assigned the same room.
 - Balcony
 - Bathroom
 - Bedroom
 - Dining Room
 - Kitchen
 - Laundry Room
 - Living Room
6. Ask students to brainstorm a list of items to furnish the room they have been assigned. One person in each group should record the list on chart paper while each student individually records the group list on [Handout 10.2.1](#). Tell students **NOT TO FILL IN THE COST COLUMNS AT THIS TIME**.
7. Have each group report to the class the list of items they have brainstormed for their assigned room. The class should offer any additional ideas to each group to add to the brainstormed list, if there are any missing.
8. After the students share their lists, ask them how they can acquire these items (*The students should say purchase the items new or used, or receive them as a donation from a friend or family member.*) Remind the students that if they receive the item as a donation from a friend or family member, it may not be the exact item they would choose, and it may have some wear and tear; but it is free.
9. Ask each group to search online to find the price of each item. Tell students that each item should be new, not used. Instruct students to fill in the “Item Cost” column and the “Where Did you Get The Item” column in [Handout 10.2.1](#). After finding the individual prices, students should find the total cost for furnishing their assigned room.
10. Have each group record the price of each item listed to the right on the chart paper. When the list is posted, it should include the total amount spent for the room.

11. Have each group report their findings to the class and find the total cost for furnishing all rooms in the apartment.
12. To review budgeting concepts, have one student from each group choose one budget card from Handout 10.2.2: Budget Cards. Instruct students to review their list of items and decide which items they would still like to buy given their budgets.
13. Discuss the following:
 - a. How many groups had enough money for the items on their list (*Answers will vary*).
 - b. How many groups did not have enough money for the items on their list (*Answers will vary*.)
 - c. What decisions did your group have to make given the budget you were given? (*Answers will vary but may include discussion about buying more items or fewer items.*)
 - d. Ask students how they will get the money they need to furnish their own place and stay within their budget? (*Answers will vary but may include set up a savings account, use money received as gifts, use a credit card or installment plan, or settle for used or donated items.*)
14. Explain to students that if they pay for furnishing with a credit card, they will have to pay interest. Use Bankrate's Credit Card Minimum Payment Calculator (<https://www.bankrate.com/credit-cards/tools/minimum-payment-calculator/>) to show the additional cost of the item if you only make the minimum monthly payment.
 - a. Example: If you charge \$2500 to get everything you want new, and your credit card interest rate is 18 percent, it will cost you an additional \$3173.22 and take 204 months, or 17 years, for a total of \$5673.22.
15. What are some additional ways to reduce the costs of furnishing and renting an apartment? (*Answers will vary, but the students may say get a roommate, furnishing only some of the rooms in the apartment, save money for furnishings, etc.*)
16. Optional: You may have students keep their copy of Handout 10.2.1 in their portfolio.

Closure

17. Review the important points of the lesson by asking students:
 - a. What factors do you consider when furnishing your first apartment? (*Answers will vary, but could mention what they want the most, affordability, budget, trade-offs, etc.*)
 - b. What are some possible ways to pay for items to furnish your apartment? (*Answers will vary, but could include buying with credit, paying installments, using savings, buying used items, saving up for more expensive items, etc.*)

- c. How should you determine what you will need for your apartment? *(Answers will vary, but could include discussion of budget, comparison shopping, research, trade-offs, etc.)*

Assessment

18. Have students write a paragraph to describe three things to consider when determining how much it will cost to furnish their own place. *(See separate answer key for answers and grading rubric.)*

Standards and Benchmarks

National Content Standards in K-12 Economics

Standard 2: Decision Making

People usually respond predictably to positive and negative incentives. Effective decision-making requires comparing the additional costs or alternatives with the additional benefits.

Benchmarks: Middle School

1. Making rational decisions involves trading off the expected value of one opportunity against the expected value of its best alternative.

National Standards for Personal Financial Education

Standard 2: Spending

A budget is a plan for allocating a person's spendable income to necessary and desired goods and services. When there is sufficient money in their budget, people may decide to give money to others, save, or invest to achieve future goals. People can often improve their financial well-being by making well-informed spending decisions, which includes critical evaluation of price, quality, product information, and method of payment. Individual spending decisions may be influenced by financial constraints, personal preferences, unique needs, peers, and advertising.

Benchmarks: Grade 12

4. Consumers may be influenced by how prices of goods and services are advertised, and whether prices are fixed or negotiable

Handout 10.2.1: Furnishing an Apartment

ROOM: _____ TOTAL COST: _____

1. You have graduated and are moving into a one-bedroom apartment. Create a list of items you would like to have to furnish the room you have been assigned. Record the items below.
2. Research prices for all the items on your list and record them. Record the name of the store/website from which you obtained each item.
3. Total the prices for each item and record it on the table below.

Furnishings Wanted	Item Cost	Where Did You Get Item?
Total Cost of Your Room		

Handout 10.2.2: Apartment Budget Cards

\$250	\$500
\$750	\$1,000
\$1,250	\$1,500
\$1,750	\$2,000
\$2,500	\$3,000