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LEARNING BOX OF UNPLUGGED ACTIVITIES

Managing a Household Budget During Inflation

This unplugged activity helps learners understand how to manage a household budget in times of rising costs and financial uncertainty. Participants work with simplified, real-life scenarios involving income and expenses. Using paper-based tools (cards, worksheets), they categorize expenses, identify spending patterns, and create budgeting strategies. The activity promotes practical financial decision-making while introducing computational thinking concepts without the use of digital tools.

Target Group

- ☑ Low-skilled adults with low digital competences
- ☐ Low-skilled adults with limited formal education or qualifications
- ☐ Low-skilled adults with low participation in lifelong learning / training opportunities

Learning Objectives

- Understand basic principles of household budgeting
- Identify essential and non-essential expenses
- Recognize patterns in spending and income fluctuations
- Develop simple strategies to manage finances during inflation
- Apply computational thinking to real-life financial decisions

Competence Areas

a) Innovation Competences

- ☑ Creativity
- ☑ Critical thinking
- ☑ Problem solving
- ☑ Communication
- ☑ Collaboration

Theme

Financial literacy and household budgeting

Duration

90 minutes

Level

Beginner

Computational Thinking Steps Used

- ☑ Decomposition
- ☑ Pattern recognition
- ☑ Abstraction
- ☑ Algorithmic thinking

Methodological Approach

☑ Gamification
☑ Challenge-Based Learning
☑ Collaborative learning
☑ Experiential learning

b) Information Literacy Competences

- ☐ Ability to access, understand, and critically analyse information
- ☐ Interpretation of digital and visual content
- ☐ Awareness of media influence and biases

c) Life and Career Competences

- ☐ Flexibility and adaptability
- ☐ Initiative and autonomy
- ☐ Sociability and intercultural competence
- ☐ Productivity
- ☐ Leadership and responsibility

Learning Outcomes

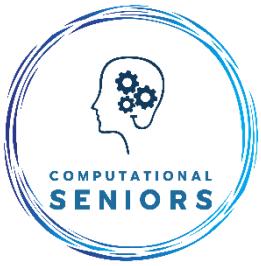
By the end of the activity, participants will be able to:

- Break down a household budget into key categories
- Identify recurring and seasonal spending patterns
- Distinguish between essential and discretionary expenses
- Design a simple rule-based budgeting plan
- Make informed financial decisions under constraints

Notes

- Use printed cards representing income and expense categories
- Adapt examples to local cost-of-living conditions
- Encourage discussion and sharing of personal experiences

Facilitators should provide guidance but allow participants to explore solutions



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Managing a Household Budget During Inflation

Step 1: Decomposition of Expenses

Participants are given a fictional monthly income (or different income scenarios) along with a set of expense cards (e.g., rent, electricity, food, transport, loan payments, entertainment, unexpected costs).

They are asked to:

- Sort the cards into categories such as essential (needs) and non-essential (wants)
- Group expenses into broader categories (housing, utilities, food, transport, leisure)
- Estimate or calculate total spending for each category using simple addition

Facilitator support:

- Prompt discussion with questions like: “Which expenses are unavoidable?”, “Which could be reduced?”
- Introduce the idea that not all expenses are equal in priority

This step helps participants clearly break down a complex budget into manageable parts.

Step 2: Pattern Recognition

Participants are given additional scenario cards (e.g., winter month, summer month, reduced income, unexpected expense like medical bill or repair).

They are asked to:

- Compare how expenses change across scenarios
- Identify recurring patterns, such as:
  - Higher electricity/heating costs in winter
  - Increased spending during holidays
  - Irregular or unstable income
- Discuss habits that influence spending (e.g., frequent eating out, daily small purchases)

Facilitator support:

- Encourage reflection: “What changes every month?”, “What stays the same?”
- Highlight how small repeated expenses can add up over time

This step helps participants recognize trends and anticipate financial challenges.

Step 3: Abstraction – Focusing on What Matters Most

Participants are guided to simplify their budget by focusing only on the most important elements.

They are asked to:

- Identify key expenses that must always be covered (e.g., rent, food, utilities)
- Distinguish clearly between essential and discretionary spending
- Temporarily ignore less important or flexible costs to better understand financial priorities
- Reflect on what can realistically be reduced or adjusted during inflation

Facilitator support:

- Ask questions like: “If your income decreases, what must you pay first?”, “What can you live without?”
- Emphasize prioritization and simplification

This step helps participants reduce complexity and focus on critical financial decisions.

Step 4: Budget Strategy Creation (Algorithmic Thinking)

Participants are asked to create a simple, rule-based budgeting plan using what they learned.

They should:

- Define clear rules such as:

    - "Pay essential expenses first"
    - "Limit non-essential spending to a fixed amount"
    - "Set aside a small emergency fund each month"
- Adjust their budget based on different scenarios (e.g., reduced income or higher bills)
- Organize their decisions into a step-by-step routine, for example:
    1. List income
    2. Subtract essential expenses
    3. Allocate remaining money
    4. Save a portion if possible

Finally, participants:

- Present their budgeting strategy to the group
- Explain how their rules help manage inflation and financial uncertainty
- Compare approaches and discuss which strategies are more effective and realistic

Facilitator support:

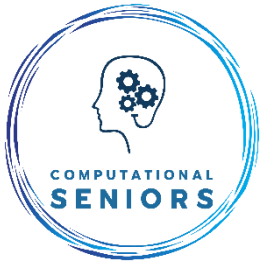
- Encourage practical thinking: "Would this work in real life?"
- Emphasize flexibility and adaptation of rules

This step helps participants develop structured, repeatable decision-making processes.

Facilitator Guidance

Before the activity

Begin by asking participants about the types of expenses they pay every month and whether they have noticed changes in prices over the past year. Encourage them to share examples of rising costs (e.g., groceries, electricity, fuel) to connect the activity with their everyday experiences. Explain that there is no single "correct" budget and that different households have different priorities. Introduce the four computational thinking steps and explain how they can help make financial decisions.





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During the activity

Encourage participants to work collaboratively and explain the reasoning behind their choices. Instead of providing solutions, ask guiding questions such as: "Which expenses are essential?", "What could be reduced if income decreases?", or "Have you noticed any recurring spending patterns?" If participants struggle with calculations, allow them to estimate values rather than focusing on mathematical accuracy. Encourage groups to compare different budgeting approaches and discuss the advantages and disadvantages of each.

After the activity

Facilitate a discussion about the different budgeting strategies developed by the groups. Ask participants which rules they believe would be easiest to apply in real life and how they could adapt their budgets if unexpected expenses occurred. Reinforce that computational thinking can support everyday financial decisions by helping people organize information, recognize patterns, and make structured decisions.

EXPENSE CARD

INCOME



Monthly Income

€ 1,400 / month

Wages, benefits, freelance, or pension

Starting point for all budget planning

May vary month to month

NOTE: Use this card as your budget baseline

CATEGORY: Variable · NOTE: Budget baseline

EXPENSE CARD

ESSENTIAL



Rent / Mortgage

€ 650 / month

Monthly housing payment — fixed or variable

Cannot be postponed or skipped

Represents the largest budget item

CATEGORY: Essential (Need) · PRIORITY: 1st

EXPENSE CARD

ESSENTIAL



Electricity & Gas

€ 120 / month

Heating, lighting, hot water

Costs rise in winter months

Can be reduced through energy-saving habits

CATEGORY: Essential (Need) · PRIORITY: 2nd

EXPENSE CARD

ESSENTIAL



Food & Groceries

€ 300 / month

Daily meals, supermarket shopping

Can be reduced by meal planning & buying basics

Eating out adds extra cost

CATEGORY: Essential (Need) · PRIORITY: 2nd

EXPENSE CARD

ESSENTIAL



Transport

€ 90 / month

Bus pass, fuel, car maintenance

Needed to get to work / school

Can be reduced by carpooling or cycling

CATEGORY: Essential (Need) · PRIORITY: 3rd

EXPENSE CARD

COMMITMENT



Loan Repayment

€ 150 / month

Consumer loan, credit card, or mortgage top-up

Missing payment affects credit score

Fixed monthly obligation

CATEGORY: Commitment · PRIORITY: 2nd

EXPENSE CARD

WANT



Entertainment

€ 80 / month

Streaming, cinema, dining out, hobbies

Improves wellbeing but can be cut back

First to reduce when income falls

CATEGORY: Non-Essential (Want) · PRIORITY: 4th

EXPENSE CARD

VARIABLE



Unexpected Costs

€ 0 – 500+

Car repair, medical bill, appliance breakdown

Unpredictable — hits budget without warning

Emergency fund helps absorb the shock

CATEGORY: Variable · PRIORITY: Urgent when it arises

SCENARIO CARD

SEASONAL

❄ Winter Month

It is January. Heating costs have doubled.

Electricity bill: +€ 80 above normal

Income stays the same

❓ **How do you adjust your budget this month?**

THINK: Which expense can you reduce to cover the extra heating cost?

SCENARIO CARD

SEASONAL

Summer Month

School holidays are here. Kids need activities.

Extra food and leisure spending: +€ 60

Heating bills are lower: -€ 50

❓ **Does it balance out? What else changes in summer?**

THINK: Are there summer-only savings you can plan for?

SCENARIO CARD

SHOCK



Reduced Income

You worked fewer hours this month.

Income is €1,100 instead of €1,400 (-€ 300)

All regular expenses remain the same

❓ **Which expenses must you cover? What do you cut?**

THINK: Rank your expenses — what comes first?

SCENARIO CARD

SHOCK



Medical Bill

A family member needed urgent medical care.

Unexpected bill: € 280

No emergency fund available

❓ **Where does this money come from?**

THINK: Which non-essential spending can cover this gap?

SCENARIO CARD

SHOCK

Home Repair

The washing machine broke down and needs replacing.

Replacement cost: € 350 (or € 40/month on credit)

Paying cash vs. taking credit — both have costs

❓ **Which option fits your budget better?**

THINK: What is the true long-term cost of each choice?

SCENARIO CARD

SEASONAL



Holiday Season

December brings gifts, celebrations, and travel.

Extra spending estimate: € 200

Income unchanged

❓ **How do you plan ahead for holiday expenses?**

THINK: Could saving a small amount each month help prepare?