

AW Math 11

**DAY 1** *Personal Budgets class notes*

**Budget** *Statement of projected income and expenses helping people stay balanced (income > expenses)*

**Discretionary income:**

*any \$ leftover at end of month*

**Income (2 types):**

a) **Regular Income** : *Predictable, know each month.  
Ex Wage, Salary, gov't cheques*

b) **Variable Income** : *changes month to month  
Ex tips, commission, investments*

**Expenses (3 types):**

a) **Recurring expenses** *Every month (Constant)*  
• *Rent, insurance, bus pass*

b) **Variable expenses** *changes / fluctuates*  
• *Heating costs, gas, eating out*

c) **Unexpected expenses** *less predictable*  
• *Accidents, Speeding ticket, home repairs*

**EXAMPLE 1 Organize Income and Expenses**

Organize Janice's income and expenses for the past month.

Item	Amount	Income: Reg or Var?	Recurring Expenses	Expenses: Variable or Unexpected?
Paycheque	\$500.00	Reg		
Gas	\$34.86			Variable
Cell phone bill	\$42.89		✓	
New boots	\$189.54			unexp
Paycheque	\$500.00	Reg		
Birthday gift (received)	\$100.00	Var		
Car loan payment	\$275.00		✓	
New hard hat (replace lost one)	\$29.95			unexp.
Eating out	\$25.78			Variable

**EXAMPLE 2 Analyzing Income and Expenses**

Income		Expenses	
Semi-monthly paycheque	\$539.92	Rent	\$445.00
Semi-monthly paycheque	\$539.92	Food	\$195.00
<i>total:</i>	<i>1079.84</i>	Entertainment	\$79.85
		Utilities	\$45.15
		Transportation	\$75.00
		Clothing	\$72.95
		Cell phone bill	\$47.95
		Miscellaneous	\$25.00

*total: \$985.90*

Carlos has made a list of his income and expenses for one month.

- a) He plans to put any extra income into a savings account. How much money does he have to put into savings?

$$\$1079.84 - \$985.90 = \$93.94 \text{ /month}$$

- b) How much money can Carlos save over one year?

$$\$93.94 \times 12 \text{ month} = \$1127.28$$

- c) What percentage of his income does Carlos's saving represent?

$$\frac{\$93.94}{\$1079.84} = 0.087 \times 100 = 8.7\%$$

- d) Carlos hopes to buy a new computer in one year. He expects it will cost \$1500.00. How much **more** would he need to save per month to be able to afford it? **Suggest one way he could do this.**

$$\$1500 - \$1127.28 = \$372.72 \text{ more in a year}$$

$$\frac{\$372.72}{12 \text{ months}} = \$31.06 \text{ /month more for year.}$$

Assignment pg 6-9 (do all)

**EXAMPLE 3** Saving for a Big Expense

Rachelle’s budgeted income and expenses for one month are shown below. She wants to replace her car in one year. She expects that she will be able to sell her old car for \$1500.00. Assuming she saves any extra income, **how much money will she have for a new car?**

Income		Expenses	
Regular pay	\$1100.00	Rent	\$500.00
Tutoring	\$300.00	Utilities	\$150.00
Babysitting	\$250.00	Car insurance	\$125.00
<i>total:</i>	<i>\$1650.00</i>	Gas	\$80.00
		Clothing	\$100.00
		Groceries	\$175.00
		Entertainment	\$50.00
		Miscellaneous	\$25.00

*total: \$1205.00*

*Savings: \$1650 - \$1205 = \$445/month*

*\$445 × 12 months = \$5340/yr*

*+ 1500 (car sale)*

*\$6840 for a new car*

**DAY 1** *Personal Budget assignment*

1. Classify the following types of **income** as **regular** or **variable**. Explain.

Item	Classification	Reason
Semi-monthly paycheque		
Birthday gift		
Tips		
Interest from investment		
Tax refund		

2. Classify the following **expenses** as **recurring**, **variable** or **unexpected**. Explain.

Item	Classification	Reason
Rent		
New shoes		
Loan payment		
Car repairs		
Groceries		
Meal at restaurant		
Replacing broken cell phone		
Car insurance		

3. Classify the following as income or expenses. **Identify the income as regular or variable and the expenses as recurring, variable or unexpected.**

Item	Income	Expense	Item	Income	Expense
John's Birthday: \$54.25			Savings: \$50.00		
Car insurance: \$115.32			Rent: \$450.00		
Cell phone bill: \$45.00			Babysitting (earned money): \$40.00		
Paycheque: \$123.42			Meal out: \$56.76		
Loan Payment: \$125.00			Commission: \$75.00		
Donation to fund: \$25.00			Paycheque: \$250.00		

4. Tonia has made a list of her income and expenses for one month. She will put any extra income into savings. If she ALSO has an unexpected car repair that cost \$243.25, how much will she save this month?

Income		Expenses	
Paycheque (week 1)	\$450.00	Rent	\$775.00
Paycheque (week 2)	\$450.00	Groceries	\$225.39
Paycheque (week 3)	\$450.00	Renter's insurance	\$74.00
Paycheque (week 4)	\$450.00	Clothing	\$66.79
		Entertainment	\$47.59
		Utilities	\$84.00
		Transportation	\$250.00

5. Franklin earns \$2456.85 each month. He expects the following expenses this month. If he saves the rest, how much can he save in a year? What percentage of his income does this represent?

Expenses	
Mortgage payment	\$1250.46
Groceries	\$250.00
Insurance	\$135.76
Entertainment	\$50.00
Utilities/phone	\$245.00
Transportation	\$250.00
Miscellaneous	\$100.00

6. Marion has the following monthly income and expenses. She puts any extra income into savings. After three months, Marion wants to buy a new TV that costs \$1399.99. Will she have enough saved to pay cash?

Income		Expenses	
Semi-monthly pay	\$1037.72	Rent	\$825.00
Semi-monthly pay	\$1037.72	Utilities	\$110.00
		Entertainment	\$100.00
		Loan payment	\$150.00
		Renter's insurance	\$25.00
		Transportation	\$225.00
		Groceries	\$275.00
		Clothing	\$100.00
		Charity	\$25.00
		Miscellaneous	\$50.00

7. Aidan earns \$1588.25 per month and has about \$1275.00 in expenses per month. If he saves the rest, how many months will it take him to save for a new computer if the one he wants costs \$1798.98 (ignore taxes)?

8. Karen's monthly income is \$2379.00 and her monthly expenses are as follows.

Expenses	
Rent	\$775.00
Utilities	\$175.00
Car payment	\$342.00
Car insurance	\$123.00
Renter's insurance	\$42.00
Groceries	\$225.00
Gas	\$90.00
Entertainment	\$75.00
Miscellaneous	\$50.00

In January, Karen starts saving for a trip in July that will cost her \$3000.00. Will she have enough saved by the beginning of July? How much more/less will she have in savings?

9. Wong has recorded his income and expenses below. Identify the income and expenses. Classify the income as regular or variable, and the expenses as recurring or variable.

Item	Income	Expense	Item	Income	Expense
Paycheque			Rent		
Car insurance			Gas		
Clothing			Cell phone bill		
Mother's Day gift			Groceries		
Present for Joan			Entertainment		
Mowing lawns			Utilities		

10. Hannah has made a list of her income and expenses for one month.

Income		Expenses	
Semi-monthly pay	\$400.00	Rent	\$395.00
Tips	\$140.00	Loan payment	\$85.00
Yard and house work	\$150.00	Car (gas and insurance)	\$185.00
Tutoring	\$150.00	Clothing	\$75.00
Semi-monthly pay	\$400.00	Food	\$170.00
		Entertainment	\$50.00
		Miscellaneous	\$25.00
		Cell phone	\$40.00

- a) How much will Hannah be able to save each month?
  
- b) What percentage of her income do her savings represent?
  
- c) After 6 months, Hannah wants to buy a new bicycle that costs \$1199.99. Will she have enough money saved?

11. Jake has regularly saved \$125.00 per month since he began working 8 months ago. He has planned a trip in 6 months, which will cost him \$1900.00. How much more does he have to save each month to have enough for the trip?