

7.3 Budgets

Name: _____

Block _____

WARM-UP QUESTIONS: *treat this as a "quiz" try to do them on your own and without your notes...this will give you a good idea of where you're at!*

1. Calculate the weekly income for the following people:
 - a. A dentist who makes \$85/hour who works 40 hours per week.
 - b. A student making minimum wage, \$12.65 for their first job at a bakery working 20 hours per week.
 - c. An electrician who makes \$38/hour for the first 35 hours of work and then time and a half for any additional hour. Calculate the electrician's income if they worked 45 hours in one week.

2. Using the base formula $I = P \times r \times t$ calculate the following:
 - a. The amount of interest earned on an investment of \$500 at a rate of 12% invested for 3 years.
 - b. The amount of principal needed to earn \$48 of interest when invested at a rate of 4% for 5 years.
 - c. The amount of time needed for a principal of \$1500 invested at a rate of 6% to earn \$100 in interest.

With a partner discuss what a **budget** is and write a definition below:

What are fixed expenses?

Examples:

What are variable expenses?

Examples:

Balanced budget - a budget in which the total income is equal to the total expenses

WHEN DEVELOPING A BUDGET THERE ARE 3 THINGS TO KEEP IN MIND:

1. _____: *for at least a month, record everything you spend, even a purchase as small as a coffee. At the end of one month, specific spending habits will become obvious. These spending habits will allow you to develop an accurate budget you can stick to!*
2. _____: *for most high school students this will vary. Especially if you do not have a regular part time job. This could include things like babysitting, delivering newspapers, an allowance, etc. Try to make a budget based on the _____ amount of money you are likely to make during the month.*
3. _____: *fixed expenses are the same each month, such as car payments, subscriptions, etc. Variable expenses can change each month, such as electricity and phone bills, cost/money spent on food or entertainment. If you track your expenses closely, it is possible to come up with an accurate estimate-best to estimate high to be safe!*

Needs Versus Wants

Needs: What is necessary for survival. For example food, water, shelter, clothing, education, health care, safety and security.

Wants: The desire for things that are not necessary, but which add comfort and pleasure to our lives; something that would be nice to have.

Peer Pressure: People buy goods because their friends or neighbours (peers) have them. Sometimes people buy expensive items even when they can't afford them.

To tell is something is a WANT or a NEED.

	Yes	No
Can I live without this?		
Can I work without this?		
Would other people say this is a WANT?		

If you answer no to any question, it is a NEED. If you answer yes to all 3 questions, it is a WANT.

Budget Worksheets

Since October, Andrea has been trying to follow the monthly budget she created below:

Item	Income (+)	Expense (-)
Income from work and allowance of \$40	\$400	
Phone plan		\$55
Entertainment		\$35
Clothing		\$70
Miscellaneous		\$40

In December Andrea receives her \$40 allowance and a pay cheque of \$310.45 for her month of work. She spends \$53.89 on entertainment, \$60.00 on clothes and \$75.00 on miscellaneous items. She also pays her phone plan bill of \$55.

a. What is the balance of Andrea's actual budget at the end of the month of December?

Item	Income (+)	Expense (-)	Balance
Income from work and allowance of \$40			
Phone plan			
Entertainment			
Clothing			
Miscellaneous			

b) Does Andrea have any fixed income or fixed expenses?

c) Did Andrea stick to her budget? Why or why not?

Budgeting for an Event

Carl and his two friends choose a campsite that charges \$41.75 per night for up to four people. They estimate food will cost \$10 per person for each night of camping. They would like to spend one day kayaking. It is \$45.00 per person to rent a kayak for a day. If they camp for two nights and each person has \$100 to spend, will they have a balanced budget?



Barry is in grade 10 and he lives with his parents; he doesn't pay rent, utilities, or food expenses. He works 15 hours per week at a pizza parlour, and his net income after taxes is \$600 a month. His older brother owns a car and lets him borrow it to drive to work when it is available for \$50 each month; otherwise Barry takes the bus. He really wants to buy a car, so any money that isn't spent at the end of the month goes towards savings for a used car. Analyze Barry's spending to determine why he is not on track to be able to purchase a car, and suggest what changes he could make to purchasing a car possible.

Fixed Expenses	Budget Goals	Actual Spending
Savings for Car	\$100	\$0
Cell Phone	\$75	\$100
Car Payment to Brother	\$50	\$100

Variable Expenses	Budget Goals	Actual Spending
Public Transportation	\$50	\$60
Entertainment	\$50	\$65
Personal Shopping	\$50	\$175
Miscellaneous	\$25	\$100
Total (Variable + Fixed)	\$400	\$600



Assignment #7.3
pg 262 - 265

Required

#1, 2, 3, 4, 5, 6,
8, 10

Extra Practice

7, 9

Extension

11