

Budgets

List as many items you can think of that someone your age might pay for.

<u>clothes</u>	<u>phone plan</u>	<u>makeup</u>
<u>entertainment</u>	<u>jewelry</u>	<u>pet supplies / food</u>
<u>food</u>	<u>video games</u>	
<u>hair cuts</u>	<u>bus pass</u>	
<u>school supplies</u>		

List items that a parent might pay for.

<u>groceries</u>	<u>phone</u>	<u>toiletries</u>	<u>tv/cable/internet</u>
<u>car</u>	<u>furniture</u>	<u>insurance</u>	<u>subscriptions (netflix etc.)</u>
<u>clothes</u>	<u>gas</u>	<u>cleaning items</u>	
<u>makeup</u>	<u>hydro</u>	<u>books</u>	
<u>mortgage</u>	<u>taxes</u>	<u>rent</u>	

Expenses can be categorized as fixed or variable.

Variable expense: An item that you do not pay for every month, or pay a different amount for every month.

Fixed expense: An item that you pay the same amount for each month.

Circle the items above which are fixed expenses.

Underline the items which are variable expenses.

What is a budget? A plan of how much money you will spend on various items or categories per month (or week, year, etc.)

A balanced budget is a budget in which the total income is equal to the total expenses.

Example 1: Since December, Sam has been following the monthly budget shown.

Item	Income (+)	Expense (-)
Income from work and allowance of \$50	325.00	
Phone plan		35.00
Entertainment		20.00
Clothing and accessories		50.00
Miscellaneous purchases		50.00

Budget:
 $325 - 155 = 170$

} 155

In March, Sam receives \$25.00 for a leadership award and \$285.45 for two weeks of work. He spends \$60 on a pair of shoes and \$109.45 on a skateboard. He spends \$18.50 on a movie and popcorn. He pays his phone fee of \$35. He receives his monthly allowance of \$50.

a) Complete the budget worksheet to determine the balance of Sam's budget at the end of the month.

Item	Income (+)	Expense (-)	Balance
leadership award	25		25
income from work	285.45		310.45
shoes		60	250.45
skateboard		190.45	141
movie & popcorn		18.50	122.50
phone		35	87.50
allowance	50		137.50

b) Does Sam have any fixed income or fixed expenses? If so, list them.

phone, allowance

c) Did Sam stick to his budget? If not, how could he correct this in April?

No, he spent more.

To correct this he can spend less and/or work more in April.

Example 2: Anthony and 2 of his friends are planning a camping trip. The campsite costs \$39.75 including tax per night for up to 4 people. They estimate that food will cost \$15 per person for each night of camping. Each person has \$50 for the trip.

a) Do they have a balanced budget for one night of camping? Justify your answer.

They have $3 \times \$50 = \150 together.

expenses: $3 \times \$15 + \39.75
 $= \$45 + \39.75
 $= \$84.75$

They do not have a balanced budget because their expenses are less than the money they have.

b) If one more friend joins them, can they camp for 2 nights and have a balanced budget? Explain.

They have \$200.

expenses: $(4 \times \$15 + \$39.75) \times 2$
 $= (\$60 + \$39.75) \times 2$
 $= \$99.75 \times 2$
 $= \$199.50$

They have a balanced budget because their expenses are about the same as the money they have.

Example 3: Jillian is going on a trip with her school band in 8 months. She will pay \$700 and her grandparents will pay the rest. Jillian wants to make sure she includes enough money in her budget to pay for the trip.

Jillian records her financial information this month:

- She gets paid \$165 twice this month from work.
- Her grandparents increase her monthly allowance to \$75.
- She earns \$42 for babysitting.
- She pays \$45 for her phone plan and \$42 for her gym membership.
- She spends \$16 in a restaurant and goes to a concert for \$60.
- She starts the month with \$85 saved.

a) Create a budget worksheet for Jillian's finances this month.

Item	Income (+)	Expense (-)	Balance
Previous month			85
income from work (2×165)	330		415
allowance	75		490
babysitting	42		532
phone plan		45	487
gym membership		42	445
restaurant		16	429
concert		60	369

b) How can Jillian make sure she puts aside enough money for her trip?

If she puts aside \$200 she has 8 months to save another \$500.

$$500 \div 8 = 62.5$$

Jillian could set a goal of putting \$65 toward her trip every month