

Section 8.4 Living Expenses

Use this monthly budget to answer questions 1 and 2.

INCOME (\$)	
Tomasz	3600
Ioanna	4150
TOTAL	
EXPENSES (\$)	
Fixed Expenses	
Mortgage	
Condominium Fees	405
Home Insurance	55
Car Payment	504
Car Insurance	288
RRSPs (10%)	
Total	4427
Variable Expenses (Average)	
Groceries	650
Electricity	110
Heating	170
Water	60
Telephone	60
Internet	45
Cable	65
Gasoline	250
Entertainment	200
Clothing	250
Vacation Fund	200
Gift Fund	100
Charity Fund	150
Total	
TOTAL EXPENSES	

- What is Tomasz and Ioanna's total monthly net income?
 - How much do they contribute to their RRSPs each month?
 - How much do they spend on the mortgage each month?
 - What percent of their income is committed to fixed expenses?

- What is the total of Tomasz and Ioanna's variable expenses?
 - What is the total of all their expenses?
 - What is the balance of this month's budget?
- Gordon works part-time after school and some weekends. His monthly budget for March is shown.

Income (\$)	
March 3–16	269.43
March 16–30	310.88
Total	
Expenses (\$)	
College savings	150
Room and board	130
Save for car	125
Cellular telephone	40
Spending	90
Total	
Balance (Income – Expenses) =	

- What is Gordon's total monthly income?
- What are his total monthly expenses?
- Determine whether Gordon's balance for March is positive or negative.
- Explain the meaning of his monthly balance.



Name: _____

Date: _____

4. Refer to question 3. Suppose Gordon gets a new part-time job that pays \$720 per month. He decides to save \$30 per month more for college and \$25 per month more for a car. He also starts saving \$50 per month for a new computer. Gordon switches to a new cellular telephone plan that costs \$15 per month. His parents ask him to pay \$40 per month more for room and board.

- a) Adjust Gordon's budget to reflect these changes.
- b) Determine Gordon's new monthly balance.

5. Simone lives with her parents and works part-time in a shoe store. Her monthly budget is shown.

Income (\$)	
June 1–15	483.28
June 16–31	424.62
Total	
Expenses (\$)	
Food	72
Clothes	110
Entertainment	185
Gifts	145
Total	
Balance (Income – Expenses) =	

- a) What is Simone's total monthly income?
- b) What is the total of her monthly expenses?
- c) Determine whether Simone's balance is positive or negative.
- d) Explain the meaning of her monthly balance.
- e) What should Simone do if her income remains the same next month? Explain your reasoning.

6. Tran is a student living on his own. He receives \$385 per month in student assistance and he earns \$565 per month at his part-time job. Tran pays \$430 per month in rent (utilities included) and spends approximately \$250 per month on groceries and \$30 per month on laundry.

- a) Create a monthly budget for Tran.
- b) What other occasional purchases might he need to make?
- c) Next year, Tran's student assistance will increase to \$425. His rent is expected to increase by 2% and the cost of groceries is expected to increase by 4%. Adjust Tran's budget to reflect these changes.

7. Juanita lives at home. She works part-time after school and on weekends. Her monthly budget for October is shown.

Income (\$)	
October 1–15	293.41
October 16–31	185.96
Total	
Expenses (\$)	
Room and board	100
Cellular telephone	30
Entertainment	200
Save for college	160
Total	
Balance (Income – Expenses) =	

- a) What is Juanita's total monthly income?
- b) What is the total of her monthly expenses?
- c) Determine whether Juanita's balance is positive or negative.
- d) Explain the meaning of her monthly balance.
- e) What should Juanita do if her income remains the same next month? Explain your reasoning.

