

2.4 Living Expenses

Focus: number sense, income versus expenses

Warm Up	
<p>1. An employee is paid weekly and was last paid April 6. When are the next 2 paydayes?</p>	<p>2. An employee is paid bi-weekly and was last paid April 6. When are the next 2 paydayes?</p>
<p>3. Round to the nearest \$10.</p> <p>a) \$128.75 _____</p> <p>b) \$62.45 _____</p> <p>c) \$206.90 _____</p>	<p>4. Add the rounded values from #3.</p>
<p>5. State 2 common fixed living expenses.</p> <p>_____</p> <p>_____</p>	<p>6. State 2 common variable living expenses.</p> <p>_____</p> <p>_____</p>

Using Your Budget Template

- The car. The kids. Groceries. Saving for a house. Taking care of your living expenses doesn't have to be overwhelming.
- You need to keep track of what money comes in and manage what money goes out.
- Save some of what you make. Invest some. Give some away.

1. One way of organizing your expenses is to use a **budget template**. This is a list of common sources of income and expenses. You can get them from banks, financial planners, or the Internet.
 - a) Go to www.mcgrawhill.ca/books/workplace12 and follow the links to budgeting. Look at 2 different budget templates. Choose a template that looks easy to use.
 - b) Look at the templates collected by classmates. Discuss why each of you chose the template that you did.

Go to pages 45–50 to write the definition for **budget template** in your own words.

2. Below is a list of expenses from a typical budget template.

Home	Daily Living	Transportation	Entertainment
Mortgage/rent	Groceries	Car payments	Cable or satellite TV
Utilities	Child care	Fuel	Video/DVD rentals
Home/cell phone	Dry cleaning	Insurance	Movies/plays
Internet	Dining out	Repairs	Concerts/clubs
Home repairs	Housecleaning	Car wash	Books
Home decorating	Clothing	Parking	Music: MP3s, CDs, etc.
Home security	Gifts	Public transit	
Garden supplies	Salon/barber/stylist		
Property tax	Credit card/loan payments		
Health and Recreation	Vacations	Saving/ Investing	Dues/ Subscriptions
Club/team/gym memberships	Travel: bus, car, plane, train	Savings accounts	Magazines
Insurance	Accommodations	RRSP	Newspapers
Prescriptions	Food	RESP	Religious organizations
Over-the-counter drugs	Souvenirs	Stocks	Charity
Veterinarians/pet medicines	Child/pet care	Other investments	
Life insurance			
Sports equipment			
Toys/child gear			

- Circle the items that apply to you now.
- Draw a rectangle around the items that might apply to you next year.
- Highlight 5 essential and 5 non-essential expenses.
- Use different colours to highlight 5 fixed expenses and 5 variable expenses.

3. Stephanie works part-time after school and some weekends. Her monthly budget for February is shown.

Income (\$)		Expenses (\$)			
Feb 2–16	312.61	Save for college	200	Clothes	95
Feb 17–Mar 3	290.09	Room and board	160	Cell phone	20
		Spending money	100		
Total Income =		Total Expenses =			
Balance (Income – Expenses) =					

- a) What is Stephanie's total income? \$ _____
- b) What are her total expenses? \$ _____
- c) Determine Stephanie's balance. \$ _____
- d) Explain the meaning of her monthly balance.

4. Mario moved out of his parents' house into a 2-bedroom apartment 4 months ago. He has recorded some of his expenses on a piece of paper.

	<i>Jan 1 - first and last months' rent - \$1180</i>
<input type="radio"/>	<i>Jan 7 - activate cable - \$65</i>
	<i>Jan 19 - top up cell phone - \$40</i>
	<i>Feb 1 - rent - \$590</i>
	<i>Feb 18 - gas bill - \$117.40</i>
	<i>Feb 22 - hydro bill - \$86.23</i>
<input type="radio"/>	<i>Mar 1 - rent - \$590</i>
	<i>Mar 11 - cable bill - \$103.06</i>
	<i>Mar 18 - gas bill - \$123.64</i>
	<i>Mar 29 - top up cell phone - \$50</i>
	<i>Apr 1 - rent - \$590</i>
<input type="radio"/>	<i>Apr 18 - gas bill - \$93.68</i>
	<i>Apr 22 - hydro bill - \$92.91</i>

a) Total Mario's expenses by month and by item.

Month (\$)		Item (\$)	
Jan	$1180 + 65 + 40 = \underline{\hspace{2cm}}$	Rent	$1180 + 590 + 590 + 590 = \underline{\hspace{2cm}}$
Feb		Cable	
Mar		Cell phone	
Apr		Gas	
		Hydro	

b) Which expenses do you think will decrease over the next few months? Explain your answer.

Which expenses will change between winter and spring?

c) Look at your budget template or the one on page 71. List expenses that Mario has left out of his budget.

d) If 1 month's rent should not exceed 1 week's net income, approximate the minimum weekly net income that Mario needs in order to be able to afford to live in this apartment.

✓ Check Your Understanding

1. a) Create a list of living expenses that a couple with a baby would have that a couple living alone would not.

b) Suggest ways the couple might adjust their budget to pay for these extra expenses.
