

## 2.5 Managing Change

Focus: number sense, balancing a budget

### Warm Up

<p><b>1.</b> George earns \$14.50/h and works 36 hours per week. What is his bi-weekly gross income?</p>	<p><b>2.</b> If George's net income is 80% of his gross income, what is his bi-weekly net income?</p>
<p><b>3.</b> If George's monthly expenses are \$1450, what is his balance in a 2-pay month?</p>	<p><b>4.</b> How much money do you think George should save each month? Why?</p> <p>_____</p> <p>_____</p>

### Developing a Balanced Budget

- A budget is **balanced** when the money coming in equals the money going out. The money going out can include savings and investments.

- 1. a)** Luca is in grade 12 and works part-time after school. His weekly earnings average \$125. Write each week's earnings in the Income column below.

Income (\$)	Expenses (approximate \$)	
<b>Total Income =</b>	<b>Total Expenses =</b>	
<b>Monthly Balance (Income – Expenses) =</b>		

- b)** Each month, Luca saves \$200. His car is paid for. His car insurance costs about \$125. He spends about \$75 on gas and about \$100 on entertainment. Write the data in the Expenses column.

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

- c) Complete the last 2 rows of the table for Luca’s balance.
- d) Luca’s budget is BALANCED/NOT BALANCED because his \_\_\_\_\_ equals his \_\_\_\_\_.

- Bill is a single, 28-year-old man.
- He has a full-time job with regular bi-weekly take home pay of about \$750.
- He has income from a second job of about \$200 per month.
- He rents a 1-bedroom apartment for \$634 per month.
- He does not own a car and uses public transportation. A transit pass costs \$75 per month.
- Bill has a personal loan, which costs him \$238 monthly.
- He spends about \$100 per week in groceries.



Look at Section 2.4 or your budget tracker from Section 2.3.

2. a) In the table below, list other expenses that Bill might have. Estimate the monthly cost of each expense.
- b) Calculate Bill’s total income for a month in which he receives 2 pays from his full-time job \_\_\_\_\_.
- c) Balance Bill’s monthly budget. Keep a running total of his remaining income by deducting each expense from the total calculated in part b). How much does Bill have left for savings at the end of the month?

Item	Cost (\$)	Opening Balance: _____ Remaining Income (\$)
Rent	634	
Transit pass	75	
Loan		
Groceries		

- Bill is losing his part-time job at the end of the week.
- 3. a)** If next month is also a 2-pay month at his full-time job, calculate Bill's total income for next month

\_\_\_\_\_.

- b)** Which item(s) from the table in #2c) must stay the same?

\_\_\_\_\_

- c)** Which item(s) from the table in #2c) can change?

\_\_\_\_\_

- d)** Design a balanced budget for Bill's reduced income.

Item	Cost (\$)	Opening Balance: _____ Remaining Income (\$)
Rent	634	
Transit pass	75	
Loan		
Groceries		

- e)** If Bill's financial situation remains the same for a few months, what other decisions might he have to make to keep his budget balanced?

\_\_\_\_\_

\_\_\_\_\_

- It's now 6 months later and Bill has a new job.
- His hourly rate is \$16.50.
- He works 40 hours per week and takes home approximately 80% of his gross income.

4. a) Calculate Bill's new weekly net income \_\_\_\_\_.
- b) Calculate his monthly net income for a 4-pay month and for a 5-pay month \_\_\_\_\_.
- c) If there is money left over after paying for all of his monthly expenses, what could Bill do? Prioritize your choices. \_\_\_\_\_  
\_\_\_\_\_
- d) Design a balanced budget for Bill with the information you know for a 4-pay month. Include the same items as you did in #2c). Feel free to add new items.

Item	Cost (\$)	Opening Balance: _____ Remaining Income (\$)
Rent	634	
Transit pass	75	
Loan		
Groceries		

### Check Your Understanding

1. Brainstorm some life changes that could affect a budget. Describe how you would adjust the budget for each life change.

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