

1. Summer works as a lifeguard. She has four bank accounts. On June 21, Summer's net pay of \$162.09 was deposited into her primary account.

a) Summer goes online and transfers 10% of her pay to an account for future investing. How much did Summer transfer?

b) Summer transfers 5% of her pay to an account for gifts and charity. Calculate this amount.

c) Summer is planning a trip to Cuba during the spring break. She puts 15% of her pay into her vacation account. How much did she transfer to this account?

d) How much of this pay does Summer have left?

$$(a) 10\% \text{ of } \$162.09$$

$$0.10 \times \$162.09$$

$$= \$16.209$$

$$= \$16.21$$

$$(b) 5\% \text{ of } \$162.09$$

$$= 0.05 \times \$162.09$$

$$= \$8.10$$

$$(c) 15\% \text{ of } \$162.09$$

$$= 0.15 \times 162.09$$

$$= \$24.31$$

$$(d) \$162.09 - \$16.21$$

$$- \$8.10 - \$24.31$$

$$= \$113.47$$

2. Mara is doing some holiday shopping. In most stores, Mara uses her bank card to pay. In some places, she uses cash. Mara withdraws \$80 cash from her account. The ATM receipt says her balance is \$37.30.

a) What was Mara's balance before she withdrew the cash?

$$(a) \quad 80 + 37.30 \\ = \$117.30$$

b) Mara then makes a purchase of \$18.48, using her bank card. What is her balance now?

$$(b) \quad \$37.30 - \$18.48 \\ = \$18.82$$

c) Mara is standing in line at another store with a sweater in her hand that costs \$19.99. What is the after-tax cost of the sweater? Note: Use the tax rate where you live.

$$(c) \quad \text{Tax} = 15\% \text{ of } 19.99 \\ = 0.15 \times 19.99 \\ = \$3$$

e) Mara does not have overdraft protection. After entering her PIN in the store's machine, Mara sees the following message displayed: PURCHASE DENIED. What are Mara's options right now?

$$\text{Total} = \$19.99 + \$3 \\ = \$22.99$$

f) How might Mara prevent this from happening in the future?

$$(d) \quad \$18.82 - 22.99 \\ = \$-4.17$$

5.2

Budgets

Focus On ...

- Identifying income and expenses that should be included in a personal budget
- creating a budget
- modifying a budget to achieve a set of personal goals

Fixed Expenses - Always the same
i.e. Rent

Variable Expenses - Change
i.e. Gas

Date	Details	Debits (-)	Credits (+)	Balance
Aug 2	Cash deposit		10.00	10.00
Aug 7	Direct deposit		146.73	156.73
Aug 8	ATM withdrawal	20.00		136.73
Aug 8	ATM charge	2.50		134.23
Aug 8	Debit machine fee	1.50		132.73
Aug 8	Cinemas	11.95		120.78
Aug 8	Joe's Subs	7.88		112.90
Aug 12	ATM withdrawal	20.00		92.90
Aug 12	ATM charge	2.50		90.40
Aug 12	Debit machine fee	1.50		88.90
Aug 15	ATM withdrawal	20.00		68.90
Aug 21	Direct deposit		171.06	239.96
Aug 21	ATM withdrawal	40.00		199.96
Aug 21	Just Jeans	67.19		132.77
Aug 22	Cinemas	11.95		120.82
Aug 28	Cell Phone Co.	87.40		33.42
Aug 28	ATM withdrawal	20.00		13.42
Aug 31	Interest		0.01	13.43
Aug 31	Account fee	8.75		4.68

a) Break Corinne's spending into categories, and calculate the total amount spent on each category

Cell \$87.40
 Bank fees \$16.75
 Entertainment \$23.90
 Withdrawal \$120
 Food/Needs \$7.88
 Clothes \$67.19

b) How much money did Corinne earn? How much did she spend? Is her budget balanced?

Earned \$327.80
 Spent \$323.12

\$4.68 not quite balanced.

c) How could she change her spending habits?

Cut costs, i.e. clothes and phone.

d) What other categories should Corinne add?

Savings

5. Olivia wants to save \$3000 to buy a car 1 year from now. She currently has \$1200 in her "saving for big things" account. She is paid every other week. How much will she need to save from each pay in order to achieve her goal?



$$\begin{array}{r} \text{Needs } 3000 \\ - 1200 \\ \hline \$1800 \end{array}$$

52 weeks in a year

2

= 26 pays

$$\frac{\$1800}{26 \text{ pays}} = \$69.23 \text{ per pay.}$$

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4. Ben has an after-school job, and he wants to create a budget.
- Ben's net pay averages about \$120 per week. He is paid every Friday. Calculate his total income for a month that has four Fridays.
 - Calculate Ben's total income for a month with five Fridays.
 - He tracked his spending for a month and organized the information into a table like the one shown. Note: His spending includes \$20 a week that he gives to his mother to help with expenses.

Item	Week of			
	October 1-7	October 8-14	October 15-21	October 22-28
	Amount(\$)			
Lunches	25.00	20.00	19.00	23.00
Clothes		32.75		45.60
Mom	20.00	20.00	20.00	20.00
Going out	18.00	12.00	35.00	32.00
Phone			44.30	
Miscellaneous	17.54	16.00	20.00	13.50
Saving	39.46	19.25	-18.30	-14.10

Calculate Ben's total expenses for each week in October.

- Calculate Ben's total expenses for each category.
- Calculate the total expenses for all categories in October.
- Explain the negative amounts in Ben's savings.
- What is "Miscellaneous"?
- Ben decides to save for a car or truck. Make three suggestions that Ben can use in November to move him toward his goal.

7. Monica is 17 and in grade 12. She has babysat for years and has recently obtained a part-time job at a mall kiosk that sells jewellery. Below is Monica's budget for April.

Monthly Budget (April)	
Estimated Income (\$)	
Work	350
Babysitting	200
Total Income	550
Expenses (\$)	
Saving for Florida trip	50
Cell phone	60
Clothes	100
Eating out	80
Personal products	25
Entertainment	100
Insurance on family car	45
Total Expenses	460

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- List the expenses that you think might be fixed expenses.
- Calculate the difference between Monica's income and her expenses.
- What could Monica use this extra money for?
- Rewrite Monica's budget so that it is a balanced budget.

1. This is a copy of Sandra and Paul's September budget.

- a) Explain why their current budget is balanced.
- b) Which part of their car expenses is likely fixed? Which part is likely variable?
- c) List the items that are likely fixed expenses.
- d) Calculate the total of their fixed expenses.
- e) What amount is left for their variable expenses?
- f) Rewrite the budget by splitting the expenses into two main groupings: fixed expenses and variable expenses.

Monthly Budget (September)	
Income (\$)	
Paul	1950
Sandra	1500
Total Income	3450
Expenses (\$)	
Saving to buy a house	500
Rent	875
Groceries	400
Investing (RRSPs)	200
Car (insurance)	250
Car (gas, repairs)	250
Phone/cable/Internet	120
Cell phone	30
Saving for a vacation	200
Gym	120
Medical/personal items	100
Gifts and charity	100
Entertainment	200
Leftover money for a "rainy day"	105
Total Expenses	3450
Income – Expenses	0

2. Below is Paul and Sandra's budget for October.

Monthly Budget (October)			
Income (\$)			
Paul	1950	Sandra	1300
Total Income			3250
Expenses (\$)			
Saving for a house	300	Saving for a vacation	100
Rent	875	Gym	120
Groceries	400	Medical/personal items	100
Investing (RRSPs)	200	Gifts and charity	100
Car (insurance)	250	Entertainment	100
Car (gas, repairs)	250	Renovate second bedroom	200
Phone/cable/Internet	120	Education fund for child	50
Cell phone	30	Leftover money for a "rainy day"	55
Total Expenses			3250
Income – Expenses			0

- a) By what amount did their monthly income change?
- b) What did they do to create a balanced budget for October?
- c) What expense items were added in October?
- d) What is the budgeted cost of these items?
- e) Which expenses were eliminated?
- f) List the expenses that were changed to balance their budget.
- g) By how much was each item in part f) modified?
- h) Sandra and Paul estimate that it will take \$1000 to turn the second bedroom into a nursery. By the end of what month will they have enough money for the renovation?

Homework:

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