

## What's Going On?

**Checking In**

**Minds on**

Ballpark Numbers

**Action!**

Fixed and Variable Expenses

**Consolidation**

One Year Living Expenses

**Learning Goal - I will understand the costs of a year at college including the costs of accommodation.**

## Minds on

### Ballpark Numbers

How much did you find one year of school would cost?

\$13,000

\$10,610

\$1,000 (apprenticeship / free living)

\$5,000 (living at home)

\$12,287.52

**Action!**

## Costs of College

With a partner, use the iPads to track down the costs associated with a year at college (preferably at the school you are interested in attending). Be sure to find information about:

- Tuition
- Residence (first year)
- Apartment rental (after first year)
- Books

### **What haven't we taken into account?**

- food
- clothing
- appliances
- furniture / random house stuff
- entertainment
- toiletries
- gas for your car
- your car
- car insurance
- phone
- bills (hydro, water, gas)
- internet
- TV

- food → 2500 / 8 mos. ⇒ ~ 300 / month

- clothing

- appliances → mini fridge ⇒ 150

- furniture / random house stuff / plates and junk

→ Kijiji / Value Village  
Sally Ame / side of road  
garage sales

- entertainment → ?

- toiletries

- gas for your car  
- your car  
- car insurance } \$\$

- phone → \$50

- bills (hydro, water, gas)

- internet \$60.?

- TV → ~~\$200~~  
80.?

free in rez

**Action!**

## Costs of College

### Fixed Expenses

Expenses that occur regularly and are the same from one period to the next.

#### Examples:

- Phone \*
- Rent/residence cost
- Tuition
- TV
- Internet
- Meal Plan
- Regulated food
- car payments
- car insurance

**Action!**

## Costs of College

### Variable Expenses

Expenses that may change in frequency and / or amount from one time period to the next.

#### Examples:

- food
- gas
- entertainment
- pet food / litter
- vet. bills
- electricity
- water
- gas
- transportation

**Action!**

Rule of Thumb

**one week's salary = one month's rent**

## Consolidation

### One Year Plan

Assume you are off at college. It's your second year and you are going to rent an apartment with two friends. You have found a place where rent will be \$400 per person plus utilities. It is estimated that electricity will cost \$350 every 2 months, natural gas will cost \$75 every month and water will cost \$100 every two months.

a. Determine the total cost of your housing if you rent the house from September to the end of April.

<u>Rent</u>	<u>Electricity</u>	<u>Gas</u>	<u>Water</u>
$400 \times 8$	$\frac{350}{3} \times 4$	$\frac{75}{3} \times 8$	$\frac{100}{3} \times 4$
= 3200	= 466.67	= 200	= 133.33

= \$4000 for 8 mos.



**Consolidation****One Year Plan**

Assume you are off at college. It's your second year and you are going to rent an apartment with two friends. You have found a place where rent will be \$400 per person plus utilities. It is estimated that electricity will cost \$350 every 2 months, natural gas will cost \$75 every month and water will cost \$100 every two months.

b. Many landlords will insist on a 12 month lease. Determine the total cost of your housing in this case.

$$8 \text{ mos.} \rightarrow 4000$$

$$12 \text{ mos.} \rightarrow 6000$$

$$\frac{8}{4000} = \frac{12}{x}$$

$$x = \frac{12 \times 4000}{8}$$

$$x = \$6000 / 12 \text{ mos}^*$$

likely that bills will go down

## Consolidation

### One Year Plan

Assume you are off at college. It's your second year and you are going to rent an apartment with two friends. You have found a place where rent will be \$400 per person plus utilities. It is estimated that electricity will cost \$350 every 2 months, natural gas will cost \$75 every month and water will cost \$100 every two months.

c. You can often "sublet" your rental property for an amount lower than your usual rent. If you can sublet your share of the home for \$300 per month over the summer, determine your total housing expenses.

*4 mos.*

$$\text{You get back } \$300 \times 4 = \$1200$$

$$\text{Total Cost} \rightarrow 6000 - 1200 = \$4800$$

## Consolidation

Practice It!

The Cost of Renting a Home

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1, 2, 5, 6,

**Repayment period:** The usual loan repayment period is 9.5 years.

You can repay your OSAP student loans as quickly as you like or take up to 15 years. The faster you repay, the higher your monthly loan payments, but the lower your total interest payments will be.

**Interest rate:** The amount you have to pay to borrow money.

On the provincial part of your OSAP loan, the rate is the prime rate of interest plus 1%. On the federal portion interest rate can be the prime rate of interest plus 2.5%.

→ 30/0

↳ 30/0

**6 month grace period:** You do not have to begin repaying your student loan for 6 months after completing your studies.

**Ontario portion of your OSAP loan:** The Ontario portion of your OSAP loan is both interest free and payment free during this 6 month grace period.

~~\*~~ **Federal portion of your OSAP loan:** Interest will still grow on your federal loan.