

## Creating Budgets

Mark is in grade 12 and works part-time after school and on weekends.

His weekly earnings for the month of April were \$136.74, \$188.20, \$209.38 and \$173.66.

Mark saves \$200 per month for college. His car is paid for and his insurance costs \$123 per month. He spends approximately \$75 per month on fuel and approximately \$100 per month on entertainment.

- a. Create a budget for ~~Julian~~ <sup>Mark</sup> for the month of April.

Income (\$)		Expenses (\$)	
Week 1	136.74	College Savings	200
Week 2	188.20	Car Insurance	123
Week 3	209.38	Fuel	75
Week 4	173.66	Entertainment	100
<b>Total</b>	<b>707.98</b>	<b>Total</b>	<b>498</b>
<b>Balance (Income – Expenses) = 209.98</b>			

- b. Explain ~~Julian's~~ <sup>Mark's</sup> end-of-month balance.

Mark has \$209.98 left over!

- c. What should ~~Julian~~ <sup>Mark</sup> do with this balance?

Up to Mark.

x 1.05

## Rebalancing a Budget

Jack and Jill have three children and own a four-bedroom house. This year, their car insurance increased by 5%, grocery expenses rose by 10%, and their home heating costs rose by 15%. Their monthly budget for last year (2013) is shown. All amounts are rounded to the nearest dollar.

INCOME (\$)	
Jack	3200
Jill	2900
<b>Total</b>	<b>6100</b>

EXPENSES (\$)					
Fixed Expenses	Year 2013	Year 2014	Variable Expenses (Average)	Year 2013	Year 2014
Mortgage / Tax	2040	2040	Groceries	800	880
House Insurance	32	32	Electricity	120	120
Car Insurance	188	197	Heating	220	253
Life Insurance	500	500	Water	65	65
Long Term Savings	580	580	Telephone	35	35
RESPs	400	400	Internet	35	35
			Cable Television	30	30
			Medical	170	170
			Clothing	150	150
			Home Repair Account	200	200
			Charities	50	50
			Entertainment	200	200
			Vacation Account	200	200
			Children's Accounts	150	150
			Gift Account	100	100
<b>Total Fixed</b>	<b>3740</b>	<b>3740</b>	<b>Total Variable</b>	<b>2525</b>	<b>2636</b>
<b>Total Expenses</b>	<b>6265</b>	<b>6376</b>			

It ain't!

- Verify that Jack and Jill's budget from last year was balanced by filling in the shaded cells.
- Calculate the changes in their monthly budget and write them into the appropriate 2014 slot.
- Rebalance Jack and Jill's budget. Be sure to explain how you did it!

They have \$6100 in income  
 \$6376 in expenses  
 We need to cut \$276 in expenses per month