

◆ **Homework Check:** FCM 12 p. 484 # 1, 3, 7, 8, 10, 11, 12a

◆ **Note:** Living Costs

Designing and balancing a budget for living costs is an important skill. Organizing the financial information is always the first step to designing a budget. Workers are paid a gross income that is subject to several deductions that then provide the net income. These deductions often include income tax, Canadian pension plan, and Employment Insurance. Income is the money a person earns. Expenses are the money that will be spent to accommodate your living.

Budgets are made to ensure that a person does not overspend. A basic budget can be made by listing categories where you will spend money. These categories will include both fixed and variable costs. It is important that your budget is balanced at the end of each reporting period so that you have not overspent.

For example, Paul is studying to be an electrician. He worked full time in the summer to pay for his tuition, books, and supplies at college, but was not able to save enough for his living expenses. He receives a \$4000 scholarship each school year. He also earns \$650 bi-weekly at a part-time job. He has payroll deductions of \$74 bi-weekly. His other expenses include rent and utilities of \$450 each month, \$100 transportation each month, \$150 for food each month, \$25 weekly for entertainment, and \$100 miscellaneous expenses per month.

Is Paul making enough money to go to school this year?

| Income | Monthly Amount (\$) |
|--|----------------------------|
| Scholarship (\$4000 / 12) | 333.33 |
| Part-time Job (\$650 X 26 / 12) | 1408.33 |
| Total Income | 1741.66 |
| Expenses | |
| Payroll Deductions (\$74 X 26 / 12) | 160.33 |
| Rent and utilities | 450 |
| Transportation | 100 |
| Food | 150 |
| Entertainment (25 X 52 / 12) | 108.33 |
| Miscellaneous Expenses | 100 |
| Total Expenses | 1068.66 |
| Balance (Total Income – Total Expenses) | 672 |

It looks like Paul will be able to afford school this year!

◆ **Homework:** FCM 12 p. 501 # 1, 3 – 7, 9a, b, 10