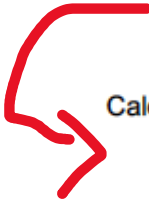


ASSIGNMENT 8 – CREATING A BUDGET

1) Tara and Donny want to create a budget to help control their spending. They have kept track of their expenses for the last 4 months as shown below.

<i>Item</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>
Mortgage	\$1550.00	\$1550.00	\$1550.00	\$1550.00
Utilities	\$175.00	\$175.00	\$175.00	\$175.00
Cell phone	\$95.00	\$95.00	\$95.00	\$95.00
Groceries	\$365.00	\$290.00	\$325.00	\$450.00
Gas	\$150.00	\$200.00	\$165.00	\$175.00
Car insurance	\$135.00	\$135.00	\$135.00	\$135.00
Car payment	\$355.00	\$355.00	\$355.00	\$355.00
Home insurance	\$133.00	\$133.00	\$133.00	\$133.00
Restaurant meals	\$145.00	\$65.00	\$80.00	\$120.00
Holiday saving	\$85.00	\$55.00	\$150.00	\$105.00
Clothing	\$425.00	\$375.00	\$0.00	\$90.00
Entertainment	\$100.00	\$150.00	\$75.00	\$125.00
Veterinarian bills	\$75.00	\$0.00	\$125.00	\$100.00
Miscellaneous	\$125.00	75.00	\$100.00	\$175.00



Calculate their average monthly expense for each category.

$$75 + 0 + 125 + 100 = 300 \div 4 = \$75.00$$

Vet Bills:

REALISTIC BUDGET: means overestimate variable expenses (ones that change each month), and underestimate income.

****Overestimating expenses by \$5-\$10 each is good! Underestimating income by about \$100 for large amounts, \$5-\$10 for small amounts!**

When asked to create a budget, it must always be **balanced**

This means that $\text{Income} = \text{expenses}$

****any extra money can be put into savings so they balance!**

- 2) Mun He has kept track of her finances over the last 4 months. Her average income and expenses are shown in the chart below.

Mun He's Monthly Income and Expenses			
<i>Income</i>		<i>Expenses</i>	
Monthly Paycheque	\$1800.00	Rent	\$650.00
Tips	\$165.00	Utilities	\$125.00
		Groceries	\$250.00
		Transportation	\$125.00
		Entertainment	\$225.00
		Miscellaneous	\$425.00

- a) Create a budget for Mun He. **Overestimate her expenses** and underestimate her income to allow for unexpected occurrences. If there is a surplus, enter it as Savings. Use the chart below.

Mun He's Budget			
<i>Income</i>		<i>Expenses</i>	
Monthly Paycheque	\$ 1700	Rent	\$650
Tips	\$155	Utilities	\$135
		Groceries	\$200 255
		Transportation	\$140
		Entertainment	\$235
		Miscellaneous	\$430
		Savings?	\$10
Total income	\$1855	Total expenses	\$1855

255
~~\$1860~~
 \$1845

3) Brenda earns \$3550.00 per month. She made the following list of her average expenses.

Expense	Amount
Mortgage	\$1250 per month
Car insurance	\$125 per month
Car maintenance	\$550 per year
Gas	\$125 per month
Loan payment	\$175 per month
House repairs	\$950 per year
House taxes	\$4500 per year
House insurance	\$1725 per year
Gifts	\$500 per year
Charitable donations	\$450 per year
Groceries	\$450 per month
Clothing	\$125 per month
Season's skiing pass	\$650 per year
Entertainment	\$100 per month
Miscellaneous	\$150 per month

$\rightarrow 550 \div 12$

Create a **monthly** budget for Brenda. Read the expense table carefully as some are monthly and some are yearly expenses.

Brenda's Monthly Budget			
Income		Expenses	
Paycheck	3550	Mort	1250
		Car M	75.83
Total income	3550	Total expenses	

YOU'RE READY FOR QUIZ 2