



# Budget Busters: Who's Breaking the Bank?

## LESSON 9: STUDENT ACTIVITY SHEET 1

Where does all your money go? No matter how much money you earn, a careful budget lets you know exactly what happens to your cash. Below are three different cash flow scenarios over one month. Review the numbers to determine who's breaking the bank and who will meet their goals the soonest.

### Scenario 1

*Nate is a junior in high school. He works 15 hours a week at the mall, and his net income after taxes is \$600 a month. He lives with his parents, so he doesn't have rent, utility or food expenses. His older brother owns a car and lets him borrow it to drive to work for \$50 each month; otherwise Nate takes the bus. He really wants to buy a car, so he puts any leftover money toward savings. Nate also pays for his cell phone and personal expenses, such as going to the movies, buying video games and purchasing gifts.*

Below is Nate's estimated budget and what he actually spent in one month's time. Analyze Nate's spending to determine why he is not on track to save for that new car, and what changes he can make to get on track.

### Net Income: \$600/month

|  | Budget Goals | Actual Budget |
|--|--------------|---------------|
| <b>Fixed Expenses</b>                      |              |               |
| Savings for a Car                          | \$100        | \$0           |
| Cell Phone                                 | \$75         | \$100         |
| Car Payment to his Brother                 | \$50         | \$100         |
|  |              |               |
| <b>Variable Expenses</b>                   |              |               |
| Public Transportation                      | \$50         | \$60          |
| Entertainment                              | \$50         | \$65          |
| Personal Shopping                          | \$50         | \$175         |
| Occasional Spending (gifts, repairs, etc.) | \$25         | \$100         |
|  |              |               |
| <b>Total</b>                               | <b>\$400</b> | <b>\$600</b>  |

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### Scenario 2

Maria just graduated from college and accepted her first job as a social media manager for a real estate company. She can't believe that her monthly net income will be \$3,000. She just moved into a one-bedroom apartment, so she is responsible for rent, utilities, food and other household expenses. She is paying off a student loan and she wants to save as much money as she can to buy a house someday. She owns a car and enjoys going out with friends on the weekend.

Below is Maria's estimated budget and what she actually spent in one month's time. Analyze her spending to see why she is not on track to meet her goal and to determine what she can do to get back on track.

### Net Income: \$3,000/month

|  | Budget         | Actual         |
|--|----------------|----------------|
| <b>Fixed Expenses</b>                                |                |                |
| Savings for House                                    | \$450          | \$150          |
| Rent   | \$600          | \$600          |
| Car Payment  | \$350          | \$350          |
| Car Insurance  | \$150          | \$150          |
| Internet/Cable TV                                    | \$110          | \$110          |
| Cell Phone   | \$75           | \$105          |
| Student Loan   | \$300          | \$300          |
|  |                |                |
| <b>Variable Expenses</b>                             |                |                |
| Gas  | \$100          | \$175          |
| Food   | \$250          | \$300          |
| Entertainment  | \$100          | \$250          |
| Personal Shopping (clothes, makeup, home items etc.) | \$75           | \$300          |
| Utilities  | \$200          | \$275          |
| Occasional Spending (gifts, repairs, etc.)           | \$150          | \$250          |
|  |                |                |
| <b>Total</b>   | <b>\$2,910</b> | <b>\$3,315</b> |

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### Scenario 3

Jamal is a senior in high school and works 30 hours per week at a neighborhood coffee shop. His net income after taxes is \$1,500 and he is saving up for college. He owns a car and makes payments toward it each month, but he lives with his parents so he saves on rent, utilities and food costs. He occasionally goes out with friends and buys things for himself, but he tries to hold back on these things so he can save more for college next year.

Below is Jamal's estimated budget and what he actually spent in one month's time. Analyze his spending to see why he is not on track to meet his goal and determine what he can do to get back on track.

### Net Income: \$1,500/month

|  | Budget         | Actual         |
|--|----------------|----------------|
| <b>Fixed Expenses</b>                      |                |                |
| College Savings                            | \$870          | \$820          |
| Car Payment                                | \$125          | \$125          |
| Car Insurance                              | \$95           | \$95           |
| Cell Phone                                 | \$85           | \$85           |
|  |                |                |
| <b>Variable Expenses</b>                   |                |                |
| Gas  | \$100          | \$105          |
| Entertainment                              | \$50           | \$75           |
| Personal Shopping                          | \$50           | \$95           |
| Occasional Spending (gifts, repairs, etc.) | \$100          | \$100          |
|  |                |                |
| <b>Total</b>                               | <b>\$1,475</b> | <b>\$1,500</b> |



# Budgets 101: How to Get It Done

## LESSON 9: STUDENT ACTIVITY SHEET 2

You just accepted your first job and you'll be earning a **gross income** of \$30,000/year. You live on your own and are responsible for all expenses, including rent, car, insurance, cell phone, utilities, entertainment, food, savings and miscellaneous expenses. You have to pay 25% of your gross income in taxes.

**Calculate Your Take-Home Pay:**

With a gross income of \$30,000 and a 25% tax deduction, what is your monthly net income? (Remember this is what you get after taxes.) **Use this number to start your budget.**

**Categorize Expenses:**

Determine if your expenses are fixed or variable, and write them in the appropriate sections of the table below. Remember your expenses include: rent, car, car insurance, cell phone, utilities, entertainment, food, savings and occasional expenses.

Name: \_\_\_\_\_

Net Income: \_\_\_\_\_/month



**STUDENT TIP**

Refer to the chart on the next page for the percentages needed to calculate these numbers.

|                          | Cost      |
|--------------------------|-----------|
| <b>Fixed Expenses</b>    |           |
| ▪                        | \$        |
| ▪                        | \$        |
| ▪                        | \$        |
| ▪                        | \$        |
| ▪                        | \$        |
| ▪                        | \$        |
|                          |           |
| <b>Variable Expenses</b> |           |
| ▪                        | \$        |
| ▪                        | \$        |
| ▪                        | \$        |
| ▪                        | \$        |
| ▪                        | \$        |
| ▪                        | \$        |
|                          |           |
| <b>Total</b>             | <b>\$</b> |

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# Budgets 101: How to Get It Done

## LESSON 9: STUDENT ACTIVITY SHEET 2

### **Divide Your Expenses:**

Determine the cost for each category and record the prices in your budget. Use the following percentages to divide your monthly net pay:

|                                     |
|-------------------------------------|
| Rent: 30% of net pay                |
| Utilities: 10% of net pay           |
| Car Insurance: 5% of net pay        |
| Cell Phone: 5% of net pay           |
| Occasional Spending: 10% of net pay |
| Savings: 10% of net pay             |
| Food: 15% of net pay                |
| Car Loan: 10% of net pay            |
| Entertainment: 5% of net pay        |



### STUDENT TIP

You may have to make some adjustments based on your preferences. For example, if you want more money for entertainment, can you afford to cut back on rent or your car loan? Or, if you want to live in an urban area where rent is higher, can you cut back on another expense to afford it?

### **Assess Your Budget:**

Compare your expenses to your monthly income. Have you spent everything you've earned? Do you have money left over for savings? What expenses could you lower to increase your savings?

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