

Budgeting Questions Show All Work.

1. Matthew Smith earned \$84.00 each week for the 43-week school year and \$260.00 each week for 8 weeks in the summer. His summer employer deducted \$3.88 for Canada Pension Plan (CPP), \$6.11 for unemployment insurance (EI), and \$11.64 for income tax each week. Find his weekly disposable income during the summer.

$$260 \cdot 8 = \$2080$$

$$3.88 + 6.11 + 11.64 = \$21.63 \text{ in one week}$$

$$21.63 \times 8 = \$173.04$$

$$\$2080 - 173.04 = \$1906.96$$

$$\frac{1906.96}{8} = \$238.37$$

2. Lucy pays her mother \$38.00 a week for room and board. Her bus pass cost \$35 per month and her lunches cost \$2.50 per day, five days a week. She is paying \$18.50 per month for ski equipment she bought on credit. Find Lucy's total weekly fixed expenses.

$$\begin{array}{r} \$ 38 \text{ a week} \\ \hline 35 \times 12 \\ \hline 52 \\ 2.50 \times 5 \\ \hline \end{array}$$

$$\begin{array}{r} 18.50 \times 12 \\ \hline 52 \\ \hline \end{array}$$

$$\text{Total} = \$ 62.85$$

3. Ken pays \$510.00 a month rent for his apartment and \$120 every second month for utilities. His semi-annual tenant's package insurance premium is \$48.60 and his semi-annual car insurance premium is \$282.00. His car license for the year will cost \$48.00. He pays his former wife \$600.00 every month and the monthly payment on his car is \$240.00. Find Ken's total fixed expenses for one month.

Stuff	original cost
Rent	\$510.00
Utilities	\$120/every second month
Tenant	\$48.60 semi annual
Car Ins	\$282/semi annual
Wife	\$600/month
Car License	\$48/year
Car	\$240/month

$$\$120/2 = \$60.00$$

$$\$48.60/6 = \$8.10$$

$$\$282/6 = \$47.00$$

$$\$48/12 = \$4.00$$

Total cost
= \$1,469.10

4. Claudette's monthly rent is \$462.00 and utilities are \$72.00 a month. Her life insurance premiums are \$64.00 a year and her tenant's package insurance premium is \$38.00 every 6 months. She pays \$2.00 a week to the office coffee fund. Claudette recently bought a new sofa and is paying for it in monthly instalments of \$42.85. Since Claudette is paid every week she needs a weekly budget. Calculate her weekly budget for fixed expenses.

$$\frac{\$462 \times 12}{52} = 106.68$$

$$\frac{\$72 \times 12}{52} = 16.62$$

Total: \$137.88/week

$$\frac{\$64}{52} = \$1.23$$

$$\frac{\$38 \times 2}{52} = 1.46$$

$$\frac{\$42.85 \times 12}{52} = 9.89$$

5. Carl and Nadine have decided to start budgeting. After calculating their disposable income they listed their regular fixed expenses as follows:

- a. Property Taxes, \$510 quarterly
- b. Home Insurance, \$58 semi-annually
- c. Hydro, \$132 every 2 months
- d. Telephone, \$13.55 monthly
- e. Heat, \$90 monthly for 10 months
- f. Car Insurance, \$232 semi-annually
- g. Car License, \$48 annually
- h. Life Insurance, \$84 semi-annually
- i. Charge purchase payments, \$148.67 monthly

Calculate Carla and Nadine's total fixed expenses for 1 month

$$\begin{aligned} & \cdot 510 \times 4 \div 12 = 2040 \text{ \$} \div 12 = 170 \text{ \$} \\ & \cdot 58 \div 6 = 9.67 \text{ \$} \\ & \cdot 132 \div 2 = 66 \\ & \cdot 13.55 \\ & \cdot 90 \times 10 \div 12 = 75 \\ & \cdot 232 \div 6 = 38.67 \\ & \cdot \$48 \div 12 = 4 \\ & \cdot 84 \times 2 \div 12 = 14 \\ & \cdot 148.67 \end{aligned}$$

Total = \$531.56

6. John Brown's fixed expenses are \$720.36 per month and his monthly disposable income is \$2420. John and his wife, Anna, have 2 children. In preparation for drawing up a budget they estimate the following variable expenses:

Food \$100 weekly, Home furnishings \$300 annually, Gas for car \$100 monthly, Car maintenance \$500 annually, Clothing \$1400 annually, Recreation \$40 weekly, Donations \$10 weekly, Personal \$30 weekly.

	Fixed expenses	\$720.36/month	29.7%
Expend	Food	$(\$100 \times 52) / 12 = \433.33	17.9%
\$	Home F.	$\$300 / 12 = \25	1.03%
	Gas	\$100	4.13%
	Car M.	$\$500 / 12 = \41.67	1.72%
	Clothing	$\$1400 / 12 = \116.67	4.82%
	Recreation	$(\$40 \times 52) / 12 = \173.33	7.16%
	Donations	$(\$10 \times 52) / 12 = \43.33	1.79%
	Personal	$(\$30 \times 52) / 12 = \130.00	5.34%

Extra Savings
\$636.31

26.3% of Monthly Income