**A&W MATH 11: BUDGETING PROCESS**

1. VOCABULARY:

**Surplus:**

**Deficit:**

1. As a family, or a business, why is a surplus considered a good thing?
2. As a family, or a business, why do you NOT want to be in a deficit position?
3. Why is it sometimes a good idea to *underestimate* income, and to *overestimate* expenses?

-remember, some expenses (like rent, car insurance, mortgage) are fixed, while other expenses are variable ( clothes, groceries, entertainment)

1. Income calculations

Ex: Karan earns $12 an hour at Capers. He usually works 35 hours a week. How much does he earn in 1 month?

Ex: Stefano plays for the Birmingham Bulls and earns $800 a week. His agent earns 10% of Stefano’s pay. What is Stefano’s net pay at the end of 4 weeks?

Ex: Ashma wants to save $100,000 as a down payment for a Tim Hortons franchise. Right now, she earns $30 an hour and works 40 hours a week as a book keeper. If she saves 20% of her earnings, how many weeks until she has enough money for the down payment?

Ex: Tony and Avneet live together and are creating a budget to keep track of their spending. They each earn $3000 a month. They kept track of their expenses for the past 3 months:

|  |  |  |  |
| --- | --- | --- | --- |
| **item** | **Jan** | **Feb** | **Mar** |
| mortgage | $1200 | $1200 | $1200 |
| Car insurance | $150 | $150 | $150 |
| gas | $100 | $80 | $120 |
| food | $300 | $420 | $500 |
| Phone/internet/TV | $100 | $110 | $105 |
| clothes | $150 | $100 | $200 |
| House insurance | $100 | $100 | $100 |

1. Create conservative monthly budget based on the information they’ve given you. Put any surplus into a category called ‘savings’. What percentage of her income goes into ‘savings’?

|  |  |  |  |
| --- | --- | --- | --- |
| **income** | | **expenses** | |
|  | |
| Tony |  | Mortgage |  |
| Avneet |  | Car insurance |  |
|  |  | Gas |  |
|  |  | Food |  |
|  |  | Phone/internet/TV |  |
|  |  | Clothes |  |
|  |  | House insurance |  |
|  |  | Savings |  |
| **Total income** |  | **Total expenses** |  |

1. How much can they save in 1 year?
2. They want to save $25,000 for a down payment on a condo. How long will it take?

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