

Making a Budget

Use what you learned in class about percents, decimals, and fractions to set up a personal budget for yourself and track your income and expenses.

Take a look at the simple budget to the right. You can follow this chart to help plan your own budget. First, use your math skills to answer the questions below.

YOUR MONTHLY BUDGET

INCOME	Per Month	Percentage of Total
Allowance		
Job		
Other		
Total:		
EXPENSES	Per Month	Percentage of Total
Immediate Fun (Such as music, movies, etc.)		
Savings Goals—Immediate (For bigger items, such as an MP3 player)		
Savings Goals—Future (For college or other future savings goals)		
Total:		

- Pat babysits regularly and earns \$10 a week. If Pat’s monthly babysitting earnings equal 80% of Pat’s total income, what is Pat’s total monthly income (assuming a month is 4 weeks long)?
- Pat’s only other source of income is a monthly allowance. How much is that?
- Let’s assume Pat spends about \$5 a week on all the things he likes—song downloads, movies, and ice-cream bars from the school cafeteria. Pat saves 10% of his income for future goals—he really wants to go to college when he’s older. The rest goes for his immediate savings—he hopes to buy a portable MP3 player one day. Fill out Pat’s expenses based on this information. How much does Pat have for immediate savings goals per month (assuming a month is 4 weeks long)?
- If a portable MP3 player costs \$150, how long will it take Pat to reach that savings goal using his immediate savings?
- Budgets are meant to be flexible. Currently, Pat plays song downloads on his computer, but he can’t resist downloading more and more songs for \$1.25 each. The first month of budgeting, he downloads one more song a week than usual. The next month, Pat spends for 4 more songs a week than usual. Then, he shifts back to his average spending. How long will it take Pat to get his MP3 player now?

Answers: 1. \$40/80% = \$x/100%. x is \$50. 2. If \$50 is Pat's total monthly income and \$40 = 80% of that, then the remaining 20% = \$10. 3. Pat's monthly income is \$50, so his weekly income is \$12.50. He spends \$5 a week or \$20 a month. He puts away 10% a month for his long-term future goals—that's \$5 a month. That leaves \$25 a month for his immediate savings goals. 4. 6 months. 5. 1st month, immediate savings is \$20 because he spent \$5 extra on songs. 2nd month, immediate savings is \$5 because he spent \$20 extra on songs. Then it takes 5 more months of regular immediate savings to reach his goal. It will now take Pat a total of 7 months (instead of 6) to get his MP3 player.