

# WORKSHEET ANSWER KEY

## WORKSHEET 1: "BUDGET BASICS"

Jason's Monthly Budget	
INCOME	EXPENSES
Allowance \$40	Video games \$10
	Snacks \$14
	Batting cage \$16
<b>Total Income \$40</b>	<b>Total Expenses \$40</b>

  

Amy's Monthly Budget	
INCOME	EXPENSES
Allowance \$40	Art supplies \$44
Babysitting \$20	Charity \$5
<b>Total Income \$60</b>	<b>Total Expenses \$49</b>

- Amy saves \$11 per month and Jason saves nothing.
- No, after two years, their savings will only total \$264 (24 months x Amy's savings of \$11 per month).
- Each sibling needs to save \$131.25 per month ( $\$6,000$  cost of the car  $\div$  2 twins  $\div$  24 months). Since Amy already saves \$11 per month, she needs to save an additional \$120.25 per month.
- Answers will vary but should include increasing income (e.g., more babysitting hours for Amy, getting part-time jobs, etc.), and/or cutting expenses.

**NOW TRY THIS!** Individual budgets will vary according to the economic circumstances of each student. Budgets should include sections for income and expenses. The concept of saving will be new to many middle school students so this will be an opportunity to introduce the idea. If they want to purchase a big ticket item in the future, savings will help make it possible. They may also want to put some money aside for a rainy day. Through discussion, ensure that students understand the need for a reserve fund.

## WORKSHEET 2: "WHERE DID THE MONEY GO?"

- 15.07% (rounded to four decimal places) ( $\$3.68 + \$2.35 + \$0.81 + \$1.60$ )/ $\$56$ )
- 64.29% ( $\$36/\$56$ )
- 1.45% ( $\$0.81/\$56$ )

### NOW TRY THIS!

- Jason saves \$35 per week through direct deposit. He gives \$1 per week through payroll deduction to charity and he has \$11.56 to spend (or save or give if he so chooses).
- Answers will vary, but the importance of saving and giving should be emphasized as part of the class discussion.

## WORKSHEET 3: "MAKING MONEY WHILE YOU SLEEP"

- \$8.04 (1st year's interest of  $\$400 \times .01$  + second year's interest of  $\$404 \times .01$ )
- \$358 ( $\$400 - \$2 \times 21$ )
- \$10.15 [Savings account interest =  $\$10.05$  ( $\$500 \times .01 + \$505 \times .01$ ) CD interest =  $\$20.20$  ( $\$500 \times (1 + .02)^2 - \$500$ ] The difference is  $\$20.20 - \$10.05 = \$10.15$

**NOW TRY THIS!** Answers will vary, but should consider the trade-offs between higher interest rates and ease of access to funds.

## BONUS WORKSHEET: "CASH OR CREDIT?"

- \$8,581.20 ( $60 \times \$143.02$ )
- \$2,281.20 ( $\$8,581.20 - \$6,300$ )
- Answers will vary, but should indicate that the interest cost is a significant portion of the total cost. If they use their savings, they will pay nothing in interest expense.

**NOW TRY THIS!** An online calculator will compute the following: a) \$50.90 monthly; \$1,221.16 total; b) \$33.21 monthly; \$1,195.56 total; c) \$39.65 monthly; \$1,189.50 total; d) \$91.68 monthly; \$1,100.16 total. (**Note:** Answers may differ slightly due to rounding methods of different online calculators.) The 12% interest loan (option b) has the lowest monthly payment; the 18% loan (option d) has the lowest total payment.