

# Foundations of Mathematics 12

## Personal Budget Project

### Introduction:

You may have heard that living a fulfilling life in the Lower Mainland of BC, Vancouver, Coquitlam, Maple Ridge, etc. is not the cheapest. In fact, no matter where you live, there are many costs that must be thought about, and money set aside for, so that you can enjoy a comfortable life. Once you know how much it costs just to survive, you can make important decisions around where to live, where to work, what sort of travel you can afford, how much you can party, ...

### Activities:

#### 1) Income:

When you join the work force, you start to get paid for the effort. Currently, minimum wage is around \$15 per hour. This gives us a base amount for determining your budget. (You can use a bigger number if you get paid more at your job). Taxes normally take a huge piece of this money away; however, students get to write off their tuition, books and other school related expenses which lowers the taxes to almost zero. There are some deductions that cannot be eliminated though, like EI, CPP, and Union Dues. For this activity, we will ignore these payroll taxes. A normal work week consists of 40 hours at the job. Some people work more and some work less, but for our purposes, we will use 40 hours. Calculate the amount of money you will make per year.

#### 2) Figuring out Expenses:

Remember this is an activity for independent living in which people pay for things themselves. What do you spend money on, and what will you spend money on? There are a lot of little things that cost money, and all of these need to be taken into account. The goal here is to find out how much money you need to set aside for each month. Some things, like haircuts happen every other month; some things, like emergency dental surgery happen suddenly so these will have to be taken into account. This is not an exact calculation, but a reasonable estimate can be made on everything. Make a list of what your expenses for your needs are (heat, rent. Etc.) and what your expenses for your wants are (shoes etc.)

Here are some sample expenses:

Rent/Mortgage payments	Home/Rental Insurance	Sports	Misc. teeth	Furniture
Electricity	Car Insurance	Gym Membership	Hair/nails...	Technology
Heat	Gas	Medication	Shaving	Cleaning supplies
Cable(TV)	Car Repairs	Spotify	Water	Vacation
Cell Phone	Beauty Supplies	Clothes	Garbage	Car Payment(s)
NetFlix etc.	Food	Shoes	Taxes	Dental
Home Phone	Entertainment	Transit pass	Restaurant	

Categories:

Once you know how much money is coming in, you can then begin to allocate the money into the categories of Needs and Wants. There are certain expenses that must be paid while other expenses are assigned to the category of would like to have. Which of your expenses belong in the **MUST** pay category, and which expenses go in the when I have enough extra. Wants are important, and can't be ignored, but we have to save money to get these. Ten dollars here and there will eventually build up enough to make your life more pleasurable. If you focus too much on wants, the problem becomes borrowing to cover your needs. Borrowing money is the major pitfall as borrowing incurs interest which means you will always owe more than you borrowed. Beware the PayDay Loan!

### 3) Yearly Budget Worksheet (Attached):

Attached, you will find a budget worksheet where you can plug in numbers and try to balance everything and how you are spending money. Determine what your needs are. Then decide what your wants are.

Many of the categories (including rent) are going to be adjustable. Figuring out how much to set aside for utility bills, food and the car are going to be critical. The leftover will provide you with money for the rent. In the end we are trying to determine what can be affordable, and what may need to be cut.

### 4) Evaluation

Present your yearly budgets to your marker. Options include an interview, Powerpoint presentation, etc. Have the 2 budgets ready to present to your marker. The first budget will just have your basic needs for living. The 2<sup>nd</sup> budget will include all of your basic needs and all of your wants. Discuss the difference between the two and a most probable budget for yourself.