1. State and briefly explain one benefit to making a personal budget. \(1\) mark

- Helps control spending.

2. List and explain two financial goals an eighteen year-old graduate might have that would require them to take budgets seriously. \(2\) marks

- Car
- Motorcycle
- Snowboard

3. A friend of yours says that one of their “values” is family. How might this impact their budget? \(1\) mark

- Spend time, trips, gifts.

4. You pay $2295 yearly for your auto insurance. What number would you enter into your monthly budget? \(1\) mark

\[ 2295 \div 12 = 191.25 \]

5. What is the difference between gross and net income? \(1\) mark

- Gross: Before deductions
- Net: Take home, cheque amount after deductions.

6. What is it called when you put money into savings each month? \(1\) mark

- Pay yourself first.
Managing Your Money – Budget Quiz

7. If you make $1375 each month, how much money ($) do financial planners say you should put into savings each month? (1 mark)

\[ 1375 \times 0.10 = \$137.50 \]

8. Give an example of a recurring expense. (1 mark)

Rent, groceries, car payment.

9. Give an example of a variable expense and explain why it is variable. (2 marks)

Groceries - amount can change every month - prices change.

10. Give an example of an unexpected expense. (1 mark)

Flat tire, traffic ticket

11. How can you prepare yourself for unexpected expenses so that their impact doesn’t destroy you financially? (1 mark)

Save money, put into a special account.

12. When preparing a budget, what is a deficit and what can you do about it? (2 marks)

- When you spend more than you make.
- Cut back unnecessary expenses.

2
Managing Your Money – Budget Quiz

13. What is a “balanced budget”? (1 mark)
   \[ \text{Income} = \text{Expenses} \]

14. When preparing a budget, what is a surplus and what should you do with it? (2 marks)
   - Extra money at end of month
   - Put it into savings

15. When cutting expenses to try and fix a deficit, it is easy to stop putting money into savings. Why is that a bad idea? Explain. (1 mark)
   - No money for emergencies or goals.

16. Bob makes $967.00 a week.
   a) How much does Bob make per week if he works a regular 40 hour week? (1 mark)
      \[ \$967 \text{ ha ha} \]
      \[ \$24.18/\text{hr} \]
   b) How much does Bob make per month? (1 mark)
      \[ \frac{967 \times 52}{12} = \$4,190.33 \]

17. Marian makes $52,559 every year. What is Marian’s gross pay per month? (1 mark)
    \[ \frac{52,559}{12} = \$4,379.92 \]
18. Assuming Barbie’s deductions are 30% of her gross pay, what is Barbie’s net pay every month? Barbie’s gross pay is $1650.00 per month. (1 mark)

Net: $1155

19. Use the chart below to answer the following questions: Assume you make $1335 a month after deductions.

<table>
<thead>
<tr>
<th>Category</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>30%</td>
</tr>
<tr>
<td>Food</td>
<td>25%</td>
</tr>
<tr>
<td>Transportation</td>
<td>12½%</td>
</tr>
<tr>
<td>Clothing</td>
<td>7½%</td>
</tr>
<tr>
<td>Health and</td>
<td>5%</td>
</tr>
<tr>
<td>Fitness</td>
<td>5%</td>
</tr>
<tr>
<td>Recreation</td>
<td>5%</td>
</tr>
<tr>
<td>Insurance</td>
<td>10%</td>
</tr>
<tr>
<td>Savings</td>
<td></td>
</tr>
</tbody>
</table>

a) How much (in dollars) should you spend on housing each month? (1 mark)

\[ 1335 \times 0.30 = \$400.50 \]

b) How much (in dollars) should you spend on recreation each month? (1 mark)

\[ 1335 \times 0.05 = \$66.75 \]
Managing Your Money – Budget Quiz

Answer the following question on your own Moving Out on My Own Project experience:

20. When completing your budget, were you able to live comfortably on $11 per hour? Why or why not? (1 mark)

21. What "cuts" did you have to make so that your budget was balanced? (1 mark)

22. Using your budget project and having a goal of traveling to California next summer to do some surfing, how would it be possible to actually save up enough money for the trip? Would it be impossible? Comment. (1 mark)

23. Which of your monthly expenses surprised you? In other words, were some of the costs higher than you expected? (1 mark)

24. When shopping for groceries, what types of foods were the most expensive? Could you modify your grocery list to spend less money? (1 mark)
25. Sally takes her savings to the bank in hopes of exchanging her money into US dollars. She has the following:

Bills:
3 fifty dollar bills
7 twenty dollar bills
2 ten dollar bills
4 five dollar bills

\[
\begin{align*}
3 \times 50 &= 150 \\
7 \times 20 &= 140 \\
2 \times 10 &= 20 \\
4 \times 5 &= 20
\end{align*}
\]

330

Coins:
30 two-dollar coins
32 one-dollar coins
27 quarters
8 dimes
12 nickels

\[
\begin{align*}
30 \times 2 &= 60.00 \\
32 \times 1 &= 32.00 \\
27 \times 0.25 &= 6.75 \\
8 \times 0.1 &= 0.80 \\
12 \times 0.05 &= 0.60
\end{align*}
\]

100.15

Cheques:
a cheque for $75 from Grandma

\[
\begin{align*}
75.00
\end{align*}
\]

a) How much money does Sally have? (3 marks)

\[
\begin{align*}
\text{Total} &= 330 + 100.15 + 75.00 \\
\text{Total} &= 505.15
\end{align*}
\]

b) Using the currency exchange rates below, convert her money to US dollars.
(2 marks)

\[
\begin{align*}
\text{US Exchange} & \\
\text{Members Buy} &= 1.2474 \\
\text{Members Sell} &= 1.1974
\end{align*}
\]

\[
\begin{align*}
\text{Euro Exchange} & \\
\text{Members Buy} &= 1.4518 \\
\text{Members Sell} &= 1.3139
\end{align*}
\]

Base Rate 2.85%

Investment Savings Up To 1.65%

\[
\begin{align*}
\text{US} & = 505.15 \times 1.2474 \\
\text{US} & = 404.96
\end{align*}
\]