# What is a Budget?

* A Budget is a plan on how to spend your money, so that you will have enough money.

# Fixed, Variable and One-Time expenses.

* Fixed expenses do not typically change.
	+ Rent
	+ Car payments
	+ Mortgage
* Variable expenses can change.
	+ Entertainment (movies, books, tv)
* One-time expenses are typically large single payments
	+ Buying a new appliance (refrigerator, freezer, washing machine, dishwasher, etc.)
	+ Buying a car

# Why is Budgeting so Important?

* **Ensures that you will have enough money**
* Helps keep you out of debt

# How to create a budget?

# Step 1: Understanding Income: Salary and Wage.

* Salary is how much money is made per year, paid monthly or biweekly
* Wage is how much money is made per hour, paid daily or weekly
* A person is usually paid a salary or wage

To determine how much a person makes per month the following steps need to be taken

|  |  |
| --- | --- |
| **Salary** | **Wage** |
| $$monthly income=salary÷12$$ | $$monthly income=wage×hours a week ×52 ÷12$$ |

Examples:

**Question 1:** Izabella makes $25,000 a year. How much money does she make a month?

**Solution 1:**

$$monthly income=salary÷12$$

$$monthly income=\$25,000÷12$$

$$monthly income=\$2083.33$$

Examples Continued:

**Question 2:** Sal makes $60,000 a year. How much money does he make a month?

**Solution 2:**

$$monthly income=salary÷12$$

$$monthly income=\$60,000÷12$$

$$monthly income=\$5000.00$$

**Question 3:** Sofia makes $16.00 an hour and works 60 hours per week. How much money does she make a month?

**Solution 3:**

$$monthly income=wage×hours a week ×52 ÷12$$

$$monthly income=16×60 ×52 ÷12$$

$monthly income=\$4,160$.00

**Question 4:** Erik makes $12.25 an hour and works 30 hours per week. How much money does he make a month?

**Solution 4:**

$$monthly income=wage×hours a week ×52 ÷12$$

$$monthly income=12.25×30 ×52 ÷12$$

$$monthly income=\$1,592.50$$

**Practice Problems (complete on separate paper): 10 marks**

1. Melina makes $50,000 a year. How much money does she make a month?
2. Gavin makes $120,000 a year. How much money does he make a month?
3. Sally makes $75,000 a year. How much money does she make a month?
4. Mark makes $90,000 a year. How much money does he make a month?
5. Seraphina makes $100,000 a year. How much money does she make a month?
6. Malory makes $15.00 an hour and works 70 hours per week. How much money does she make a month?
7. Darrel makes $17.25 an hour and works 65 hours per week. How much money does he make a month?
8. Marsha makes $19.00 an hour and works 80 hours per week. How much money does she make a month?
9. Marshall makes $25.25 an hour and works 90 hours per week. How much money does he make a month?
10. Jonny makes $13.75 an hour and works 50 hours per week. How much money does he make a month?

**Source:**

<https://www.mymoneycoach.ca/budgeting/what-is-a-budget-planning-forecasting>