

Names: \_\_\_\_\_

## Family Budget



**Needs:**

- Groceries: \$700
- House Payment: \$1400
- House Expenses: \$300
- Car 1: \$250
- Car 2: \$350
- Gas: \$250
- Car Insurance for family: \$250
- Savings = \$800

**Wants:**

- Clothing: \$300
- Entertainment: \$300
- Cable: \$60
- Gym membership: \$100 per month
- Internet: \$60
- Cell phone (per person): \$70 x 2

<b>Monthly Budget</b>	
Gross Income	8 000
Income tax, CPP, and EI (40%)	
<b>Disposal Income</b>	
<b>Necessities:</b>	
<b>Total Necessities</b>	
<b>Discretionary Income</b>	
<b>Total other expenses</b>	
<b>Left over income</b>	

Names: \_\_\_\_\_

1. Prepare the family budget.
2. What is the family's discretionary income? What does this number mean?
3. How much money is left over after all expenses have been added to the family's budget?
4. To avoid going into debt, total expenses should never be greater than disposable income. If your expenses are greater than disposable income adjust your needs so that disposable income = total expenses. You may not change any expenses considered a necessity.
  - a. Which expenses have you adjusted and why?

### **Unforeseen Economic Forces and their effects: unemployment**

5. A member of your family has been laid off for four months. They will receive unemployment benefits of \$1 200/month for the next 4 months. (Unemployment benefits are not taxable). Their gross income was \$ 3 000 a month. What changes will need to be made to the family's budget? Provide specific details.
6. If this family member were out of work for six months, would the family have enough disposable income to pay for its necessities? What adjustments might the family have to make?