

## 1.8 Preparing a Budget

Turn to Pg.62 in text to look at budget worksheet and Pg.63 for chart that outlines percentages of income you should spend in each category

Example 1:

Simon is hunting for an apartment. He earns a monthly net income of \$2700. According to the guidelines on Pg. 63 of the text, approximately how much can he afford for accommodation?

$$2700 \times 0.27 = \$729$$

$$2700 \times 0.33 = \$891$$

The following table summarizes Louisa's monthly budget.

Expense Category	Amount (\$)	%	
Housing and Utilities	840	31	✓
Food and Clothing	710	26	✓
Health and Personal Care	60	2	-
Transportation	330	12	✓
Recreation and Education	240	9	+
Savings	230	9	✓
Miscellaneous	290	11	-

- Determine the percent of her net income that she spends in each category.
- How do these percents compare with the recommended guidelines
- Louisa wants to purchase a house and expects to increase her Housing and utilities costs to \$1200 a month. Describe the decisions Louisa could make to be able to afford the house.

Louisa needs to find \$360. So she spends the following amounts (less) in these categories:

Rec & Ed: \$120

Savings: \$115

Misc: \$125

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