WORKSHEET

Personal budgets

1 Amanda and Corey have decided to move into an apartment together. To determine the amount that they can afford to pay in rent each week, they decide to prepare a weekly budget of all their current and estimated expenses throughout the next year.

Expense	Amount and frequency	Weekly amount
Electricity	$440 per quarter	
Water	$90 per quarter	
Gas	$40 per year	
Groceries	$160 per week	
Take-away food	$60 per week	
Mobile phones × 2	$160 per month	
Car registration × 2	$1025 per year	
Car insurance × 2	$1290 per year	
Car service × 2	$550 per year	
Petrol × 2	$80 per fortnight	
Household insurance	$350 per year	
Health insurance	$120 per month	
Medical and dental	$60 per month	
Cosmetics and toiletries	$30 per week	
Entertainment	$100 per week	
Sport	$45 per week	
Gym membership	$220 per quarter	
Clothing and footwear	$300 per month	
Savings	$150 per week	

a Complete the above table to determine Amanda and Corey's total estimated weekly expenditure.

b Amanda's weekly pay after tax is $620 and Corey's weekly pay after tax is $794. What is the maximum weekly amount they can afford to pay in rent?

c Amanda and Corey would like to save more money each month so that they can eventually buy a place of their own. Suggest at least 4 ways in which the couple could reduce their weekly expenses.

2 Rachel and Frazer have been saving in order to build a house on their block of land. They have looked at house plans and have decided to build their house with Imperial Homes. The couple have determined that they are able to borrow $280 000 as a home loan to build their house, with the remainder of the purchase price of the house needing to be saved as a deposit.

Rachel and Frazer's combined after-tax income is $1846 per week, and they are currently committed to $723 a month in car loan repayments. The couple allocate $4950 a month to cover all their other expenses and the remaining income is added to their deposit savings. If Rachel and Frazer have already saved $16 500 as a deposit, and they plan to stop saving after another 12 months, determine which of the Imperial Homes shown below they will be able to afford to build.
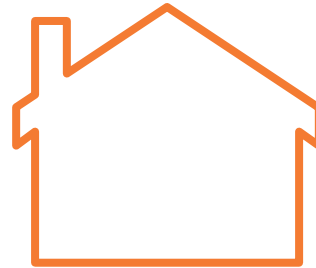
Monterra
5 beds, 3 baths,
3 living, 34 squares
$318 600
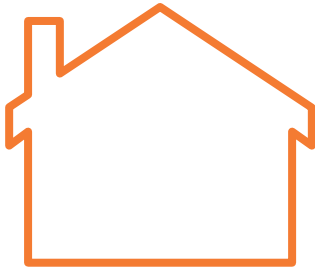
Davinon
5 beds, 3 baths,
2 living, 32 squares
$310 400
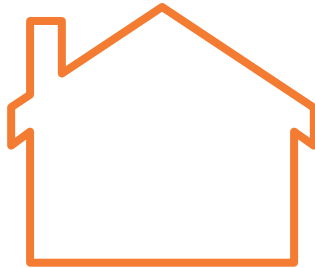
Lindeman
4 beds, 3 baths,
2 living, 30 squares
$303 000

Answers

1 a Amanda and Corey's total estimated weekly expenditure is $872.60.

b Maximum weekly amount that they can afford to pay in rent is $541.

c Money could be saved by: selling one of their cars and sharing a car/catching public transport, reducing entertainment costs by going out less often or by selecting cheaper options such as movie nights at home rather that seeing new release movies at the cinema, avoiding take-away and preparing their own meals, restricting the purchase of new clothing to the occasional new purchase or buying good quality 2nd hand items online.

2 At the end of another 12 months Rachel and Frazer will have a deposit of $37 032 ($16 500 + $20 532). Combined with the loan of $280 000, the couple will have ≈ $317 000 to build their new home. Therefore they will be able to afford both the Davinon and Lindeman homes.