

Day 3: Create a Budget

By the end of this Lesson Students Will Be Able To:

- ✓ **Construct a budget based on my selected career choice.**
- ✓ **Consider how various expenses impact a budget.**
- ✓ **Utilize technology to create and implement a budget**

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Yesterday's Homework

Ask your parents how they use budgets.

- Do they use a budget? Why or why not?
- What is the most important thing your parents have learned in using a budget?
- How has their budget evolved from 19 to 30?

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Creating a Budget

To help simplify this process I have created an Excel spreadsheet that will do most of the calculations for you...you just need to do the research!

The spreadsheet can be found on my website, under **Courses** → **Apprenticeship Math 12** → **Today's Date** → **Worksheet**"

www.ostoforov.weebly.com



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Monthly Income

What are some ways an individual can earn money.



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Income - Wages

Where a worker is paid an hourly rate for a given set of hours in any given day or week.

In this cell enter your hourly wage times the number of hours you work in a week times 52 weeks in a year then divide that answer by 12 months in a year.

Formula to enter:

$$=(\text{Wage} * \text{Hours} * 52) / 12$$

Example (\$15/hour at 40 hours per week):

$$=(15 * 40 * 52) / 12$$

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Income - Salary

Where a worker is paid a fixed amount of money or compensation paid in return for work performed. Salary is paid, most frequently, in a bi-weekly paycheck. An employee who is paid a salary is expected to complete a whole job in return for the salary.

In this cell enter your monthly salary. If your salary is annually you will need to divide this value by 12 to obtain monthly salary.

Formula to enter:

$$=\text{Annual Salary} / 12$$

Example (Annual Salary of \$55,000):

$$=55000 / 12$$

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Income - Commission

Where a worker is paid a percentage (typically fixed) based upon the number of sales over some time period. A worker's income can solely be based upon commission or combined with some sort of wages or salary to motivate employee's.

In this cell enter your your estimated monthly sales times your commission percentage (in decimal format).

Formula to enter:

=Sales*Percent

Example (\$5000 in sales @ 7% Commission):

=5000*0.07

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Income – Piece Work

Where a worker is paid a fixed piece rate for each unit produced or action performed regardless of time it takes. If you don't work, you don't get paid!

In this cell enter the number of tasks performed on a monthly basis multiplied by an appropriate rate charged to perform such a task

Formula to enter:

=(# of Tasks) x Rate

Example:

=(15 furnaces serviced) x (\$95/service)

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Monthly Expenses

What are some of the major items or purchases you need to make in order to survive or maintain a certain quality of life.

Examples:

- Entertainment
- Cell Phone
- Transportation
- Emergency
- Vacation
- Etc...



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Monthly Savings

On the bottom of each page in the spreadsheet you find a table called "Budget Summary", which totals your monthly income and expenses.

Monthly Savings are calculated by subtracting your Expenses from your Income. In order to have a balanced budget your Monthly Savings **CANNOT** be **NEGATIVE**.

Your target for monthly savings should be at least 10% of your monthly income.

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