

# BUDGET SCENARIOS\$



## SCENARIO 1

## THE HARE



Mary, 19 years old, is registered in engineering at Polytechnique. She shares a 4 1/2 with a roommate in the Plateau, which costs her **\$425/month**, heat included. To furnish the apartment, she bought a sofa and a television on credit that she pays back at the rate of **\$112.50/month**. Her package deal for her cell phone costs her **\$35/month**. Mary spends **\$200/month** on groceries and eating out.

Mary uses her car to get to her classes. This costs her the following: **\$75/month** on gas, **\$46/month** on insurance, **\$25/month** for automobile registration and her driver's licence, as well as **\$25/month** for parking.

In September, Mary spent over **\$250** on school books. She likes designer clothes and trendy shoes, and spends **\$200/month** on these items.

To encourage her to study, her parents pay for her tuition and give her an allowance of **\$500/month**. Also, she works in a shop on Saturdays, which provides her with **\$200/week**. In September, the government granted her a bursary of **\$1,500 per year**, which she receives in equal monthly instalments.

In October, Mary had an emergency root canal treatment that cost her **\$385**. Unfortunately, in November, her roommate went to live with her boyfriend because she lost her job, and this doubled Mary's rent. Also, it cost her **\$230** to replace the muffler on her car during the same month.





## QUESTIONS

1

Is Mary's financial position positive, negative or balanced (but without a cushion) at the end of September, October and November? Explain your answer and fill out the budget grid.

2

How much did she save at the end of this period?

3

What are possible solutions to improve her financial condition and increase the amount saved? Explain your answer and fill out a new budget grid.

NOTE: In order to calculate a monthly expenditure based on a weekly amount, you multiply it by 52 weeks (in a year) and divide the result by 12 months (per year). For example, weekly income of \$150 is equal to  $\$150 \times 52 \text{ weeks} / 12 \text{ months} = \$650/\text{month}$ .



# BUDGET GRIDS

QUESTION 1		Budget Grid	Real Amount	Real Amount	Real Amount
			September (\$)	October (\$)	November (\$)
			Per Month	Per Month	Per Month
<b>Income</b>					
1	Job no. 1 salary				
2	Job no. 2 salary				
3	Parental allowance				
4	Loans and bursaries				
5	Gifts				
6	Other				
7	Total income (lines 1 to 6)				
<b>Fixed expenses</b>					
1	Savings				
2	Housing	Rent/boarding			
3		Electrical power			
4		Phone			
5		Gas			
6	Communications	Internet			
7		Television			
8	Transportation	Car payments			
9		Car insurance			
10		Licence/registration			
10		Monthly public transit pass			
11	Bank fees				
12	Other	Furniture			
13	Total fixed expenses (lines 1 to 12)				
<b>Variable expenses</b>					
14	Education	School books			
15		Student loan			
16	Food	Groceries			
17		Restaurants			
18	Communications	Cell phone			
19	Entertainment	Outings			
20		Leisure			
21		Sports			
22	Clothing				
23	Transportation	Car repairs			
24		Gas			
25		Parking			
26	Healthcare				
27	Interest on credit card				
28	Other				
29	Total variable expenses (lines 14 to 28)				
<b>Occasional expenses</b>					
30					
31	Total expenses (lines 13 + 29 + 30)				
32	Available amount (line 7 - line 31)				
33	Available amount carried over from preceding month				
34	Total available at month's end				



**QUESTION 3**

**Budget Grid**

		Monthly Amount September (\$)		Monthly Amount October (\$)		Monthly Amount November (\$)	
		Real	Budgeted	Real	Budgeted	Real	Budgeted
<b>Income</b>							
1	Job no. 1 salary						
2	Job no. 2 salary						
3	Parental allowance						
4	Loans and bursaries						
5	Gifts						
6	Other						
7	Total income (lines 1 to 6)						
<b>Fixed expenses</b>							
1	Savings						
2	Housing	Rent/boarding					
3		Electrical power					
4		Phone					
5		Gas					
6		Communications	Internet				
7	Television						
8	Transportation	Car payments					
9		Car insurance					
10		Licence/registration					
10		Monthly public transit pass					
11	Bank charges						
12	Other						
13	Total fixed expenses (lines 1 to 12)						
<b>Variable expenses</b>							
14	Education	School books					
15		Student loan					
16	Food	Groceries					
17		Restaurants					
18	Communications	Cell phone					
19	Entertainment	Outings					
20		Leisure					
21		Sports					
22	Clothing						
23	Transportation	Car repairs					
24		Gas					
25		Parking					
26	Healthcare						
27	Interest on credit card						
28	Other						
29	Total variable expenses (lines 14 to 28)						
<b>Occasional expenses</b>							
30							
31	Total expenses (lines 13 + 29 + 30)						
32	Available amount (line 7 - line 31)						
33	Available amount carried over from preceding month						
34	Total available for the month						



## ANSWERS

1

Her financial position is negative at the end of September because she has no savings to pay for her \$385 root canal treatment. In October, her financial position is positive, but she has not saved any money. In December, she is in the red because she had to pay all the rent by herself and has no savings to draw on. Mary now has to think about changing her budget.

2

Mary did not save any money.

3

By taking the following steps:

- She uses public transportation.
- She sells her car.
- She spends \$150 per month on clothing.
- She spends \$150 per month on food.
- She finds a new roommate for December.

Mary would save \$500 by the end of November.



# BUDGET GRIDS

QUESTION 1		Budget Grid	Real Amount	Real Amount	Real Amount
			September (\$)	October (\$)	November (\$)
			Per Month	Per Month	Per Month
<b>Income</b>					
1	Job no. 1 salary		866.67	866.67	866.67
2	Job no. 2 salary				
3	Parental allowance		500.00	500.00	500.00
4	Loans and bursaries		125.00	125.00	125.00
5	Gifts				
6	Other				
7	Total income (lines 1 to 6)		1,491.67	1,491.67	1,491.67
<b>Fixed expenses</b>					
1	Savings				
2	Housing	Rent/boarding	425.00	425.00	850.00
3		Electrical power			
4		Phone			
5		Gas			
6	Communications	Internet			
7		Television			
8	Transportation	Car payments			
9		Car insurance	46.00	46.00	46.00
10		Licence/registration	25.00	25.00	25.00
10		Monthly public transit pass			
11	Bank fees				
12	Other	Furniture	112.50	112.50	112.50
13	Total fixed expenses (lines 1 to 12)		643.50	643.50	1,068.50
<b>Variable expenses</b>					
14	Education	School books	250.00		
15		Student loan			
16	Food	Groceries	200.00	200.00	200.00
17		Restaurants			
18	Communications	Cell phone	35.00	35.00	35.00
19	Entertainment	Outings			
20		Leisure			
21		Sports			
22	Clothing		200.00	200.00	200.00
23	Transportation	Car repairs			230.00
24		Gas	75.00	75.00	75.00
25		Parking	25.00	25.00	25.00
26	Healthcare				
27	Interest on credit card				
28	Other				
29	Total variable expenses (lines 14 to 28)		1,135.00	500.00	730.00
<b>Occasional expenses</b>					
30	Root canal treatment			385.00	
31	Total expenses (lines 13 + 29 + 30)		1,778.50	1,143.50	1,798.50
32	Available amount (line 7 - line 31)		-286.83	348.17	-306.83
33	Available amount carried over from preceding month		0	-286.83	61.33
34	Total available at month's end		-286.83	61.33	-245.50



**QUESTION 3**

Budget Grid		Monthly Amount September (\$)		Monthly Amount October (\$)		Monthly Amount November (\$)	
		Real	Budgeted	Real	Budgeted	Real	Budgeted
<b>Income</b>							
1	Job no. 1 salary	866.67	866.67	866.67	866.67	866.67	866.67
2	Job no. 2 salary						
3	Parental allowance	500.00	500.00	500.00	500.00	500.00	500.00
4	Loans and bursaries	125.00	125.00	125.00	125.00	125.00	125.00
5	Gifts						
6	Other						
7	<b>Total income (lines 1 to 6)</b>	<b>1,491.67</b>	<b>1,491.67</b>	<b>1,491.67</b>	<b>1,491.67</b>	<b>1,491.67</b>	<b>1,491.67</b>
<b>Fixed expenses</b>							
1	Savings						500.00
2	Housing	Rent/boarding	425.00	425.00	425.00	425.00	850.00
3		Electrical power					
4		Phone					
5		Gas					
6		Communications	Internet				
7		Television					
8	Transportation	Car payments					
9		Car insurance	46.00		46.00		46.00
		Licence/registration	25.00		25.00		25.00
10		Monthly public transit pass		98.00		98.00	98.00
11	Bank charges						
12	Other	112.50	112.50	112.50	112.50	112.50	112.50
13	<b>Total fixed expenses (lines 1 to 12)</b>	<b>643.50</b>	<b>670.50</b>	<b>643.50</b>	<b>670.50</b>	<b>1,068.50</b>	<b>1,595.50</b>
<b>Variable expenses</b>							
14	Education	School books	250.00	250.00			
15		Student loan					
16	Food	Groceries	200.00	150.00	200.00	150.00	200.00
17		Restaurants					
18	Communications	Cell phone	35.00	35.00	35.00	35.00	35.00
19	Entertainment	Outings					
20		Leisure					
21		Sports					
22	Clothing		200.00	150.00	200.00	150.00	200.00
23	Transportation	Car repairs					230.00
24		Gas	75.00		75.00		75.00
25		Parking	25.00		25.00		25.00
26	Healthcare						
27	Interest on credit card						
28	Other						
29	<b>Total variable expenses (lines 14 to 28)</b>	<b>750.00</b>	<b>550.00</b>	<b>500.00</b>	<b>300.00</b>	<b>730.00</b>	<b>300.00</b>
<b>Occasional expenses</b>							
30	Root canal treatment		385.00				
31	<b>Total expenses (lines 13 + 29 + 30)</b>	<b>1,778.50</b>	<b>1,605.50</b>	<b>1,143.50</b>	<b>970.50</b>	<b>1,798.50</b>	<b>1,895.50</b>
32	<b>Available amount (line 7 - line 31)</b>	<b>-286.83</b>	<b>-113.83</b>	<b>348.17</b>	<b>521.17</b>	<b>-306.83</b>	<b>-403.83</b>
33	<b>Available amount carried over from preceding month</b>	<b>0</b>	<b>0</b>	<b>-286.83</b>	<b>-113.83</b>	<b>61.33</b>	<b>407.33</b>
34	<b>Total available for the month</b>	<b>-286.83</b>	<b>-113.83</b>	<b>61.33</b>	<b>407.33</b>	<b>-245.50</b>	<b>3.50</b>

## SCENARIO 2

# THE TORTOISE



Julian is 20 years old and lives with his parents in Québec City. He pays **\$200/month** in room and board. He finished a technical Diploma of Collegial Studies (DCS) in electronics and has been working since August for Nanotech Solutions. He earns \$880/week in gross income or **\$570** net after all deductions.

He takes the bus to work, which is a five-kilometre return trip. His monthly pass for regional public transit costs him **\$66.35/month**. Julian does not spend much on clothes, only **\$75/month**. He is a fan of Internet games and television, and his package deal costs him **\$69.99/month**. Being a lover of movies and good food, he allots himself **\$50/week** for outings with his girlfriend. In September, he offered her a **\$300** ring that he paid for cash. Julian is a member of the sports centre near work, which costs him **\$396/year**.

One of Julian's goals is to own his first house. To reach this goal, Julian has managed to save up \$5,000 that he invested in savings bonds at an annual interest rate of 4%, which earns him **\$200/year**. To buy his house, he needs a down payment of \$10,000.

## QUESTIONS

1

Is Julian's financial position positive, negative or balanced (but without a cushion) at the end of September, October and November? Explain your answer and fill out the budget grid.

2

How much money will he save at the end of this period?

3

How long will it take Julian to buy his house? Explain.

NOTE: To calculate a monthly expense based on a weekly amount, you multiply it by 52 weeks (a year) and divide the result by 12 months (per year). For example, weekly income of \$150 is equal to  $150 \times 52 \text{ weeks} / 12 \text{ months} = \$650$  per month.

# BUDGET GRID

QUESTION 1		Budget Grid	Real Amount	Real Amount	Real Amount
			September (\$)	October (\$)	November (\$)
			Per Month	Per Month	Per Month
<b>Income</b>					
1	Job no. 1 salary				
2	Job no. 2 salary				
3	Parental allowance				
4	Loans and bursaries				
5	Gifts				
6	Other – interest income				
7	Total income (lines 1 to 6)				
<b>Fixed expenses</b>					
1	Savings				
2	Housing	Rent/room and board			
3		Electrical power			
4		Telephone			
5		Gas			
6		Communications	Internet		
7	Television				
8	Transportation	Car payments			
9		Car insurance			
		Licence/registration			
10		Monthly public transit pass			
11	Bank charges				
12	Other				
13	Total fixed expenses (lines 1 to 12)				
<b>Variable expenses</b>					
14	Education	School books			
15		Student loan			
16	Food	Groceries			
17		Restaurants			
18	Communications	Cell phone			
19	Entertainment	Outings			
20		Leisure			
21		Sports			
22	Clothing				
23	Transportation	Car repairs			
24		Gas			
25		Parking			
26	Healthcare				
27	Interest on credit card				
28	Other				
29	Total variable expenses (lines 14 to 28)				
<b>Occasional expenses</b>					
30					
31	Total expenses (lines 13 + 29 + 30)				
32	Available amount (line 7 - line 31)				
33	Available amount carried over from preceding month				
34	Total available for the month				



## ANSWER

1

Julian's financial position is positive at the end of each month.  
Julian manages to save \$1,825.66 for October and November.

2

He will save \$5,176.98 by the end of November.

3

Since he already saved up \$5,000 and he can save \$5,176.98 between September and the end of November, Julian will have his \$10,000 down payment to buy his house on December 1st.



# BUDGET GRID

QUESTION 1		Budget Grid	Real Amount	Real Amount	Real Amount
			September (\$)	October (\$)	November (\$)
			Per Month	Per Month	Per Month
<b>Income</b>					
1	Job no. 1 salary		2,470.00	2,470.00	2,470.00
2	Job no. 2 salary				
3	Parental allowance				
4	Loans and bursaries				
5	Gifts				
6	Other – interest income		16.67	16.67	16.67
7	<b>Total income (lines 1 to 6)</b>		2,486.67	2,486.67	2,486.67
<b>Fixed expenses</b>					
1	Savings				
2	Housing	Rent/room and board	200.00	200.00	200.00
3		Electrical power			
4		Telephone			
5		Gas			
6		Communications	Internet	69.99	69.99
7		Television			
8	Transportation	Car payments			
9		Car insurance			
10		Licence/registration			
10		Monthly public transit pass	66.35	66.35	66.35
11	Bank charges				
12	Other				
13	<b>Total fixed expenses (lines 1 to 12)</b>		336.34	336.34	336.34
<b>Variable expenses</b>					
14	Education	School books			
15		Student loan			
16	Food	Groceries			
17		Restaurants			
18	Communications	Cell phone			
19	Entertainment	Outings	216.67	216.67	216.67
20		Leisure			
21		Sports	33.00	33.00	33.00
22	Clothing		75.00	75.00	75.00
23	Transportation	Car repairs			
24		Gas			
25		Parking			
26	Healthcare				
27	Interest on credit card				
28	Other				
29	<b>Total variable expenses (lines 14 to 28)</b>		342.67	342.67	342.67
<b>Occasional expenses</b>					
30	Ring		300.00		
31	<b>Total expenses (lines 13 + 29 + 30)</b>		961.01	661.01	661.01
32	<b>Available amount (line 7 - line 31)</b>		1,525.66	1,825.66	1,825.66
33	<b>Available amount carried over from preceding month</b>		0	1,525.66	3,351.32
34	<b>Total available for the month</b>		1,525.66	3,351.32	5,176.98



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