

**BUDGETING** COMPREHENSION

# INCOME AND EXPENSES

In the **Banzai Library**, go to the **Budgeting** section and read the article "Income and Expenses." Answer the following questions based on what you read.

- If you're spending over your budget, how can you fix it?
  - Spend less.
  - Earn more.
  - Stop saving for emergencies.
  - A and C
  - A and B

- Name three common monthly expenses.

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- If you spend more than you have, your cash flow will be positive.
  - True
  - False

- Creating a spending plan should be a ..... process.
  - rigid
  - flexible
  - Neither A nor B

- This article uses the word "income" but doesn't define it. What do you think it means?

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- What are two common sources of income?

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**BUDGETING** **PROBLEM SOLVING**

### Going on Vacation

Maisie earns \$45,000 a year after taxes and wants to go on a two-week vacation with a friend. The vacation costs \$3,000, but she can't afford it with her current budget—bummer! She needs your help.

**MONTHLY AFTER-TAX INCOME**

\$2,900

**MONTHLY EXPENSES**

Rent	\$900
Food	\$175
Entertainment	\$175
Phone	\$80
Utilities	\$150
Car Payment	\$200
Car Insurance	\$150
Gas	\$160
Other	\$350

**YEARLY EXPENSES**

Medical	\$2,000
Emergency	\$3,000

In the **Banzai Library**, go to the **Budgeting** section, click on the **"Income and Expenses"** article, and find the **Budget Calculator**. Enter Maisie's current budget. **Hint:** make sure to select a category when entering her budget.

Add a **Yearly Expense** of \$3,000 for the vacation. If you enter the numbers correctly, you should have **-\$106 in Monthly Savings**.

1. In order for Maisie to afford her trip, the monthly savings in the budget calculator has to be **at least \$0**. Why?

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2. Adjust Maisie's budget in the **Food, Entertainment, Utilities, and Gas** categories to get \$0 or more in **Monthly Savings**. But be realistic—you can't slash Maisie's **Food** budget to \$10 or delete **Entertainment**. How much is left in each of the three categories? **Hint:** It's possible that the way you lower the budget in these categories will differ from the way a friend does it.

**Food** \$ ..... **Entertainment** \$ ..... **Gas** \$ .....

3. What is a practical way Maisie can lower her **Utilities** budget?

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4. What is a practical way Maisie can lower her **Entertainment** budget?

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5. What is a practical way Maisie can lower her **Gas** budget?

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**BORROWING** COMPREHENSION

# CREDIT CARDS

In the **Banzai Library**, go to the **Borrowing and Credit** section and read the article **“Credit Cards.”** Answer the following questions based on what you read.

1. What’s the difference between a charge card and a traditional credit card?

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2. What’s true of affinity cards?

- A. They usually include a low APR.
- B. They’re sponsored by both a financial institution and a company.
- C. The cosponsoring company handles the billing.

3. Why should you consider interest rates if you don’t pay your balance in full?

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4. Define the following terms—only **some** of these terms can be found in the “Cracking the Code” section of the article:

Annual Fee: .....

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Secured Cards: .....

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Minimum Payment: .....

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Annual Percentage Rate (APR) .....

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Teaser Rate: .....

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