Consumer Math B

**Unit 2: Budgeting**

**Lesson 1 – Budgeting**

**Quick Check**

Question 1: \_\_\_\_\_ is when an asset increases in value

* Depreciation
* **Appreciation**
* Inflation
* Purchasing power

Question 2: When money loses some of its value over time, it is caused by \_\_\_\_\_.

* **inflation**
* FICA
* purchasing power
* recalculating worth

Question 3: You (or your parents) have a realized income of $1,046.78/every 2 weeks. How much should the monthly housing expense budget be to stay within acceptable limits? Round to the nearest penny.

* **596.20**

Question 4: Using proportions, if your (or your parents') monthly mortgage payment is $1,125.98, at least how much of your monthly realized income be to stay within acceptable housing expense limits?

* **4021.36**

**Lesson 2– Creating a Hypothetical Budget (Portfolio)**

**Lesson 3 – Fixed Costs**

**Quick Check**

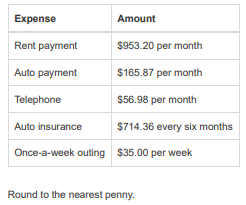
Question 1: Which is an example of a savings instrument?

* **certificate of deposit (CD)**
* checking account
* cash
* credit card

Question 2: You need to have an emergency fund that can cover \_\_\_\_ months of your fixed expenses.

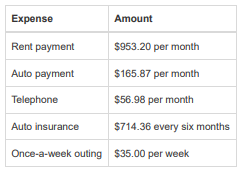
* 1 to 3
* 4 to 5
* **3 to 6**
* 5 to 7

Question 3: Using the table, what are your total monthly fixed expenses?



* **1295.11**

Question 4: Use the table to answer the question. Your realized income is $2,412.54 per month. How much discretionary monies do you have each month? Round to the nearest penny.



* **1117.43**

**Lesson 4 – Assets and “Net” Savings**

**Quick Check**

Question 1: Cash reserves are usually \_\_\_\_ to access for use.

* **easy**
* difficult
* complicated
* strictly emergency monies

Question 2: The best way to achieve significant increases in interest accrual in a savings account is through

* increases in interest.
* **increases in principal.**
* increases in time.
* compounding.

Question 3: You are creating an emergency fund and decide to place $415.00/month in an account that earns a 3.75% APR. How much interest accrues by the end of the first full month? Round to the nearest penny.

* **1.30**

Question 4: You consistently deposit $250.00 into a savings account on the 15th of each month, and the account earns a 2.5% APR. How much is the balance of your savings account at the end of the 3rd full month? Round to the nearest penny.

* **753.13**

**Lesson 5 – Discretionary Spending: The Extras of Life**

**Quick Check**

Question 1: The earlier you begin saving, the \_\_\_\_ you will have.

* more difficult a savings plan
* less options for saving
* **more money**
* better savings plan

Question 2: It is better to \_\_\_\_ than to \_\_\_\_.

* pay with a credit card; use cash
* **pay down a credit card; save the money**
* save the money; pay off a credit card
* use cash; save the money

Question 3: You owe $2,154.35 on your PBnJ credit card that has an interest rate of 9.85% APR. Rather than placing $435.00 into a savings account earning a 2.5% APR, you pay down the principal at the beginning of the month on the credit card. How much interest did you save? Round any decimals to the nearest penny. (Hint: Calculate the difference between the interest you would earn from the savings account and the interest you would pay on your credit card for the $435.00.)

* **2.66**

Question 4: You owe $1,534.09 on a credit card that has an interest rate of 15.7% APR. You decide to put $250.00 into a savings account earning a 3.5% APR and another $500.00 toward the credit card at the beginning of the month. What is the difference in interest saved at the end of a full month between this decision and if you had paid the entire $750.00 toward the credit card? Round any decimals to the nearest penny.

* **2.54**

**Lesson 6 – The Second Job**

**Quick Check**

Question 1: The easiest way to save for your emergency fund is to use your \_\_\_\_\_.

* existing savings
* **discretionary monies**
* second job
* parents

Question 2: When computing how many hours you need to work at a second job to meet a savings goal, you should \_\_\_\_\_.

* calculate the realized income at your primary job
* calculate your savings rate
* calculate the amount needed and divide by the hourly rate at the second job
* **calculate the amount needed and divide by the realized hourly rate at the second job**

Question 3: Please be aware that your answer must include any commas or decimals in their proper places in order to be correct. Do not place any extra spaces between numbers, commas, or decimal places. Round any decimals to the nearest penny. Your realized income from your primary job is $3,076.45/month. Your fixed expenses are 36% of your realized income. How much must you save for an emergency fund of 6 months?

* **6,645.12**

Question 4: Your realized income from your primary job is $2,034.24/month. Your fixed expenses are 30% of your primary job’s realized income. You have a second job that pays $9.50/hr with deductions of FICA (7.65%), federal tax withholding (11.5%), and state tax withholding (7.75%). If you want to save enough in the next 10 months to have an emergency fund that will cover 5 months using only 20% of your discretionary monies from your primary job, how many hours per month do you need to work at your second job to meet your monthly savings goal?

* **3**

**Lesson 7 – Emergency Funds: Cash Reserves**

**Quick Check**

Question 1: A part of your emergency fund should include \_\_\_\_\_.

* **cash**
* credit cards
* real estate
* savings bonds

Question 2: An emergency can be \_\_\_\_\_.

* an unexpected beach trip
* designer clothes that are only available for a short time
* **a natural disaster**
* a late credit card payment

Question 3: Your fixed expenses are $1,500.45/month. Your emergency fund has 4 month’s worth of coverage. You invest half in a savings account with an interest rate of 3.15% APR and the other half in a 45-day CD with an interest rate of 4.65% APR. How much is your total interest in 45 days? Round to the nearest penny.

* **28.85**

Question 4: If you had invested only 1 month’s worth of the emergency fund in the saving account at a 3.15% APR and the remainder in the 45-day CD at a 4.65% APR, what is the difference in the interest earned in 45 days when compared with question #3? Round to the nearest penny.

* **2.79**

**Lesson 8 – Emergency Funds: Insurance Policies**

**Quiz**

Question 1: A(n) \_\_\_\_ has income and expenses.

* income statement
* emergency fund statement
* **budget statement**
* expense statement

Question 2: The three-legged stool represents \_\_\_\_\_.

* **retirement savings**
* real estate
* bonds
* loans

Question 3: A 401-K is a type of \_\_\_\_\_.

* CD
* checking account
* **retirement account**
* regular savings account

Question 4: The easily accessible part of an emergency fund is \_\_\_\_\_.

* Savings
* CDs
* credit cards
* **cash**

Question 5: Working a second job \_\_\_\_\_.

* helps meet saving goals
* can help you pay off debts quicker
* fills in gaps in a budget
* **all of the above**

Question 6: Your primary job’s gross income is $3,468.73/month. Deductions are FICA (7.65%), federal tax withholding (11.5%), and state tax withholding (7.8%). How much are your fixed expenses if they are 36% of your realized income? Round any decimals to the nearest penny.

* **912.21**

Question 7: Your fixed expenses are $1,235.78/month. You want to save 5 months' worth for an emergency fund over a year’s time. How much must you save each month? Round any decimals to the nearest penny.

* **514.91**

Question 8: Your realized income is $2,847.69/month. Your fixed expenses are 36% of your monthly income. You decide to save 40% of your discretionary monies each month. How much do you save per month? Round any decimals to the nearest penny.

* **729.01**

Question 9: Your fixed expenses are $1,151.65/month. You saved 4 months' worth in an emergency fund, investing 25% in a savings account at a 3.3% APR and the rest in a 60-day CD at a 4.3% APR. How much total interest accrues over 60 days? Round any decimals to the nearest penny.

* **30.67**

Question 10: What is the difference in the interest that would have accrued if all of the money from question #9 had only been in the savings account for the same 60 days? Round to the nearest penny.

* **5.68**

**Lesson 9 – Emergencies – A Brainstorming Activity**

**Quick Check**

Question 1: Which event is NOT a natural disaster?

* hurricane
* **car accident**
* flooding
* earthquake

Question 2: When calculating accrued interest over several years that compounds annually, you must \_\_\_\_\_.

* **calculate a new principal each year, adding in the accrued interest from the previous year**
* use the I = Prt formula where t = the number of years
* calculate the interest for each year and add all the years' interest amounts to the original principal
* none of the above

Question 3: Your fixed expenses are $1,500.45/month. Your emergency fund has 4 month’s worth of coverage. You invest half in a savings account with an interest rate of 3.15% APR and the other half in a 45-day CD with an interest rate of 4.65% APR. How much is your total interest in 45 days? Round to the nearest penny.

* **28.85**

Round any decimals to the nearest penny. Your fixed expenses are $1,763.25/month. You saved 6 months' worth for an emergency fund in a savings account earning a 4.5% APR over 3 years. After 3 years, you withdrew $4,360.00 because of losing your job. What is your balance after the withdrawal?

* **7,712.97**

How much interest did you lose in 1 month because of the withdrawal?

* **16.35**

**Lesson 10 – Budgeting Summary: Reviewing the Process**

**Quick Check**

Question 1: Luxury items in a budget come from \_\_\_\_\_.

* an income
* a deficit
* fixed expenses
* **savings**

Question 2: Which is NOT a part of your budget?

* **primary job gross income**
* second job realized income
* fixed expenses
* discretionary expenses

Question 3: Round to the nearest penny. Your primary job’s gross income is $3,500.00/month, and your second job’s realized income is $368.49/month. Deductions are FICA (7.65%), federal tax withholding (10.75%), and state tax withholding (8.35%). How much is the income on your monthly budget?

* **2932.24**

Question 4: Round to the nearest penny. Your fixed expenses are $1,035.65/month and are 36% of your realized income. Use proportions to compute the realized income on your budget.

* **2876.81**

**Lesson 11 – Budgeting Summary: The Never-ending Budget Process**

**Quick Check**

Question 1: When your expenses are more than your income, you have \_\_\_\_\_.

* assets
* excess expense
* a surplus
* **a deficit**

Question 2: If you are given a 2% raise and the inflation rate is 3%, you are \_\_\_\_\_.

* seeing no change in your paycheck
* making the same amount as before in today's dollars
* **making less money in today's dollars**
* making more money in today's dollars

Question 3: You have a second job that pays $8.50/hr and your deductions are FICA (7.65%), federal tax withholding (11.25%), and state tax withholding (7.25%). If you want to save $220.00/month, how many hours do you need to work at your second job? (Remember to round up to the nearest whole hour.)

* **36**

Question 4: Round any decimals to the nearest penny. You decide to work 50 hr/month at your second job from question #3. How much discretionary money do you have after you put $220/month aside?

* **93.50**

**Lesson 12 – Budgeting Summary: Learning from Experience**

**Quick Check**

Question 1: Liabilities are amounts you \_\_\_\_\_.

* **owe**
* consider assets
* avoid
* add to your assets

Question 2: Which of the following is one way to potentially increase your savings?

* increase discretionary spending
* reduce your income
* **reduce discretionary spending**
* increase your expenses

Question 3: You have a mortgage payment of $1,248.90/month. Using proportions, what is the minimum amount you must have in realized income per month to keep your housing expense in the acceptable range? Round to the nearest penny.

* **4460.36**

Question 4: Your mortgage payment is $954.32/month. Using proportions, what is the minimum yearly amount you must have in realized income to keep your housing expenses in the acceptable range? Round to the nearest penny.

* **40899.43**

**Lesson 14 – Unit Test Part 1**

**Test**

Question 1: The three-legged stool deals with \_\_\_\_\_.

* checking accounts, savings accounts, and investment accounts
* checking accounts, savings accounts, and retirement planning
* **different types of retirement savings plans**
* budgeting, retirement planning, and investment accounts

Question 2: Social security is a payment from \_\_\_\_\_.

* **the United States government**
* a pension plan
* a state government
* a private investment

Question 3: When an asset increases in value, it is said to \_\_\_\_\_.

* Depreciate
* be at market value
* **appreciate**
* have valuized

Question 4: Which of the following is the best financial situation?

* You saved enough for your emergency fund and have $2,358.96 on a credit card at a 3.5% APR.
* **You saved enough for your emergency fund and are paying off your credit card debt.**
* You have not saved enough for your emergency fund and have $538.98 on a credit card at a 9.8% APR.
* You have not saved enough for your emergency fund and are paying off your credit card debt.

Question 5: Your boss is impressed with your work and gives you a 3% raise. If the inflation rate is 3%, you are \_\_\_\_\_.

* making more money in today’s dollars
* **making about the same amount of money in today's dollars**
* making less money in today's dollars
* seeing no change in your paycheck

Question 6: Emergency funds should have a mix of \_\_\_\_\_.

* **cash, regular savings accounts, insurance policies, and CDs**
* cash, checking accounts, and other investment accounts
* checking accounts, savings accounts, and investment accounts
* checking accounts, regular savings accounts, and CDs

Question 7: It is best to save \_\_\_\_\_ months of fixed expenses for an emergency fund.

* 2 to 3
* 3 to 5
* 4 to 6
* **3 to 6**

Question 8: If you are in a great deal of debt but want to save for an emergency fund, you should \_\_\_\_\_.

* save for the fund while paying down your debt
* pay down your debt first
* **consider getting a second job to pay down your debt first**
* consider getting a second job, and save that job’s money, and then pay down your debt

Question 9: As inflation increases, it causes the money you earn today to have \_\_\_\_\_.

* more value in the future
* **less value in the future**
* more purchasing power in the future
* no purchasing power effect in the future

Question 10: Round any decimals to the nearest penny. If your realized income is $834.26/wk, what is the maximum amount that should be used for fixed expenses per month?

* **1,201.33**

Question 11: Round any decimals to the nearest penny. Your realized income is $3,167.89/month, and your fixed expenses are $954.32/every 2 weeks. If you save 50% of your discretionary monies each month, how much are you saving?

* **629.63**

Question 12: Round any decimals to the nearest penny. You have a credit card with a balance of $2,856.74 at a 14.75% APR. Instead of saving the amount in question #11 in a savings account, you put the amount toward reducing your debt. How much interest do you save in 1 full month?

* **7.73**

Question 13: Round any decimals to the nearest penny. Your fixed expenses are $834.02/month. You save 5 months' worth in an emergency fund over a year’s time. How much did you save per month?

* **347.51**

Question 14: Round any decimals to the nearest penny. Your realized income is $2,085.44, and your fixed expenses are 30%. You want to save 6 months worth in an emergency fund. How much do you need to save?

* **3,753.78**

Question 15: Using the information from question #14, if you only want to put 50% of your discretionary monies toward the emergency fund each month, how many months will it take to fully fund it, excluding interest accrual? (Note: Round up to the next whole month.)

* **6**

Question 16: Round any decimals to the nearest penny. Your fixed expenses are $1,328.90/month and you saved 4 months' worth in an emergency fund. You place half in a 45-day CD at a 4.5% APR and the remainder in a regular savings account at a 3.2% APR. How much total interest do you earn in 45 days?

* **25.24**

Question 17: Round any decimals to the nearest penny. Your realized income is $2,415.64/month, and 54% are discretionary monies. If you want to save 3 months of fixed expenses for an emergency fund, how much must you save each month to fund it in 8 months?

* **326.11**

Question 18: Round any decimals to the nearest penny. Your fixed expenses are $1,045.32/month. What is your minimum realized income per month if your expenses are 36%?

* **2,903.67**

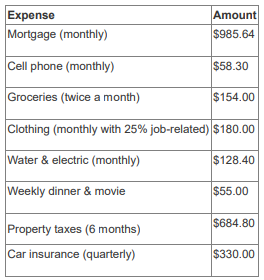
Question 19: Round any decimals to the nearest penny. You saved $10,943.89 in an emergency fund. One fourth is in a regular savings account at a 3.5% APR, and the remainder is in a 30-day CD at a 4.57% APR. What is the difference in the amount of interest earned in 30 days between the two savings instruments?

* **22.96**

**Lesson 14 – Unit Test Part 2**

**Test**

Question 1:



Your realized income is $2,943.20/month. How much are your fixed expenses each month? How much could you save per month if you take 25% of your discretionary monies and put it in a savings account?

Be sure to include in your response:

* the answer to the original question
* the mathematical steps for solving the problem demonstrating mathematical reasoning.

Question 2: Your gross income is $4,520.00/month. Your deductions are FICA (7.65%), federal tax withholding (11.75%), and state tax withholding (8.5%). Your fixed expenses are 30% of your realized income. You saved 5 months' worth in an emergency fund, placing 75% in a 60-day CD at a 5.25% APR and the rest in a regular savings account at a 3.8% APR. What is the total amount of your emergency fund? How much is in the CD and savings account? How much is the total interest earned between both accounts in 60 days?

Be sure to include in your response:

* the answer to the original question
* the mathematical steps for solving the problem demonstrating mathematical reasoning