

Unit 2

Answer:

Month 1

Realized Income:	Amount
1 st 40 hours of work • 4 weeks	\$1,880.00
FICA, Federal Tax, and State Tax	(\$486.92)
Total Income	\$1,393.08
Expense (Fixed):	Amount
Rent	\$657.00
Telephone	\$56.34
Groceries	\$224.00
Clothing (work)	\$53.00
Water & Electric	\$98.87
Total Expenses (Fixed)	\$1,089.21
Expense (Discretionary):	
Clothing (personal)	\$53.00
Weekly Dinner & Movie	\$160.00
Total Expenses (Discretionary)	\$213.00
Total Expenses (Fixed & Discretionary):	\$1,302.21

Month 2

Realized Income:	Amount
1 st 40 hours of work • 4 weeks	\$1,880.00
20 hours overtime	\$352.50
FICA, Federal Tax, and State Tax	(\$578.24)
Total Income	\$1,654.26
Expense (Fixed):	Amount
Rent	\$657.00
Telephone	\$56.34
Groceries	\$224.00
Clothing (work)	\$53.00
Water & Electric	\$98.87
Total Expenses (Fixed)	\$1,089.21
Expense (Discretionary):	
Clothing (personal)	\$53.00
Weekly Dinner & Movie	\$160.00
Total Expenses (Discretionary)	\$213.00

Total Expenses (Fixed & Discretionary):	\$1,302.21

- 1) Total gross income per month is \$1,880.00 ($\$11.75/\text{hr} \cdot 40 \text{ hr/wk} \cdot 4 \text{ wk}$). Total realized income per month is \$1,393.08 ($\$1,880.00 - \$143.82 - \$202.10 - \141.00). To compute the total Gross Income for month 2, add Gross Income from month 1 to gross overtime income in month 2 ($\$11.75/\text{hr} \cdot 1.5 = \$17.63/\text{hr} \cdot 20 \text{ hrs} = \$352.50 + \$1,880.80 = \$2,232.50$). Total Realized Income from month 2 is \$1,654.26 ($\$2,232.50 - \$170.79 - \$240.00 - \167.45). Total Fixed Expenses per month are \$1,098.21 and total discretionary expenses per month are \$213.00.
- 2) The overtime increases the income by \$261.28 for the 2nd month when compared to the first month.
- 3) If you eliminated the discretionary expenses in the first month you could save \$303.87 ($\$1,393.08 - \$1,089.21$). If you eliminated the discretionary expenses in the second month you could save \$565.15 ($\$1,654.36 - \$1,089.21$)