

Budgeting: Income & Expenses Answer Key



Part 1: Isaiah's Spending

1. The balances are listed in the table below. *Note: Mint is a live simulation, there are transactions that change the balances Isaiah's checking and savings on a daily basis.*

ACCOUNT	ACCOUNT NAME	BALANCE
Cash	Checking	Balance varies daily (ranges between \$1000 and \$3000)
Credit Cards	'My Credit Card'	Balance varies monthly (between \$1000 - \$2500)

2. Answers vary. Sample transaction:

DATE	DESCRIPTION	CATEGORY	AMOUNT
March 21st	Subway	Restaurants	\$9.00

- Isaiah's semi-monthly paychecks are \$1400 from iMusic.
- Isaiah goes to Java Shoppe several times per month spending less than \$10 each visit.
- Isaiah's rent is \$750, paid to 'Hillside Apartments' at the beginning of each month.
- Investments
- The common categories in Isaiah's credit card are: gas, groceries, and entertainment.
- Answers will vary.

Part 2: Trends

- There is no answer to this question. Students are prompted to interact with Mint.
- Answers are:
 - \$2800 per month / \$1400 per paycheck.
 - Isaiah earns \$200 - \$300 from side income.

3. Answer are:
- a. Answer vary based on the date within the month.
 - b. Answers will vary.
 - c. Isaiah spends between \$2500 - \$3000 each month.

PIE CHART CATEGORY	AMOUNT*	PERCENT
Home	\$750	25-30%
Auto	\$350 - \$450	15-20%
Food & Dining	\$350 - \$450	15%
Bills & Utilities	\$250	10%
Education	\$205	Less than 10%
Health & Fitness	\$50	Less than 10%
Shopping	\$75	Less than 10%
Travel	Varies	Less than 10%
Financial	Varies	Less than 10%

4. The pie chart will vary, see table on right for labels.

Amounts reflect 1-month spending. A 3-month pie chart will triple these amounts.

5. Answers may vary. See below for target answers:
- a. **Home** – This is a fixed cost, Isaiah is paying rent, it is \$750 per month. It is a basic need – paying for housing. Only on transaction each month.
 - b. **Auto & Transport** – This includes fuel, auto loan payment, and oil changes. Auto loan is fixed, the fuel is variable and changes slightly each month. These are needs - transportation.
 - c. **Food & Dining** – There are over 50 transactions here in a 3-month period of time. They are variable costs, different amounts. Groceries is a need - food. But Isaiah goes out to eat and drink a lot – there are many transactions for coffee, fast food, and restaurants which represent wants.
 - d. **Bills & Utilities** – Isaiah pays his energy bill, water bill, and cell phone bill. These are pretty close to fixed costs, almost the exact same each month. These are needs.
 - e. **Education** – A monthly student loan payment, fixed, need.
 - f. **Other (Health)** – A monthly fitness center payment, fixed, could be considered a want or a need. Occasionally a doctor visit appears in this section as well as Walgreen's pharmacy.
 - g. **Other (Shopping)** - Variable spending at retailers . This too could be a combination of wants and needs.
 - h. **Other (Entertainment)** - Variable spending for entertainment. These should be identified as want.

Part 3: Budgets

1. No answer. Students are prompted to interact with Mint.
2. \$2800 per month.
3. No answer. Students are prompted to interact with Mint.
4. No answer. Students are prompted to interact with Mint.
5. Answers vary, but may appear as follows:
 - a. Income - \$2800
 - b. Spending - \$475
 - c. Left over - \$2325
6. Answers below:
 - a. Rent - 30% of \$2800 = \$840.
Isaiah is under this threshold.
 - b. Transportation - 15% of \$2800 = \$420.
Isaiah is near this threshold.
 - c. Food & Dining - 15% of \$2800 = \$420.
Isaiah is near this threshold.
7. Students are prompted to interact with Mint and set a budget. After doing the work, the answers should be similar to the chart on right. *Note: The amount spent so far this month will vary by the date within the month.*
8. Answers will vary. Since this side income is consistent in the last three months, there is reason to include it.
9. Answers will vary.
10. Answers will vary. Students should look back to the budget set above to determine if Isaiah has stayed in the range of 50% (\$1400), 30% (\$840), 20% (\$560).
11. Answers will vary.

CATEGORY	AMOUNT TO BUDGET
Food & Dining	Set as example
Travel	Set as example
Student Loan	\$205
Bills & Utilities	\$250
Rent	\$750
Gym (Fitness)	\$50
Entertainment	\$25 - \$80
Auto & Transport	\$250 - \$500
Pets	\$30 - \$50
Rental Car & Taxi	\$10 - \$40
Shopping	\$50 - \$150
Cash & ATM	\$40 - \$80
Doctor	\$300 / 3 mo.
Transfer	\$100