

name: _____

date: _____



are they in trouble?



directions

After reading through each of the following scenarios, list the steps you would take if you found yourself in the same situation. Then, using the attached budget sheets, rework the troubled budget. After reworking the budget, in the space provided, explain what you changed and why you changed it.

1. Todd's monthly net income is \$1,642.

His monthly fixed expenses include:

- \$550 for rent
- A school loan payment of \$232
- A car payment of \$152
- An insurance premium payment of \$112

His flexible monthly expenses include:

- Utilities and telephone bills, which average \$125
- \$120 for food
- \$50 for personal and household items
- \$50 for gas and oil
- \$100 for entertainment

His current credit obligations are:

- \$850 on a major department store credit card
- The minimum monthly payment is \$42
- \$1,200 on his major credit card, which he accrued from taking out a cash advance
- The minimum monthly payment is \$65

Todd keeps meaning to open a savings account and deposit a small portion of each paycheck, just in case he has an emergency and needs extra cash. But he just hasn't gotten around to it yet.

Todd's car breaks down on the way home from work. His mechanic tells him that it will cost about \$1,200 to get the car running again. Todd needs his car to get to and from work. He just got paid so he uses most of the money from his paycheck to get his car fixed.

If you were Todd, in the short term, what would you do about your present financial situation?

are they in trouble? (continued)

Using one of the attached budget sheets, rework Todd's budget. When you're finished, use the space below to explain what changes you made and why you made them.

2. Carmen has a monthly net income of \$810.

Her fixed expenses include:

- \$150 for rent (she shares an apartment with two friends)

Her flexible monthly expenses include:

- \$45 for her portion of the utility bills and the telephone bills
- \$95 for food
- \$50 for personal and household items
- \$50 for bus fare
- \$40 for entertainment

Her current credit obligations include:

- \$232 to the local department store, with a minimum monthly payment of \$25

One of Carmen's roommates decides to move out, two days before the next month's rent is due. Carmen and her other roommate are able to come up with enough money to pay the rent, but this leaves Carmen without enough money to pay her portion of the telephone bill, the utility bills, and her credit card payment.

If you were Carmen, what would you do?



are they in trouble? (continued)

3. John's monthly net income is \$1550.

His fixed monthly expenses include:

- \$600 for rent
- \$262 for his car payment
- \$210 for his car insurance premium

His flexible monthly expenses include:

- \$20 for the telephone bill
- \$120 for food
- \$75 for personal and household items
- \$50 for gas and oil
- \$100 for entertainment

His current credit obligations include:

- \$2,000 on one of his major credit cards
- The minimum monthly payment is \$120.
- \$1,500 on another credit card, which he recently accrued from taking out a cash advance. (He needed it because he didn't have enough to pay rent last month, and he wanted to buy a new piece of stereo equipment for his car.)
- The minimum monthly payment on this credit card is \$110.

John doesn't have any savings.

What do you recommend John do in the short term regarding his financial affairs?

Using one of the attached budget sheets, rework John's budget. When you're finished, use the space below to explain what changes you made and why you made them.

budget worksheet

Name _____ Month _____

income	start of month	end of month	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
total income	\$	\$	\$
fixed expenses			
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
installment payments			
Car loan payment	\$	\$	\$
Credit card 1	\$	\$	\$
Credit card 2	\$	\$	\$
total installment debt	\$	\$	\$
percentage of net income	\$	\$	\$
flexible expenses			
Savings	\$	\$	\$
Food	\$	\$	\$
Utilities (gas, electricity, water)	\$	\$	\$
At home	\$	\$	\$
Away from home	\$	\$	\$
Transportation:			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items (toothpaste, etc.)	\$	\$	\$
total monthly expenses	\$	\$	\$



budget worksheet (continued)

Name _____ Month _____

income	start of month	end of month	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
total income	\$	\$	\$
fixed expenses			
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
installment payments			
Car loan payment	\$	\$	\$
Credit card 1	\$	\$	\$
Credit card 2	\$	\$	\$
total installment debt	\$	\$	\$
percentage of net income	\$	\$	\$
flexible expenses			
Savings	\$	\$	\$
Food	\$	\$	\$
Utilities (gas, electricity, water)	\$	\$	\$
At home	\$	\$	\$
Away from home	\$	\$	\$
Transportation: Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items (toothpaste, etc.)	\$	\$	\$
total monthly expenses	\$	\$	\$

budget worksheet (continued)

Name _____ Month _____

income	start of month	end of month	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
total income	\$	\$	\$
fixed expenses			
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
installment payments			
Car loan payment	\$	\$	\$
Credit card 1	\$	\$	\$
Credit card 2	\$	\$	\$
total installment debt	\$	\$	\$
percentage of net income	\$	\$	\$
flexible expenses			
Savings	\$	\$	\$
Food	\$	\$	\$
Utilities (gas, electricity, water)	\$	\$	\$
At home	\$	\$	\$
Away from home	\$	\$	\$
Transportation:			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items (toothpaste, etc.)	\$	\$	\$
total monthly expenses	\$	\$	\$