



Math 1030
Taking Control of
Your Finances

Take Control of Your Finances

1. Know your bank balance.
2. Know what you spend.
3. Don't impulse buy.
4. Make a budget.

EX 1: Vern drinks three 6-packs of beer each week at a cost of \$7.00 each and spends \$700 per year on his textbooks. His beer expenses are what percent of his textbook expenses?

Master Budget Basics

Four-Step Budget:

1. List income.
2. List expenses.
3. Cash flow = Income - Expenses.
4. Make adjustments.

EX 2: Determine the cash flow for this person. Assume that salaries and wages are after taxes and assume 1 month = 4 weeks.

Income:

Salary: \$32,000/year

Pottery sales: \$200/month

Expenses:

House Pmt: \$700/mo

Groceries: \$150/wk

Home exp: \$450/mo

Health ins.: \$150/mo

Car ins.: \$500 semiannually

Donations: \$600/year

Misc: \$800/mo

EX 3: You currently drive 300 miles per week in a car that gets 15 mpg. You are considering buying a fuel-efficient car for \$12,000 (after trade-in) that gets 50 mpg. Insurance premiums are \$800 for the new car and \$600 for the old one. You anticipate spending \$1200 per year on repairs for the old car and having no repairs on the new one. Assume gas costs \$3.50 per gallon. Over a five-year period, what do you gain/lose by getting the new car?

	High School only	Associate's degree	Bachelor's degree	Professional degree
Women	\$21,113	\$39,286	\$49,108	\$80,718
Men	\$40,447	\$50,928	\$66,196	\$119,474

EX 4: The table above shows median annual earnings (in 2011) for women and men with various levels of education. Assuming the difference shown remains constant over a 40-year career, approximately how much less does a woman with a bachelor's degree earn than a woman with a professional degree?