

Stopping the Leaks

Name: _____

Kayla works at her parents' restaurant for about 3 hours after school each day and makes \$120 a week. She has also recently accepted a babysitting job on Saturday mornings from 9 a.m. – 1 p.m. which pays \$40 a week.

Kayla wants to save to buy a car, but she's been having trouble. Below is the monthly budget she has created for herself in order to set aside \$1,000 by the end of the year as a down-payment. There is also a copy of the log she uses to record what she spends.

Directions: Compare the log to Kayla's intended budget to help her find the leaks (the expenditures she has not accounted for.)

Budget:**Weekly Income: \$160****Monthly Income: \$640**

- entertainment - \$80
- food and beverages - \$60
- clothes - \$100
- phone - \$35

- transportation - \$40
- special occasions/gifts - \$40
- savings for college - \$200
- savings for car - \$85

Expenditures Log: May 2016

Date	Purchase	Store	Total	Category
Sunday, May 1	phone bill	mom and dad	\$35.00	phone
Sunday, May 1	college fund	CFCU deposit	\$50.00	college savings
Monday, May 2	latte	Starbucks	\$3.91	food & beverage
Wednesday, May 4	lunch	McDonald's	\$7.56	food & beverage
Friday, May 6	latte	Starbucks	\$3.91	food & beverage
Friday, May 6	gas money	Gina	\$10.00	transportation
Saturday, May 7	movie	Cinema 10	\$12.00	entertainment
Monday, May 9	latte	Starbucks	\$3.91	food & beverage
Wednesday, May 11	latte	Starbucks	\$3.91	food & beverage
Friday, May 13	latte	Starbucks	\$3.91	food & beverage
Friday, May 13	gas money	Gina	\$10.00	transportation
Saturday, May 14	bowling	PinsDown Alleys	\$17.00	entertainment
Saturday, May 14	snacks	PinsDown Alleys	\$12.50	food & beverage
Sunday, May 15	college fund	CFCU deposit	\$50.00	college savings
Sunday, May 15	TeenZine	Target	\$5.15	entertainment
Sunday, May 15	summer dress	Target	\$32.10	clothes
Sunday, May 15	earrings	Target	\$13.13	clothes
Sunday, May 15	mocha latte	Starbucks - Target	\$4.15	food & beverage
Tuesday, May 17	latte	Starbucks	\$3.91	food & beverage
Wednesday, May 18	latte	Starbucks	\$3.91	food & beverage
Friday, May 20	dinner	Local Eats Cafe	\$13.79	food & beverage
Friday, May 20	gas money	Gina	\$10.00	transportation
Saturday, May 21	movie	Redbox	\$2.00	entertainment
Sunday, May 22	college fund	CFCU deposit	\$50.00	college savings
Sunday, May 22	ice cream	Marble's	\$4.67	food & beverage
Monday, May 23	latte	Starbucks	\$3.91	food & beverage
Wednesday, May 25	chips	Gas & Go	\$1.85	food & beverage
Friday, May 27	latte	Starbucks	\$3.91	food & beverage
Friday, May 27	gas money	Gina	\$10.00	transportation
Saturday, May 28	James's card	Target	\$3.16	special occasions
Saturday, May 28	James's gift	Dick's Sporting Goods	\$38.15	special occasions
Saturday, May 28	laser tag/arcade	Frankie's	\$43.00	entertainment
Saturday, May 28	snacks	Farnkie's Snack Bar	\$6.87	food & beverage
Sunday, May 29	college fund	CFCU deposit	\$50.00	college savings
Sunday, May 29	bikini	Macy's	\$55.64	clothes
Monday, May 30	latte	Starbucks	\$3.91	food & beverage

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Questions:

1. Kayla's total expenditures in May were \$586.82. How much money does that leave her to put in her car savings fund? _____ [answer: \$53.18]

2. How much does Kayla want to put toward her car savings each month and why? _____

_____ [answer: \$85 because she wants to save \$1,000 for a down-payment in one year.]

3. If Kayla does not change her spending habits, how long will it take her to save the \$1,000 she wants? _____

_____ [answer: At \$53.18/month, Kayla will take more than 18 months to save \$1,000. That's more than 1.5 years!]

4. In which category did Kayla spend significantly more than her budgeted amount? _____

_____ [answer: food and beverage]

5. Where is Kayla's biggest "leak"? _____

_____ [answer: Answers may vary, but the biggest "leak" is coffee. She spent \$43.25 on coffee this month, which is more than 2/3 of her total food & beverage budget. Additionally, students may notice that she seems to eat every time she shops or goes to an entertainment event. Cutting back on consumption of junk food, snacks, and coffee will be Kayla's fastest route to making up the difference between what she wants to save for her car and what she's been actually saving.]

Reflections:

1. Remember the rule, "Pay yourself first!" What could Kayla do to make sure she reaches her goal of saving \$1,000 for her car in one year?

[answer: Answers may vary, but Kayla should pay herself first by setting aside the \$21.25 as soon as she's paid each week instead of waiting until the end of the month and using whatever money she has left.]

2. What leaks do you think your budget may have? Even if you've never created a budget, what do you know you spend money on regularly that you could cut back if you needed to?

[answer: Answers will vary.]