Ways to Categorize Expenses

Fixed Expenses
Spending that remains the same from month to month.
Examples: • Rent or mortgage payments
  • Car payments

Variable Expenses
Spending that changes from month to month.
Examples: • Cell phone bill
  • Gas for the car
  • Food purchased at restaurants

Occasional or Periodic Expenses
Expenses that occur once or a few times a year.
Examples: • Medical/dental check-ups
  • Property taxes
  • Car maintenance

Planned Expenses
Spending you expect, and for which you plan.
Examples: • New clothing
  • Friday night movie and ice cream
  • Dues for a fitness club

Unplanned Expenses
Spending for an emergency, an urgent need, or an impulse purchase.
Examples: • Car repairs resulting from an accident
  • Visit to a doctor for a sprained ankle or appendectomy
  • Donation to a collection for victims of an earthquake
Living within Their Means: Answers to Exercise 7.2

Case Study A
Lauren earns $51,300 annually
She earns $4,275 monthly

Contribution to retirement plan $240
Rent/home mortgage 780
Utilities 340
Phone/cable/Internet 180
Food/groceries 300
Car payment 660
Insurance (car/rental/home) 188
Transportation, incl. gas 168
Charity 92
Clothes 66
Loan payments 540
Entertainment 240
Services (cleaning, hair stylist) 180
Other 166

Total Monthly Expenses $4,140

Did Lauren spend more or less than she earned? ___LESS___ By how much? ___$135___
Living within Their Means: Answers to Exercise 7.2

Case Study B
Brian’s annual income is $42,000
His monthly income is $3,500

Contribution to retirement plan  $222
Rent/home mortgage 870
Utilities 288
Phone/cable/Internet 210
Food/groceries 290
Car payment 438
Insurance (car/rental/home) 178
Transportation, incl. gas 105
Charity 107
Clothes 138
Loan payments 368
Entertainment 180
Services 150
Other 222

Total Monthly Expenses $3,766

Did Brian spend more or less than he earned? MORE By how much? $266
Living within Their Means: Answers to Exercise 7.2

**Case Study C**
Maria earns $44,000 annually.
She earns $3,667 monthly

- Contribution to retirement plan $120
- Rent/home mortgage 690
- Utilities 342
- Phone/cable/Internet 270
- Food/groceries 450
- Car payment 150
- Insurance (car/rental/home) 264
- Transportation, incl. gas 96
- Charity 24
- Clothes 222
- Loan payments 728
- Entertainment 198
- Services (cleaning, hair stylist) 90
- Other 180

Total Monthly Expenses $3,824

Did Maria spend more or less than she earned? **MORE** By how much? **$157**
Case Study D
Suzanne earns $160,000 annually
She earns $13,333 monthly

Contribution to retirement plan $1,780
Rent/home mortgage 4,804
Utilities 670
Phone/cable/Internet 324
Food/groceries 336
Car payment 900
Insurance (car/rental/home) 750
Transportation, incl. gas 450
Charity 670
Clothes 270
Loan payments 900
Entertainment 540
Services (cleaning, hair stylist) 438
Other 306

Total Monthly Expenses $13,138

Did Suzanne spend more or less than she earned? ____LESS____ By how much? __$195__
## Living within Their Means: Answers to Exercise 7.2

### Case Study E
Marcus earns $80,400 annually
He earns $6,700 monthly

<table>
<thead>
<tr>
<th>Expense</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution to retirement plan</td>
<td>$780</td>
</tr>
<tr>
<td>Rent/home mortgage</td>
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<tr>
<td>Utilities</td>
<td>342</td>
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<tr>
<td>Phone/cable/Internet</td>
<td>114</td>
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<tr>
<td>Food/groceries</td>
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<tr>
<td>Car payment</td>
<td>420</td>
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<tr>
<td>Insurance (car/rental/home)</td>
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<tr>
<td>Transportation, incl.gas</td>
<td>102</td>
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<tr>
<td>Charity</td>
<td>114</td>
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<tr>
<td>Loan payments</td>
<td>1,661</td>
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<tr>
<td>Entertainment</td>
<td>342</td>
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<tr>
<td>Services (cleaning, hair stylist)</td>
<td>114</td>
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<tr>
<td>Other</td>
<td>324</td>
</tr>
</tbody>
</table>

Total Monthly Expenses $6,656

Did Marcus spend more or less than he earned? **LESS** By how much? **$44**
Living within Their Means: Answers to Exercise 7.2

Case Study F

Jeff earns $40,400 annually
He earns $3,367 monthly

Contribution to retirement plan $240
Rent/home mortgage 900
Utilities 78
Phone/cable/Internet 54
Food/groceries 336
Car payment 186
Insurance (car/rental/home) 138
Transportation, incl. gas 168
Charity 66
Clothes 48
Loan payments 714
Entertainment 54
Services (cleaning, hair stylist) 72
Other 90

Total Monthly Expenses $3,144

Did Jeff spend more or less than he earned? LESS By how much? $223