

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**

Living within Their Means: Answers to Exercise 7.2

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

Contribution to retirement plan	\$ 780
Rent/home mortgage	1,529
Utilities	342
Phone/cable/Internet	114
Food/groceries	409
Car payment	420
Insurance (car/rental/home)	225
Transportation, incl.gas	102
Charity	114
Clothes	180
Loan payments	1,661
Entertainment	342
Services (cleaning, hair stylist)	114
Other	324
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