

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. Sergei'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 bill, 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

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

Sergei'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. Sergei needs his car to get to and from work. He just got paid so he uses most of the money from his paycheque to get his car fixed.

If you were Sergei, 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 Sergei'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. Yannic's monthly net income is \$1,550.

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.

Yannic doesn't have any savings.

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

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

budget worksheet

MONTHLY EXPENSES

Name		Case Number
Initial Date	Revised Date	
Counsellor		Copy Received

(W) - Weekly
 (M) - Monthly
 (O) - Occasional
 ↓ - Indicate Here

HOUSING EXPENSES	INITIAL	REVISED
First Mortgage PI PIT		
Second Mortgage		
Property Taxes		
House Insurance		
Rent/Condo Fees		
Telephone		
Hydro		
Water/Sewer		
Heat - Gas / Oil		
Wood / Electric		
TV Cable/Rental		
Internet		
Misc Contracts		
Misc IMM. NEEDS		
.....		
.....		
.....		

SUB-TOTAL

INSTRUCTIONS/COMMENTS

Total Forward

LIVING EXPENSES

Food
Personal Travel
Clothing
Alimony & Support
Auto License/Misc
Insurance - Auto
- Life
Medical/Doctor
Prescription Drugs
Dental
Laundry/Dry Cleaning
Pets

PERSONAL EXPENSES

Tobacco
Alcohol/Beverages
Recreation
Babysitter
Personal Grooming
Barber/Hairdresser
Magazines/Newspaper
Gifts
Religious Donations
School Expenses
Donations
Allowances

TOTAL EXPENSES

DEBT PAYMENTS

DEBT PAYMENTS

TOTAL

SUMMARY OF FUNDS AVAILABLE

NET INCOME FROM ALL SOURCES
LESS TOTAL EXPENSES
FUNDS AVAILABLE

	INITIAL	REVISED
Total Forward		
LIVING EXPENSES		
Food		
Personal Travel		
Clothing		
Alimony & Support		
Auto License/Misc		
Insurance - Auto		
- Life		
Medical/Doctor		
Prescription Drugs		
Dental		
Laundry/Dry Cleaning		
Pets		
PERSONAL EXPENSES		
Tobacco		
Alcohol/Beverages		
Recreation		
Babysitter		
Personal Grooming		
Barber/Hairdresser		
Magazines/Newspaper		
Gifts		
Religious Donations		
School Expenses		
Donations		
Allowances		
TOTAL EXPENSES		
DEBT PAYMENTS		
DEBT PAYMENTS		
TOTAL		

