Nam	ie:	

## **Budget Allocation**

**Allocation** means dividing up money into categories, like in a budget. In this activity, you will practice taking a person's **gross annual income** and creating a monthly budget that is affordable. Use the percents in the table below to guide your budget.

Expense Category	Percent of Net Pay
Rent	30
Utilities	10
Car Insurance	5
Cell Phone	5
Occasional Spending	10
Savings	10
Food	15
Car Loan	10
Entertainment	5

1. Oscar just graduated and got a job working at a local bike shop where he earns \$24,000 gross annual income. He pays a tax rate of 24%.

Expense					
Cost					

2. Rico became an apprentice carpenter after high school. When he finishes his program, he will earn \$60,000 gross annual income and pay a tax rate of 28%.

Expense					
Cost					

- 3. Mr. Maurer's brother doesn't understand the difference between **gross income** and **net income**. Explain what the difference is and how to calculate the net income if you know the gross income. Use an example in your explanation.
- 4. Courtney has been allocating his funds according to the affordability table, but he lost track of his net income and his gross income. Help Courtney figure out his net income and gross income based on the amounts he allocates to different expenses.

Expense Category	Allocated Amount
Rent	600
Utilities	200
Car Insurance	100
Cell Phone	100
Occasional Spending	200
Savings	200
Food	300
Car Loan	200
Entertainment	100