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## 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 |

