

Cluster 7.13: Personal Financial Literacy

7.13B: Economic and Financial Thinking: Pollyanne's Budget

Focusing TEKS

7.13B Personal Financial Literacy. The student applies mathematical process standards to develop an economic way to thinking and problem solving useful in one's life as a knowledgeable consumer and investor. The student is expected to identify the components of a personal budget, including income; planned savings for college, retirement, and emergencies; taxes; and fixed and variable expenses, and calculate what percentage each category comprises of the total budget. **Supporting Standard**

Additional TEKS:

- 7.3A Add, subtract, multiply, and divide rational numbers fluently. **Supporting Standard**
- 7.3B Apply and extend previous understandings of operations to solve problems using addition, subtraction, multiplication, and division of rational numbers. **Readiness Standard**
- 7.4D Solve problems involving ratios, rates, and percents including multi-step problems involving percent increase and percent decrease, and financial literacy problems. **Readiness Standard**
- 5.10A Define income tax, payroll tax, sales tax, and property tax. **Supporting Standard**
- 5.10F Explain the difference between gross income and net income. **Supporting Standard**
- 4.10A Distinguish between fixed and variable expenses. **Supporting Standard**

Focusing Mathematical Process

- 7.1A Apply mathematics to problems arising in everyday life, society, and the workplace.
- 7.1B Use a problem-solving model that incorporates analyzing given information, formulating a plan or strategy, determining a solution, justifying the solution, and evaluating the problem-solving process and the reasonableness of the solution.
- 7.1D Communicate mathematical ideas, reasoning, and their implications using multiple representations, including symbols, diagrams, graphs, and language as appropriate.
- 7.1F Analyze mathematical relationships to connect and communicate mathematical ideas.

Performance Task: 7.13B
Economic and Financial Thinking: Pollyanne's Budget

Pollyanne is a recent college graduate and works full time as an associate in a marketing firm. She wants to keep her monthly spending and income within a balanced budget. Her budget items are shown in the table below. Pollyanne wants to be sure she has enough in each budget category and leaves a little extra for unforeseen expenses.

Category	Expense	Cost
Home and Living	Rent	\$1,100
	Utilities	\$350
	Cable/Internet Services	\$50
Vehicle Costs	Car Payment	\$325
	Insurance	\$150
	Gas	\$200
Communication	Cell Phone	\$125
Debt	Credit Card Payment	\$175
	Student Loan Payment	\$200
Other	Groceries	\$325
	Dining Out/Entertainment	\$150
	Gym membership	\$40
	Clothing	\$75
Savings	Savings	

Pollyanne's annual salary before taxes is \$51,300 and taxes take up 20% of her salary. How much does Pollyanne have left to put in her budget for *savings* each month? To the nearest tenth, what percent of Pollyanne's budget is comprised of fixed expenses? How much does she have budgeted for variable expense items? To the nearest tenth, what percent of Pollyanne's budget is allocated to each category of expense? Justify your reasoning.

Procedural	0	1	2
Conceptual	0	1	2
Communication	0	1	2

Total points: _____



Performance Task: 7.13B
Economic and Financial Thinking: Pollyanne's Budget

Pollyanne is a recent college graduate and works full time as an associate in a marketing firm. She wants to keep her monthly spending and income within a balanced budget. Her budget items are shown in the table below. Pollyanne wants to be sure she has enough in each budget category and leaves a little extra for unforeseen expenses.

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	Cable/Internet Services	\$50
Vehicle Costs	Car Payment	\$325
	Insurance	\$150
	Gas	\$200
Debt	Credit Card Payment	\$175
	Student Loan Payment	\$200
Other	Cell Phone	\$125
	Groceries	\$325
	Dining Out/Entertainment	\$150
	Clothing	\$75
Savings	Savings	

Pollyanne's annual salary after taxes is \$45,000. How much does Pollyanne have left to put in her budget for *savings* each month? Which expenses in Pollyanne's budget are fixed expenses and which are variable? What percent of Pollyanne's budget is allocated to each category of expense? Justify your reasoning.

Procedural	0	1	2
Conceptual	0	1	2
Communication	0	1	2

Total points: _____



Performance Task: 7.13B
Economic and Financial Thinking: Pollyanne's Budget

Pollyanne is a recent college graduate and works full time as an associate in a marketing firm. She wants to keep her monthly spending and income within a balanced budget. Her budget items are shown in the table below. Pollyanne wants to be sure she has enough in each budget category and leaves a little extra for unforeseen expenses.

Category	Expense	Cost
Home and Living	Rent	\$1,100
	Utilities	\$350
	Cable/Internet Services	\$50
Vehicle Costs	Car Payment	\$325
	Insurance	\$150
	Gas	\$200
Communication	Cell Phone	\$125
Debt	Credit Card Payment	\$175
	Student Loan Payment	\$200
Other	Groceries	\$325
	Dining Out/Entertainment	\$150
	Gym membership	\$40
	Clothing	\$75
Savings	Savings	

Pollyanne's annual salary before taxes is \$51,300 and taxes take up 20% of her salary. How much does Pollyanne have left to put in her budget for *savings* each month? To the nearest tenth, what percent of Pollyanne's budget is comprised of fixed expenses? How much does she have budgeted for variable expense items? To the nearest tenth, what percent of Pollyanne's budget is allocated to each category of expense?

Pollyanne is getting a 14% increase in gross pay at the end of the year. By that time she plans to have all her credit card debt paid off. With her additional pay she wants to double her budget allotment for dining out/entertainment and clothing. By what percent will she be increasing her budget for other expenses when she does this? How much will be left to put toward savings after these budget changes are in place? Justify your reasoning.

Procedural	0	1	2
Conceptual	0	1	2
Communication	0	1	2

Total points: _____



Name _____ Date _____

4. How much is left of her income after paying expenses to add to savings each month?

5. Which of Pollyanne's expenses are variable and which are fixed expenses?

6. How much does Pollyanne spend each month on variable expenses?

7. How much does Pollyanne spend each month on fixed expenses?

8. To the nearest tenth, what percent of Pollyanne's income is spent on fixed expenses?

9. To the nearest tenth, what percent of Pollyanne's income is allocated to each category of expense?

