**Spending and Saving Income**

**Activities**

1. **Use examples to explain the difference between *fixed* and *variable* expenses?**

A fixed expense is something that always stays the same for example if you’re renting a house. A variable expense something that can change for example buying a game which depreciates.

1. **Outline the advice that Lizzy provides on managing finances?**

Lizzy manages her finances using the ‘Four-step plan:

1. Establish your goals
2. Evaluate your saving and spending routine
3. Begin saving immediately
4. Seek advice from an expert that can help you
5. **Of the two sisters, who:**
6. Earns more money

Sasha

1. Spends more money

Sasha

1. Has the highest debt?

Sasha

1. **Why is it important to save?**

It is very important to save because the money you save you can keep for an emergency or when u need to buy something thet you really need you will have the money to fall back on.

1. **Sasha spends most of her income. Is this a problem? How can Sasha reduce her spending?** Sasha is spending way too much money which is a very big problem. She can reduce her spending by putting a certain amount of money away so she can save it and put it towards something.
2. **How could Sasha benefit from Lizzy’s financial plan?**

Sasha would benefit very much as she would have money that she will need in the future to support herself. For example paying rent, buying a car or buying a house and she could feel good knowing she has this money safe.

1. **George’s parents provide him with $50 per week to live on. From this he needs to pay for tuckshop lunches ($20), mobile phone ($10), CDs, clothing and comics ($5). He wants to buy the latest Powder finger CD and a Mambo T-shirt.**
2. **Prepare a list of George’s expenditure and savings potential?** His expenditures cloud reach around $35 and his savings colud reach $20 if he gets rid of comics and CD’s.
3. **What should George save for first? Justify your answer.** He should save for the t-shirt first because the CD will depreciate and he would use the t-shirt more.
4. **If George purchased the CD for $30, how could he finance it?** George would not be able to buy clothes or comics for a certain period possibly two weeks then he would have money to buy them and have a little bit left over