

Living Expenses and Purchasing Power

Specific Expectations:

- 2.4 describe and compare the purchasing power and living standards associated with relevant occupations of interest

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Essential Expenses are things you spend money on that are *absolutely necessary*

- Shelter (renting a house or apartment, or mortgage for the house you own)
- Food
- Bare minimum of clothing
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Non-Essential Expenses is a term for everything else you spend money on.

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Purchasing Power is the financial ability to make *non-essential* purchases.

Example

1. Jenny and Charlie both work at the same job making \$3800 each month.
 - Jenny's rent is \$520/month and
 - Charlie's rent is \$730/month

Who has more **purchasing power**?

What kinds of things affect purchasing power?

- buying things on sale
- getting cheaper accommodations
- get a roommate to share expenses
- get a better paying job
- re-evaluate what you feel to be essential expenses

Example

2. Josephine works as a sales clerk at a hardware store. It is close to the apartment that she shares with a friend. She has an hourly rate of \$7.25 and work six shifts a week (6 hours each). The job has no benefits like health insurance, and the deductions for income tax (\$23.50), EI (\$5.87) and CPP (\$8.33) are typical.

a) Calculate Josephine's weekly GROSS pay.

b) Calculate her NET weekly pay.

c) Calculate her NET monthly pay.

d) Josephine's current monthly living expenses are

- Rent and utilities \$420
- Phone \$19
- Cable \$22
- Groceries \$150
- Credit card payment \$250
- Medical \$28

What are her total monthly living expenses?

e) How much does she have left at the end of the month?