



It's All About Choices

The world over, but especially in North America, we have become a society of consumers. In many ways, this is not a negative thing, for craftsmen, agriculturalists, artists, and service providers need customers. Money generated in the sale of products drives the nation's economy by providing employment, which in turn provides disposable income for another consumer. At what point, though, does consumerism become unsustainable? In this assignment, you will take a closer look at needs versus wants.

Instructions: Consider each of the categories. In each case, there are choices to be made. Look at the available budget and indicate how you would choose to spend money. (15 marks)

Step 1: Bills

What expenses might be considered for the average Canadian family? List as many common monthly expenses as you can think of, based on a family of four. These should be the sorts of monthly costs associated with things we tend to think of as everyone having. (You don't have to assign any dollar amounts, just think of typical expenses. The first one is done for you.) List at least five. (5 marks)

1. Mortgage or Rent
2. _____
3. _____
4. _____
5. _____
6. _____

Step 2: Income and Outgo

Next, consider how a family decides to spend money. Budgeting is about allocating the money you've got in order to meet all of your expenses. Let's take a look at a sample family, the Park family of four, with two working adults and two school-age children and see if they are budgeting within their means.

(4 marks)

- Monthly Income: \$5 900
- Monthly Expenses: \$6 754

1. Based on these two numbers, is the Park family living within its means?
 - a. Yes
 - b. No
2. You are going to read more about this family's spending habits in the next step, but what do you think are some of the possible consequences of not having enough money to pay your bills? List three consequences.

1. _____

2. _____

3. _____

Step 3: Where is it going?

The Park family listed all of their known expenses for last month.

Mortgage	\$3400
Utilities (heat, electricity)	\$270
Car Leases (new Lexus: \$579/month; new BMW: \$800/month)	\$1379
Furnishings: Payments on big screen TV, leather couches	\$350
Food (groceries)	\$600
Food (take-out and restaurants)	\$400
Cable Package (telephone; premium cable; internet)	\$175
Two cell phones	\$100

Take a look at the list and sort it into two columns: necessary and unnecessary. Necessary items would include food and shelter; unnecessary things might include entertainment and luxury items. Include three items under each category. (6 marks)

Necessary	Unnecessary
1.	1.
2.	2.
3.	3.

Is it reasonable to think that this family would just cut off their cable, stop eating out, and sit on pillows on the floor? Probably not, but it is reasonable to look at the lists you've generated and think a little more about needs versus wants.

Evaluation Guidelines	Marks
See individual questions for marks	15
Total Marks	/15