

Name _____

Cracking the Code: Understanding Fixed Expenses in Your Budget

Open-Ended Response Answer Key

1. To calculate the total amount for fixed expenses:

Rent: \$500

Utilities: \$100

Insurance: \$50

Streaming service: \$15

Total Fixed Expenses = \$500 (Rent) + \$100 (Utilities) + \$50 (Insurance) + \$15 (Streaming service) = \$665. Explanation should include each step of the calculation.

2. Personal experiences will vary.
3. A scenario for adjusting the budget could be an increase in rent. To adapt, you might need to reduce expenses in other areas, such as entertainment or dining out, to accommodate the higher fixed expense.
4. It's important for young people to learn about fixed expenses and how to account for them in a budget because it teaches financial responsibility, helps them manage their finances effectively, and prepares them for independent living.

