

## Real-Life Application: When Will I Ever Use This?

### Following a Budget

Individuals, organizations, corporations, and the government need to make and follow a budget. A budget is used to make sure that someone spends no more than they have. People and groups do not always follow their budgets, but when followed it allows for money to be saved.

### In Exercises 1–5, use the following information.

In December, Ms. Erickson made the table below to show her expenditures for a 3-month period based on her assumption that she will earn \$2,500 after taxes each month.

	Rent	Car	Food	Utilities	Clothes	Fun	Other	Total
January	\$750	\$300	\$175	\$320	\$150	\$400	\$225	\$2320
February	\$750	\$350	\$150	\$300	\$100	\$250	\$300	\$2200
March	\$750	\$300	\$195	\$340	\$75	\$300	\$350	\$2310
Total	\$2250	\$950	\$520	\$960	\$325	\$950	\$875	\$6830

1. Other than rent, on which expense will Ms. Erickson spend the most money?
2. For which two expenses has Ms. Erickson budgeted the same amount of money for the three-month period?
3. In which month will Ms. Erickson save the most money?
4. If Ms. Erickson follows her budget, how much money will she save during the three months?
5. Explain why it is a good idea for people to make budgets.