

Activity 2.4

Below is a summary table for Katie's expenses. As you calculate the various amounts Katie will need to budget for, add these as well as the superannuation contributions to the summary table.

Using some basic maths calculate the following:

- How much will Katie have to save each fortnight to purchase her new phone?
- How much will Katie have to save each month to pay for her trip to Bali?

The last two items on the summary list are the emergency fund and spending account.

Emergency fund – This is an account that is set aside in case you need to access money quickly. It could be used for unforeseen expenses such as medical, car or electronics repairs etc. As a minimum you should have three months' worth of earnings set aside. It can also be very helpful if you lose your job, but you still have all of your expenses. When you start working you can build up your emergency fund slowly by putting a portion of your pay into the account with each pay cheque.

Spending fund – This is an account which you use to pay for things that are 'wants' such as, magazines, tickets to the movies or dinner with friends. You need to be very careful that you don't spend more than you have in your spending account. If you constantly do, you will end up in debt.

Item	Fortnightly Amount (\$)	Notes
Expenses	255.00	
Savings (new mobile)		
Savings (Bali)		
Superannuation contributions		
Emergency Fund		
Spending		
Total	564.11	The total must equal this amount as this is what Katie's net wage is each fortnight.