Budgeting Questions

1. I have a budget of $5,000. How much money would I disperse the following areas of my budget according to the 50-20-30 rule?
   1. Food/Groceries:
   2. Gas:
   3. Mortgage:
   4. Pickle Jar Collection:
   5. Shopping for Clothes:
   6. Car Payments:
   7. Savings:
2. I need to pay off my $40,000 car, and my income is $5,000 a month. Given that the APR for the car is 10%, it is a 5-year plan, and I pay a $4,000 dollar cash down payment, assuming I only pay the minimum payments per month, and the car payment is my only debt, and I want to put $400 in my savings, does my monthly car payment fit the 50-20-30 rule?

**Answer:**

1. I am in debt with the following debts:
   1. A credit card debt of $3,024.23 with an annual percentage rate of 13%
   2. A personal loan debt of $4,000.00 with an APR of 17%
   3. A college loan debt of $15,667.05 with an APR of 4%

I feel the need to use the snowball method to pay back these debts. How would I list each of these debts, top to bottom?

1. Right out of college, you are left with a college debt of $65,000. You graduate with a bachelor’s in computer science, and go on to be a programmer making $20,000 a month. The plan is for you to pay off your college debt in the next 10 years at 7% APR. Given this information, how much of your income during the 10-year period didn’t you spend on repaying your college debt, assuming you paid $100 more each month than the minimum payment?
2. You make a steady income of $4,000 a month. You already pay a car payment of $700 a month. You budget yourself $200 a month for gas. You budget $400 to groceries, because you’re planning a party or two at your place, and party surplus is going to be a good $100. Mortgage is $800 a month, and you have a college debt payment of $600 a month. The rest you plan on putting in savings. Given this information, is it a good idea to use the envelope system? Why or why not?
3. What is the cost for a car that you’ve made a down payment of $6,000 to finish paying off the car in 60 months? Your monthly payment is $670, and you only pay that amount each month, with an APR of 8%.