

Fixed vs. Variable Expenses

Name: _____ **Date:** _____

LEARNING OBJECTIVE

The student will classify sample monthly expenses as fixed or variable and explain how this affects budget planning.

MATERIALS NEEDED

- Paper
- pencil
- a list of at least 12 sample monthly expenses (rent, car payment, groceries, entertainment, utilities, gas, subscriptions, gym membership, dining out, clothing, insurance, phone bill)
- colored pencils or markers

HANDS-ON ACTIVITY

1. Create a two-column chart labeled 'Fixed Expenses' and 'Variable Expenses' on paper.
2. Sort each of the 12+ sample expenses into the correct column based on whether the cost stays the same every month (fixed) or changes month to month (variable).
3. Assign a realistic dollar estimate to each expense (research typical costs or use provided sample amounts) and write it next to each item.
4. Add up the total fixed expenses and total variable expenses separately, then calculate what percentage of total spending each category represents.
5. Color-code the fixed expenses one color and variable expenses another color, and circle the single largest expense in each category.

QUESTIONS

1. List three expenses you classified as fixed and three you classified as variable.
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2. What was your total for fixed expenses and total for variable expenses, and what percentage of the overall budget did each represent?
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3. Why are variable expenses generally easier to cut back on in a tight month than fixed expenses?
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4. Which single expense was the largest in each category, and does that match what you'd expect for a typical household?
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