

Paying the Bills

Key financial ideas

- ★ Making budgets (financial plans) helps manage money, risks, and unforeseen costs.
- ★ If you don't have enough money to pay for all your needs and wants, paying for needs should come first.

You need

- ★ a calculator
- ★ access to food prices (optional)
- ★ a classmate

Activity One

Sione and his two friends have now been flatting for 3 months. Here is their latest power bill.

Mr Sione Wright 1/445 Dominion Rd Balmoral Auckland 13 August	Lightning Energy	Customer # 983 411 099 Customer Service 0400 999 8721 Due Date 13 September
Your Electricity Account		
Summary of payments since your last account		
Closing balance		\$143.85
Payment received – Thank you		\$143.85 cr
Opening balance		\$0.00
Current account summary		
Current charges (actual reading)		\$148.33
Prompt payment discount		\$14.83
Total amount due (if paid after 13 September)		\$148.33
Discounted amount due (if paid by 13 September)		\$133.50

1

Sione shares the power and phone bills with his other two flatmates, Peter and Asif.

- How much will each person have to pay towards the power bill for this month if it's paid on time?
- How much extra will it cost each person if they pay the bill late?



- c. Whose name is on the power bill? Discuss with a classmate what risks might be associated with that.
- d. The phone bill for this month is \$65. \$45 is for the line rental fee, and Peter spent \$20 on toll calls. How much will each flatmate pay?

2

Sione decides he needs to make a weekly budget.

- a. Discuss with your classmate what other regular expenses Sione is likely to have.
- b. How much should Sione allow each week for phone and power?
- c. Design a weekly budget for Sione. Assume his earnings are \$200 per week, his rent is \$90 per week, and the cost for him to travel by bus to university is \$1.50 each way.

(You could design a weekly menu for Sione and his flatmates and use it to make a shopping list before calculating the food expenses.)

Activity Two

Sione decides to buy a laptop. The one he wants is advertised for \$1,799 or, using hire purchase, \$81.95 per month for 36 months. The laptop has a 2 year guarantee.

1

- a. How much will Sione pay altogether if he buys the laptop using hire purchase?
- b. Will it still be covered by the guarantee by the time he has finished paying for it?
- c. How much more than the current sale price is the hire purchase amount?
- d. Discuss the advantages and disadvantages for Sione if he pays cash.

2

- a. Sione decides to save up for the laptop instead of buying it on hire purchase. He decides to put aside \$500 from Granny's gift and to save \$20 per week towards the balance. If the laptop price stays at \$1,799, how long will it be before he can buy it?
- b. What could he do in the meantime about the computer work he needs to do for his study?



12 MONTHS
INTEREST
FREE

CONDITIONS APPLY

TWO
GUAR

Reflective question

★ If you were at university and some of your friends who never seem to have enough money to pay their bills asked your advice, what would you say?