

Name _____

How Much Does It Really Cost?

When you purchase something, sometimes it is helpful to think about how many hours of work it would take you to pay it off. This can put things in perspective and help you to decide whether or not the item is worth it.

Remember that you have a variety of deductions from your pay, so when you make \$20 an hour, you are really making less than that in terms of the money you have to spend. For this activity, we are going to assume that your take home pay is 70% of your gross pay. Use this to make the calculations.

Example: Rachael makes \$20 an hour. She wants to purchase a new pair of shoes that will cost \$245. How many hours will she have to work to pay off the shoes?

$\$20 \times 70\% = \14 – she is really making about \$14 an hour

$\$245 \div \$14 = 17.5$ hours – she will have to work 17.5 hours to pay for the shoes

Round your answers to the nearest quarter hour.

1. Kyle makes \$18 an hour. He wants to buy a new pair of jeans for \$50. How many hours will he have to work to pay off the new jeans?
2. Todd wants to buy a new Xbox for \$499. Todd makes \$12 an hour. How many hours will he have to work to pay for the Xbox?
3. Leah goes out to a nice restaurant for dinner with friends. Her part of the bill is \$45. She is short on cash now but tells her friend she will pay her back when she gets paid. Leah makes \$9 an hour. How long will she have to work to earn the money to pay back her friend?
4. Megan wants to buy a new phone for \$699. She makes \$15 an hour. How many hours will she have to work to pay for the phone?
5. Nick makes \$25 an hour. He wants to buy a new TV for \$650. How many hours will he have to work to pay off the TV?
6. TJ has an annual salary of \$45,000.
 - a. How much does TJ make per day? (Calculate this based on the 70% take home pay.)
 - b. He wants to lease a car for \$315 per month. How many days does he have to work to cover his lease payment?
 - c. He has an apartment that costs \$980 per month. How many days does he have to work to cover his apartment rent?