



## Fixed vs. Variable Income

### Extension Activity for *Using Money Wisely* Presentation

Age Level:

- 17-25

Learning Objective:

This extension activity, along with the *Using Money Wisely* presentation, should help students:

- identify different forms of income
- define fixed income, variable income and irregular income

Materials Needed:

- whiteboard
- whiteboard marker
- *Fixed, Variable, or Irregular Income?* worksheet (1 per student)
- pencils (1 per student)

Lesson Plan:

1. Ask students the following question: how do people get money? Write responses on the whiteboard. If students have difficulty answering, provide them with some examples from the list below:

Sources of money (income)

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>○ wages</li> <li>○ gratuities/tips</li> <li>○ monetary gifts</li> <li>○ tax refunds</li> </ul> | <ul style="list-style-type: none"> <li>○ salaries</li> <li>○ commissions</li> <li>○ allowances</li> <li>○ investments</li> </ul> |
|---|--|

2. Share with students income falls into three categories:

fixed income	money a person receives that does not change from one period to the next (e.g. salary)
variable income	money a person receives that changes from one period to the next (e.g. tips)
irregular income	money a person receives occasionally (e.g. monetary gifts)



3. Distribute the *Fixed, Variable, or Irregular Income?* worksheet and pencils to students
4. Review the answers with students after they have completed the worksheet



## *Fixed, Variable, or Irregular Income?*

**Instructions:** read the situations below and identify all sources of income. Classify each source of income as fixed, variable, or irregular.

<b><u>Fixed Income</u></b>	<b><u>Variable Income</u></b>	<b><u>Irregular Income</u></b>
Money a person receives that does not change from one period to the next (e.g. salary)	Money a person receives that changes from one period to the next (e.g. tips)	Money a person receives occasionally (e.g. monetary gifts)

1. David just started his first job as a sales associate at a clothing store. He works 10 hours per week and earns \$15 per hour. He also receives 3% commission on all clothing he sells.
2. Kate works as a hairdresser. She earns a monthly salary plus a commission for selling the salons products to customers.
3. Peter works as a musician. He sometimes gets asked to play at events, such as birthday parties or weddings, where he negotiates his hourly fee.
4. Angela is a waitress in a restaurant. She earns an hourly wage and receives tips from customers.
5. Elizabeth babysits her neighbour's children every Friday evening and earns \$50.
6. Kaitlyn receives a monthly allowance from her parents. She also receives monetary gifts for her birthday.
7. Robert owns a house and rents out a spare room. Each month, he receives a rental cheque from his tenant.
8. Ken inherited \$1,000 when his uncle passed away.
9. Jason's dad pays him to shovel the driveway each time it snows.
10. Fred sold his old video games at a garage sale.



## *Fixed, Variable, or Irregular Income: Answer Key*

**Instructions:** read the situations below and identify all sources of income. Classify each source of income as fixed, variable, or irregular.

<u><b>Fixed Income</b></u>	<u><b>Variable Income</b></u>	<u><b>Irregular Income</b></u>
Money a person receives that does not change from one period to the next (e.g. salary)	Money a person receives that changes from one period to the next (e.g. tips)	Money a person receives occasionally (e.g. monetary gifts)

1. David just started his first job as a sales associate at a clothing store. He works 10 hours per week and earns \$15 per hour. He also receives 3% commission on all clothing he sells.  
*Sources of income: hourly wage (fixed), commission (variable)*
2. Kate works as a hairdresser. She earns a monthly salary plus a commission for selling the salons products to customers.  
*Sources of income: monthly salary (fixed), commission (variable)*
3. Peter works as a musician. He sometimes gets asked to play at events, such as birthday parties or weddings, where he negotiates his hourly fee.  
*Sources of income: hourly fee (irregular)*
4. Angela is a waitress in a restaurant. She earns an hourly wage and receives tips from customers.  
*Sources of income: hourly wage (fixed), tips (variable)*
5. Elizabeth babysits her neighbour's children every Friday evening and earns \$50.  
*Sources of income: babysitting (fixed)*
6. Kaitlyn receives a monthly allowance from her parents. She also receives monetary gifts for her birthday.  
*Sources of income: monthly allowance (fixed), monetary gifts (irregular)*
7. Robert owns a house and rents out a spare room. Each month, he receives a rental cheque from his tenant.  
*Sources of income: rental cheque (fixed)*
8. Ken inherited \$1,000 when his uncle passed away.  
*Sources of income: inheritance (irregular)*
9. Jason's dad pays him to shovel the driveway each time it snows.  
*Sources of income: money from shoveling driveway (irregular)*
10. Fred sold his old video games at a garage sale.



*Sources of income: selling video games (irregular)*