

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

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.

<u>Fixed Income</u>	<u>Variable Income</u>	<u>Irregular Income</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 \$14 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 neighbor'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>Fixed Income</u>	<u>Variable Income</u>	<u>Irregular Income</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 \$14 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 neighbor'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)