

# Monthly Budget Opportunity Cost Analyzer

Allocate discretionary income and analyze opportunity costs for each decision

## Scenario: You have a part-time job earning \$1,200/month

Your required expenses total \$330/month, leaving you with \$870 in discretionary income. Allocate this money across your goals while analyzing the opportunity cost of each decision.

Monthly Income

**\$1,200**

Required Expenses

**\$330**

Discretionary Income

**\$870**

## Your Goals

- Save for a car (\$8,000 needed, you have \$2,000 saved)
- Build emergency fund (\$1,500 target)
- Save for college or training
- Enjoy social activities with friends
- Buy clothes and entertainment

## Budget Allocation Table

Category	Monthly Amount	Annual Total	Opportunity Cost (What You're Giving Up)
Emergency Fund	\$ <input type="text" value="150"/>	\$1,800	<input type="text" value="What could this money do instead?"/>
Car Savings	\$ <input type="text" value="300"/>	\$3,600	<input type="text" value="What could this money do instead?"/>
College/Training Savings	\$ <input type="text" value="100"/>	\$1,200	<input type="text" value="What could this money do instead?"/>

Category	Monthly Amount	Annual Total	Opportunity Cost (What You're Giving Up)
Entertainment/Social	\$ <input type="text" value="200"/>	\$2,400	<input type="text" value="What could this money do instead?"/>
Clothing/Shopping	\$ <input type="text" value="120"/>	\$1,440	<input type="text" value="What could this money do instead?"/>
<b>TOTAL</b>	<b>\$870</b>	<b>\$10,440</b>	

Remaining to Allocate

**\$0 - Fully allocated!**

## Analysis Questions

### 1. If you allocate \$300/month to car savings:

Months until you can buy car (\$6,000 more needed):

**20 months**

At 5% APY savings interest earned:

**\$150**

What if you delayed the car purchase by 6 months and invested that money instead?

Your analysis...

### 2. If you allocate \$200/month to entertainment:

Annual total:

**\$2,400**

If invested at 8% for 5 years:

**\$14,695**

Is the enjoyment today worth more than this future value? (There's no right answer - depends on your values)

Your analysis...

### 3. Emergency Fund Priority:

At \$150/month, reach \$1,500 goal in:

**10 months**

**Opportunity cost:** During this time, you're not maximizing car savings or investments

**Benefit:** Financial security and avoiding high-interest debt in emergencies

Is it worth it?

Your analysis...

### The 50/30/20 Rule Application

50% to Needs (Required Expenses):	\$330 (28% of \$1,200)
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30% to Wants:	30% of \$1,200 = \$360
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20% to Savings/Debt:	20% of \$1,200 = \$240
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Does your allocation follow this guideline? If not, why did you choose differently?

Your analysis...

### Reflection

Did thinking about opportunity costs change how you allocated money?

Your reflection...

What surprised you about the trade-offs?

Your reflection...

How might you adjust your real budget based on this analysis?

Your reflection...