



Once we have the Consumption Function...

W

e

C

a



W









e



h

e

S



a







9

S



U

















C = 500 + 0.75Y



$$\text{Savings} = Y - C$$

$$\text{Savings} = Y - (500 + 0.75Y)$$

$$\text{Savings} = Y - 500 - 0.75Y$$

$$\text{Savings} = -500 + Y - 0.75Y$$

$$\text{Savings} = -500 + (1 - 0.75)Y$$

S = -500 + 0.25Y



Intercept



Slope



$$\text{Savings} = -500 + (0.25)Y$$

We can write the Savings Function...

Once we have the Consumption Function...

$$\text{Savings} = Y - C$$

$$C = 500 + 0.75Y$$

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$$\text{Savings} = -500 + (1 - 0.75)Y$$

$$\text{Savings} = -500 + (0.25)Y$$

$$S = \underbrace{-500} + \underbrace{0.25}Y$$

Intercept    Slope

We can write the Savings Function...

