

What is an Expense?

An expense is anything (goods or services) that you pay money for.

What are some common expenses? Let's brainstorm some together:

- |                |                    |               |
|----------------|--------------------|---------------|
| - food         | - phone bill       | - school      |
| - car payments | - hydro            | - charity     |
| - rent         | ↳ power            | - dentist     |
| - clothes      | ↳ water            | - optometrist |
| - dining out   | - natural gas      |               |
| - coffee       | - cable            |               |
| - bus          | - internet         |               |
| - car repairs  | - insurance        |               |
|                | ↳ car, life, house |               |

Can we group some of these expenses, if so how are they grouped?

- Utilities - Hydro, cable, gas, phone, cell phones.
- Transportation - Car payment, maintenance, gas, ...
- Entertainment - Movies, lottery tickets, eating out
- Medical - Dentist, physio, optometrist, ...

# Expenses | MEL4E

Types of Personal Expenses:

Discretionary: A cost that is not essential to the cost of a house/business (A WANT)

Non-Discretionary: These are ESSENTIAL costs that you cannot live without (A NEED)

Fixed: Costs that do not change over time

Variable: Costs that can change on a regular basis (usually monthly in terms of bills)

Expenses don't exist in one category. They are a combination of discretionary/non-discretionary and fixed/variable. Let's choose some of the expenses we listed earlier, and classify them.

