

**Cost of Living Key**  
15 points

Name \_\_\_\_\_ Class \_\_\_\_\_

**Directions:** Complete each of the following problems. Show your work for full credit.

A. City A has a cost of living that is 15% higher than where you now live. If your present salary is \$24,000, what salary would you need to make in City A to maintain your current standard of living?

$$\begin{aligned} \$24,000 \times 15\% &= \$3,600 + \$24,000 = \$27,600 \\ \text{OR } \$24,000 \times 1.15 &= \$27,600 \end{aligned}$$

B. In City B you have been offered a job with a salary of \$29,000. The cost of living there is 10% higher than where you now live. If you presently make \$24,000, how much extra money would there be in your budget?

$$\begin{aligned} \$24,000 \times 10\% &= \$2,400 + \$24,000 = \$26,400 \\ \$29,000 - \$26,400 &= \$2,600 \end{aligned}$$

C. In City C you would find a quieter life, make \$22,080 and be able to maintain your current standard of living. If you presently make \$24,000, what cost of living change (percent decrease) is found in City C?

$$\begin{aligned} \$24,000 - \$22,080 &= \$1,920 \\ \$1,920 / \$24,000 &= 0.08 = 8\% \end{aligned}$$

D. In City D you would make \$25,800 and be able to maintain your current standard of living. If you presently make \$24,000, what cost of living change (percent increase) is found in City D?

$$\begin{aligned} \$25,800 - \$24,000 &= \$1,800 \\ \$1,800 / \$24,000 &= 0.075 = 7.5\% \end{aligned}$$

E. Your current gross salary is \$32,000. If taxes and deductions are 30%, compute your net pay. \_\_\_\_\_

$$\begin{aligned} \$32,000 \times 70\% (.7) &= \$22,400 \\ \text{OR } \$32,000 \times 30\% (.3) &= \$9,600 \\ \$32,000 - \$9,600 &= \$22,400 \end{aligned}$$

With an 8% cost of living increase and the same 30% for deductions, compute both the gross and net pay would you need to make to move to City E?

$$\begin{aligned} \text{Gross pay} &= \$32,000 \times 1.08 = \$34,560 \\ \text{Net pay} &= \$22,400 \times 1.08 = \$24,192 \end{aligned}$$