PHASE ONE, THE JOB

1. Choose a particular job and investigate it on the website:

<http://www.bls.gov> (1. Go to Students up top- brings down drop down menu 2- click student resources 3- career exploration 4- pick something that interests you that you think you can do)

A. Type of work-

B. Working conditions -

C. Average time at work -

D. Do you work for yourself or a business (proprietorship, partnership or corporation)? -

E. Required training -

F. Job Opportunities -

G. Salary range and average earnings (Assume you will earn the median) -

H. Fringe benefits you will realistically earn (health insurance, life insurance, paid vacation, sick leave, etc.) –

ANNUAL INCOME = \_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
|  | **Gross Monthly Income** | **Gross Annual Income** |
| Minus Federal Income  tax (20%) |  |  |
| Income after Federal  Income Tax |  |  |
| Minus State Income Tax  (7%) (Use gross) |  |  |
| Income after federal  and State Income Tax |  |  |
| Minus FICA (7.65%) |  |  |
| Disposable Income  (Income after federal,  state and social security  taxes) |  |  |

HOUSING

PHASE TWO: SHELTER

1. Think about how you will live: rent an apartment, buy a house, share a house, live at home.

2. Research using local sources for options

A. Local newspapers should have an insert on a weekly basis, as well as listing options every day.

B. Select a house/condo/apartment from Zillow or Trulia websites. Include picture, and description.

C. Mortgage Calculator; use any you wish, these may help.

1. http://www.mortgage-calc.com/

2. http://www.homestore.com/

3. Cost of furnishing the house: usually about 15% of housing cost =

4. Estimate basic expenses by looking up companies that offer the following goods/services where you plan to live. (monthly + annual):

A. Insurance (rental or homeowners): this covers theft, flooding, and other things that might happen.

B. Electricity and Gas: this is cost for cooling and heating your home.

C. Water/garbage: Sometimes included in rent payment, but not always. (Sometimes paid to the city)

D. Phone: Decide whether you will have a land line, or cell phone or both.

E. Cable: Include basic cable and any extended service that you might have. Does it include Internet connection?

**Your total monthly payment must be less than 30% of take home pay (disposable income). If it is more you need to make cutbacks!!!**

6. For homeowners:

A. Assume insurance cost of 1% value of the home. For example, if your home is worth $120,000, ($120,000x.01) = $1200 of insurance annually, or $100 per month

B. Assume 1% tax rate. For example, if your home is worth $120,000, ($120,000x.01) =

$1200

**Determining the Cost of Housing**

|  |  |  |
| --- | --- | --- |
|  | **MONTHLY** | **ANNUAL (Monthly x 12)** |
| **Housing payment** |  |  |
| **Insurance** |  |  |
| **Heating and cooling**  **(electricity and/or gas)** |  |  |
| **Water/garbage** |  |  |
| **Phone** |  |  |
| **Cable/Internet** |  |  |
| **Other Costs (Explain)** |  |  |
| **Total Cost of Living Payment** |  |  |

|  |  |  |
| --- | --- | --- |
|  | **MONTHLY** | **ANNUALLY ( Month x 12)** |
| **Income after federal,**  **state and social security**  **taxes** |  |  |
| **MINUS Cost of housing** |  |  |
| **30% of Income after**  **taxes. Is it affordable?** |  |  |
| **Discretionary Income** |  |  |

**PHASE THREE: VEHICLE**

1. Identify the kind and number of cars you own (lease). (Look at Kelly Blue Book for listings on prices)

A. Indicate a monthly and annual budget for

1. Gas

2. Regular maintenance (Assume $50/month $100/month if it is over five years old)

B. Vehicle costs: Assume you purchase a car, investigate the costs of financing:

1. www.householdauto.com

2. www.carsdirect.com

2. Car Insurance (NECESSARY)

Assume you carry

1. Liability: covers bodily injury and property damage if you are at fault ($100,000/$300,000)

2. Collision: Covers your car if you are in an accident ($100,000)

3. Comprehensive: covers most other incidents: fire, theft, and vandalism ($100,000)

|  |  |  |
| --- | --- | --- |
|  | MONTHLY | ANNUAL |
| Discretionary Income |  |  |
| Cost of  Transportation |  |  |
| Income left |  |  |

PHASE FOUR: The Rest Of Your Life

Savings: Americans save about 2% of their income, while financial planners assume they should save 10%.

Retirement: If you want to live on more than social security (maximum of $30,000/year), you should save 10% (Gross pay) for retirement. If only one spouse works outside the home, save 20%, so both people can retire.

General savings: If two people are working, assume you save 6% of your gross income (before taxes and other expenses). If you plan to have children add another 5% for each child you have. If you want to have two children you will save 6% per person (savings), plus 3% (for each child), plus 3% of your gross monthly income, for a total of 12%.

Society is not run by the government alone. Active and involved citizens improve society by contributing time, skills and money. Assume that you will give through charitable donations and volunteerism. Choose two groups, investigate their needs, and allocate between 5 and 10% of your income to those organizations. Suggestions include places of worship, educational associations (colleges, public schools), and other charitable organizations (i.e., Habitat for Humanity, Goodwill, Humane Society, etc.).

Document other assumptions:

Children cost $1,000/month per child for 25 years.

Housekeeper or yard work is $100 per visit.

Dogs are $600 per year; Cats $400 per year.

Food: Write a paragraph about expenses related to how often you will eat. It may be easier to estimate this weekly and then multiply by four for the monthly cost.

If you eat out, discuss what types of restaurants you will frequent. Estimate the total cost of the meal, including the tip.

If you are dating, occasionally treat your girlfriend/boyfriend and figure that cost into the budget.

If you eat at home, look up average grocery bills to get a better understanding for the expenses involved. Be sure to include drinks and snacks you purchase. (i.e., the convenience store, or from snack machines).

If you are married or have children, food expenses are multiplied by the number of people in your family.

Clothing: Estimate the monthly amount you will spend on clothing. Discuss where you will shop, and how often. :

• Monthly expenditure on clothes:

• Married or with children, multiply by number of people:

Entertainment: what types of activities will you engage in for fun. Include a realistic estimate.

Discuss things such as:

If you go to the movies, do you buy popcorn and drinks? If you skate, include the costs of shin guards, popcorn and drinks.

For a yearly vacation, look at advertisements online

INCOME AFTER ALL TAXES/HOUSING/VEHICLE= ­­­\_\_\_\_\_\_\_\_\_\_

SUBTRACT THE FOLLOWING

Monthly entertainment: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Food: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Annual vacation costs: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Amount left Monthly= Yearly =