

Budget Project

You will be given time in class to complete some of the following tasks. You must finish this portion of the project, in order to begin Part II which is 'reality check'. Making do on a budget.

Part 1– Dream Essay

Objective: to write down your hopes and dreams for the future

This is your chance to write about the dream life you would like to have. When you close your eyes and imagine the life you could have what would it look like?

- What kind of work will you be doing?
- Where will you live?
- What kind of house or apartment will you have?
- What kind of car will you drive?
- Will you get married?
- Will you have a family?
- What will you do in your free time? Hobbies? Sports?
- How will you contribute to society (volunteering, charity, church, etc) ?

You will need to type a minimum of one page describing your dream life.

- You must use correct spelling and grammar
- Include **PARAGRAPHS.** A one page paper will have 2-3 paragraphs in it.
- Indent every paragraph by hitting the TAB key on the left side of the keyboard before typing.
- Double space your paper (ask Mrs. Cerbone for help)
- Use Arial or Times New Roman font no bigger than 12pt.
- Margins should be no larger than 1 inch.

Part 2– Your goals

Create a list of goals for yourself. You need to come up with 10 short-term goals for yourself and 10 long-term goals. A short-term goal is something you want to accomplish in the next 1 to 5 years. A long-term goal is something you want to accomplish in your life at some time.

Since this is a list you may bullet it if you would like.

Part 3– Your road to life

Provide a realistic plan as to how you are going to accomplish your goals.

Give a 2-3 paragraph explanation as to how you plan on reaching the goals you stated above.

Do you plan on taking honors classes in the future?

Getting your GPA up? Joining clubs or volunteering, etc.

Part 4- Personality Test

Do a Google search for “Free personality tests” and complete one online.

- **Print out the results and write your name on it.**
- **Type a 1 paragraph reaction to the results of your personality test.**

Part 5-The Job

Name: _____

Objective: Find a job

Requirements:

- Must be a real job. No fantasy or celebrity jobs such as being a famous rapper, athlete, etc.
- You've been given your annual wage, now you need to find work to support yourself!

The following websites may help you search for jobs

- www.collegegrad.com/careers/servi.shtml
- www.salary.com
- www.careeronestop.org/SalariesBenefits/Sal_default.aspx
- Www.livercareer.com

You will need to find the following information:

- Job description
- Working conditions or environment
- Required training or education
- Salary range
- Benefits (health, dental, etc) if possible
- Perks to having the job
 - What are the things you get from doing your job that are not listed in the job description?
 - EX: teachers get summers off or doctors can give their families free medical care.

The Job Reflection

- Career or job you chose: _____
- Beginning salary: _____
- Job Description: (describe the job you will be doing and what will be expected of you)
- Benefits: (medical, dental, etc)
- Job Perks (what are the added perks of choosing this profession)
- Required training or college

Part 6– Taxes

Name: _____

How to calculate taxes

Objective: Find out how much money taxes take out of your paycheck

Step 1- Find your FEDERAL tax bracket

| Taxable Income | Marginal Tax Rate: |
|---------------------|--------------------|
| \$0-\$8,500 | 10% |
| \$8,500-\$34,500 | 15% |
| \$34,500-\$83,600 | 25% |
| \$83,600-\$174,400 | 28% |
| \$174,400-\$379,150 | 33% |
| \$379,150+ | 35% |

Step 2- Multiply your salary by the federal tax rate.

EXAMPLE- $\$35,000 \times .25 = \$8,750$

Step 3- Subtract the federal taxes from your salary

EXAMPLE: $\$35,000 - 8,750 = \$26,250$ (This is the amount you have left over AFTER federal taxes)

Step 4- State taxes take the amount left over from federal taxes and multiple it by 7%

EXAMPLE: $\$26,250 \times .07 = 1,837.50$

Step 6- Subtract the state taxes from your income

EXAMPLE: $\$26,250 - 1,837.50 = 24,412.50$

Step 7- You must pay a FICA tax, which is 7.65%

EXAMPLE: $\$24,412.50 \times .0765 = \$1,867.55$

Step 8- Subtract that from your salary

EXAMPLE: $\$24,412.50 - \$1,867.55 = 22,544.95$

Step 9- Voila! You have your disposable income is \$22,544.95. This is the amount you have to work with for the rest of your budget.

| | Gross Monthly Income | Gross Annual (yearly) Income |
|--------------------------------------|----------------------|------------------------------|
| Income Before Taxes | | |
| Federal Income tax | | |
| Income after subtracting federal tax | | |
| State income tax | | |
| Income after subtracting state tax | | |
| FICA tax | | |
| Income after FICA Disposable Income | | |

Taxes Exploration and Reflection

1. Now that you have done your taxes how do you feel about the amount that has been taken out of your paycheck each month?
2. Do a Google search and find out what your FEDERAL taxes are being spent on. List the top 5 expenditures for the federal government in 2012.
3. How do you feel about what your tax dollars are being spent on?
4. Now do a Google search on what your STATE taxes are being spent on. List the top 5 expenditures for the state government in 2012.
5. How do you feel about what your tax dollars are being spent on?
6. Every person must pay a FICA or Social Security tax. What is social security? What is its purpose?
7. Reflection—In the space below please write 1-2 paragraph reflection about how you feel about taxes and what they go to pay for. Use the information you collected and the process you went through to support your response.

Part 7– Creating a Budget

Name: _____

Objective: to discover how much money you can spend on the following things.

Disposable income (income after taxes)- _____
Use your monthly income from Part 5 to figure out your budget

Housing allowance (35% of disposable income)- _____
~ Multiply disposable income by .35

Vehicle allowance (15% of disposable income)- _____
~ Multiply disposable income by .15

Savings allowance (10% of disposable income)- _____
~ Multiply disposable income by .10

Loans/Debt allowance (15% of disposable income)- _____
~ Multiply disposable income by .15

Other living expenses (25% of disposable income) - _____
~ Multiply disposable income by .25

Part 8– Housing

Objective: to find a place to live

Think about how you will live once out of high school or college. Will you rent an apartment? Buy a house? Have roommates? Since living at home will NOT be an option you must decide what works best for you. You may choose to have a roommate but you may not count on a spouse or significant other. This means if there will be two people living together you must have a 2 bedroom apartment or house.

- ~ Step 1: Find an apartment or house
- ~ Step 2: Find renters or homeowners insurance based on the apartment you find.
- ~ Step 3: Decide if you want cable, land line, cell phone line, DVR, etc.
- ~ Step 4: Figure out if the apartment or house you found AND the price of utilities fits into your budget.
- ~ Step 5: Fill out the chart and complete the questions and reflection piece.

House Buying

If you are deciding on buying a house you must calculate your mortgage (house payments) according to current interest rates. You may use the following sites to help you:

- ~ <http://www.mortgage-calc.com>
- ~ <http://www.homestore.com>
- ~ <http://www.apartmentfinder.com>

Apartment Renting

- ~ Do an internet search for apartments in the Charlotte area. (It is easier to do Charlotte since cities like L.A. and NYC are really expensive)
- ~ Find an apartment that fits into your price range
- ~ Record on your chart where the apartment is located

Renters or Homeowners Insurance

- ~ You MUST get renter or homeowners insurance. Do an internet search for “renters insurance” or “homeowners insurance”

Part 8– Housing

| | Monthly | Company <i>Who are you getting your services from?</i> |
|--|---------|---|
| Housing Payment (mortgage or rent) | | |
| Insurance | | |
| Gas | \$50.00 | |
| Electric | \$50.00 | |
| Water | \$25.00 | |
| | | |
| Cable | | |
| Phone and Internet | | |
| Total Housing Costs | | |
| | | |
| Disposable Income (<i>Income after taxes</i>) | | |
| Total Costs (from above) | | |
| Disposable Income (<i>Income left over after housing costs</i>) | | |

Answer the following questions:

1. What choices did you have to make to fit your housing into your budget?
2. Why did you choose the apartment or house you did?
3. Did the apartment, housing complex or phone, internet or cable companies offer incentives? If so what were they?
4. Why must you have renter's or homeowner's insurance?
5. _____ Check if you used more than %35 of your budget on housing
Explain how are you going to pay for the extra cost?
6. _____ Check if you used less than 35% of your budget on housing
Explain what you are going to use the extra money for

Part 9– Vehicle Continued

Name: _____

Objective: to find a car without going over budget

You must decide what type of car you are going to own or lease. You may not count on the fact that your wonderful parents will be supplying you with one. So first you may find a car, the following websites might help you in your quest:

- www.householdauto.com
- www.cardirect.com
- www.carmax.com (this site has a payment estimator to help you decide how much you will pay a month. Please use current interest rates)

Car Payment:

- Step 1: Choose a car
- Step 2: Figure out how much it will cost you a month.
- Step 3: You will not have a down payment
- Step 4: The interest rate will be 6%
- Step 5: Decide how long you need the loan (24 months, 36 months, 48 months, etc)

You must indicate in your budget the following things:

- Car Insurance
 - Decide between the following types of insurance:
 - **Liability**- covers bodily injury and property damage if you are at fault
 - **Collision**- covers your car if you are in an accident
 - **Comprehensive**- covers most other incidents: fire, theft, and vandalism.
- You may contact places like www.geico.com (I would highly recommend giving false information so they can not hassle you).*

Part 9– Vehicle Chart

| | Monthly Cost |
|--|--------------|
| Car Payment | |
| Insurance | |
| Maintenance | |
| Total Car Cost | |
| | |
| Disposable Income (income left over after housing costs) | |
| Total Car Cost | |
| | |
| How much is left over after vehicle costs (Disposable Income) | |

Part 9– Vehicle Question & Answer

1. What type of car did you get?
2. What influenced you to buy that car?
3. Where did you purchase the car?
4. How long is the term of your lease (how many months will it take to pay the car off)?
5. What type of car insurance did you get?
6. Why did you make that choice?
7. _____ check if your used less than 15% of your budget on the vehicle
What will you do with the leftover money?
8. _____ check if you used more than 15% of your budget on the vehicle
Where will you get the extra money to cover the cost?

Part 10– The Others

Name: _____

Objective: to figure out how much you can spend on the extra's in your life.

The others includes the following:

Food (both eating out and groceries)

Clothes

Gas

This will cost you roughly \$30-40 a week depending on your car

Entertainment

- Movies
- Vacation
- Etc.

How much do you have to spend?

| | Weekly | Monthly |
|---------------|--------|---------|
| Groceries | | |
| Eating Out | | |
| Clothing | | |
| Entertainment | | |
| Gas | | |

| | | |
|------------|--|--|
| Total Cost | | |
|------------|--|--|

Questions:

1. What choices did you have to make when deciding how much to spend on the others?
2. Which of the costs above could change the most?
3. Did you have any extra when you finished?

Part 11– The Savings

Name: _____

Objective: research banking institutions and find the best fit for you.

You will be saving 10% of your salary every month. You need to learn how to make wise choices pertaining to saving it. In this portion of the project you will be asked to investigate various banking institutions. You will have to look at three banking institution. One of the three must be a credit union.

Choose **TWO** of the following banks to research

- 5/3 Bank
- Bank of America
- Wells Fargo
- First Citizens Bank
- Sun Trust Bank

Chose **ONE** of the following credit unions

- State Employees Credit Union
- Charlotte Metro Federal Credit Union
- Truliant Federal Credit Union

Before you start researching banks please find out what the following terms

1. What does APR mean?

2. Do an Internet search and find out what the following things are:

- Annual Percentage Rate (APR)
- Certificate of Deposits (CD's)
- Individual Retirement Account (IRA)
- Mortgage

3. What is the difference between an adjustable rate mortgage (ARM) and a fixed rate mortgage?

Reflection: After you have finished researching the banks and complete the chart on the back you will need to explain what banking institution you would choose and why in this space.

| Bank Name | Checking Account | Savings Account | Do they have programs for teenagers? | Other Services Offered |
|-----------|---|---|--------------------------------------|------------------------|
| | Interest Rate Minimum Balance Monthly Service Charge Overdraft fee | Interest Rate Minimum Balance Monthly Service Charge Overdraft fee | Explain | |
| | Interest Rate Minimum Balance Monthly Service Charge Overdraft fee | Interest Rate Minimum Balance Monthly Service Charge Overdraft fee | Explain | |
| | Interest Rate Minimum Balance Monthly Service Charge Overdraft fee | Interest Rate Minimum Balance Monthly Service Charge Overdraft fee | Explain | |

Part 12- Credit

Name: _____

Objective: research credit cards and find the one that is the best for your needs

It is important to establish credit in our society. It helps us get loans for houses and cars and maybe even school. But you must use credit responsibly. There are a lot of credit cards out there. And each company offers a lot of different types to fit your needs.

Research four types of credit cards and find out which one would work best for you.

Reflection: Choose a credit card and explain why you chose it.

| Credit Card Name | Incentives offered | Annual Fee | Intro. APR | APR |
|------------------|--------------------|------------|------------|-----|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Part 13– The Finale

| | Original Budget | Final Budget | Difference |
|---------------------------|-----------------|--------------|------------|
| Disposable Monthly Income | | | |
| Housing | | | |
| Vehicle | | | |
| Savings | | | |
| Loans & Debt | | | |
| The Others | | | |
| TOTAL | | | |

1. What was the most interesting thing you found out while doing this project?
- 2.