

Imagine you are 25 years of age, a recent college graduate who has just landed your first job in the Lincoln/Omaha metro area. Your take-home pay for the year is \$30,000. (Income taxes and health insurance are already paid). Your current desires include the following.

- You would like to buy your own house. You must include an additional 30% of the mortgage payment for property tax and homeowners insurance.
- Your old car is in need of replacement.
- You would like to start a retirement account to have \$1 million available in 40 years by making monthly payments.

Plan and prepare a **monthly** budget of all expenses including your purchase of a home and automobile. You must also determine the sale price of the car and house along with the total amount of interest paid over the length of the loan. Determine how much you are going to spend in each category. **Assume you will not receive any additional income or “job perks” from any source.** In a type-written double-spaced explanation of your budget, discuss your decision making process. How did you determine the amount to be spent in each category? How did you choose the length of each loan? How much did you save or how much more did you spend depending upon the loan length?

## Budget Worksheet

Amount	Explanation
\$2,500.00	Monthly Income
_____	Home Mortgage Payment (6% annual interest) Amount of Principle \$ _____ Length of Loan 15, 20 or 30 years Total Amount of Interest Paid \$ _____
_____	30% of mortgage payment for real estate taxes and insurance
_____	Automobile Payment (8% annual interest) Loan Amount \$ _____ Length of Loan 36, 48, or 60 months Total Amount of Interest Paid \$ _____
_____	Automobile insurance, fuel, etc
_____	Retirement Account/Investments (earn 10% interest) Value of the account after 40 years \$ _____ Amount you invested \$ _____ Amount of interest earned \$ _____
_____	Utilities (Electricity, Natural Gas, Phone, Cable, Internet, Cell Phones, etc) Itemize these deductions.
_____	Food Groceries \$ _____ Eating Out \$ _____
_____	Clothing, Entertainment, Incidentals, Other
_____	Emergency Fund (Savings for things like medical co-payments, car repairs, hot water heater, etc)