

LET'S BUDGET!!

Situation: Assume you have graduated from college/post-secondary school and are now renting an apartment in the area. You are trying to find out how expensive it is to live on your own. You need to find the costs for the items listed below. The more accurate you are, the more points you will earn. This project will give you an idea of how much you must earn in order to pay your bills! **You need to be REALISTIC when determining what you will purchase and how much you will spend on various items.** Your starting salary will be \$50,000 – before taxes! You are single, get paid monthly and claimed 0 on your W-4 form. Be sure to include all deductions including social security, local and state tax, and Medicare. You need to find your monthly net pay because this is a monthly budget.

Directions: You will need to conduct research using search engines and any other resources to gather data to create a PowerPoint presentation. Make your purchases and expenses as realistic as possible. You will need to provide the following information:

Slide 1: INTRODUCTION

- + Your name
- + The text: “My Personal Budget”
- + Monthly income



Slide 2: CAR

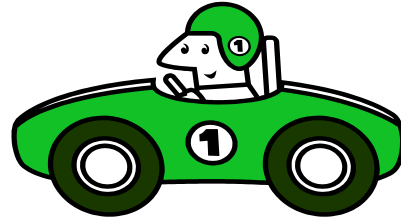
- + The make, model, year, and cost of the car
- + Vehicle can be new OR used
- + Graphic depiction of the car
- + Monthly payment amount (assume you are borrowing the full amount)
 - o Interest will be 5 %
 - o You must pay off the vehicle in 5 years
 - o There are many interest calculators available online
 - o www.practicalmoneyskills.com (calculator TAB/ Loan/How Much Will My Loan Cost)
- + **You can deduct 10% from the list price because you are a good negotiator, but you must add the 7% sales tax after this deduction.**
- + Sources of information

Slide 3: CAR MAINTENANCE

- + Budget amounts need to be set for gas
 - o Typically fill up at least one time per week
 - o Utilize numbers from purchase of car to identify size of gas tank
 - o Use current gas prices - ~ \$3.00 per gallon
- + Budget for oil changes and general car maintenance

- Utilize the price of 1 oil change and divide by 6 to get a monthly rate (2 oil changes per year)
- Include a general amount for car maintenance
- + Vehicle can be new OR used

Slide 4: **CAR INSURANCE**



- + The insurance company name
- + The type of insurance coverage
- + The monthly insurance payment
- + Sources of information
- + You may use your actual monthly insurance payment or ask your parents for information

Slide 5: **GROCERIES**

- + Each item and its prices
- + Monthly amount spent on groceries
 - Plan a minimum of one week and assume this amount for 4 weeks
- + You will need to plan out a week of *nutritionally balanced meals!* 😊
- + NOTE: You must be realistic---this means that you will not be eating the same thing for lunch and dinner every day. For example, saying that you need only chicken nuggets, ranch dressing and Dr. Pepper for lunches and dinner does not qualify! 😊
- + Some useful sites include:
 - Netgrocer.com
 - Samsclub.com
 - Walmart.com
- + You might also consider a trip to the grocery store or investigating household grocery receipts
- + Sources of information

Slide 6: **DINING/ENTERTAINMENT**

- + Frequency of how many times you will eat out, go to the movies, concerts
- + Investigate realistic prices—consider looking at restaurant menus, gym memberships, ski passes, salon services and pricing for any other activities that you enjoy doing currently or plan to do
- + Listing of how many CDs and/or other entertainment (games, videos, concerts, etc.) you might purchase or rent in one month – be realistic!
- + Consider prices of downloads – iTunes, X Box, etc.
- + Consider asking your parents for additional guidance in this area
- + Costs of each item
- + Sources of information

Slide 7: **CLOTHING**

- + List of clothing items you are likely to buy in one month
- + You need to specify items purchased and give detailed descriptions
 - Remember – you will be working in a professional environment!
- + Monthly amount spent on clothing
- + Sources of information

Slide 8: **TELEPHONE**

- + Type of phone you will have (cell, house, etc.)



- If you are only using a cell phone – you may consider increasing your minute plan!
- Consider Texting fees/plans as well as picture messaging, etc.
- Mobile internet plans
- ✚ Monthly payment for telephone(s)
- ✚ Give a description of the plan you will utilize
- ✚ Sources of information

Slide 9: **APARTMENT**

- ✚ Where will your apartment be located?
- ✚ Monthly payment for rent
- ✚ Amenities (garage, parking, fitness center, pool, etc.)
- ✚ Are any utilities included?
- ✚ Include picture and information from website to validate your information
- ✚ Sources of information



Slide 10: **UTILITIES**

- ✚ Monthly payment amount for gas, electric , water and sewage
- ✚ The specifics may be hard to locate on the web.
- ✚ You may use \$200 as your estimated monthly expense for utilities.

Slide 11: **TELEVISION / INTERNET**

- ✚ Monthly payment amount for cable TV access
 - What cable/HD package have you selected?
- ✚ Monthly payment amount for home Internet access
 - What Internet package have you selected?
- ✚ Sources of information

Slide 12: **COLLEGE DEBT**

- ✚ Identify the college that you “attended” in this hypothetical scenario
- ✚ Assume that you are responsible for paying for college and do not have significant grants or scholarships. Remember, this is a hypothetical scenario and not necessarily similar to your own personal situation.
- ✚ Identify the costs of attending that institution
- ✚ Based on a yearly tuition rate, account for 4 years of school including Room & Board
- ✚ Assume you will pay 60% of the total college amount
- ✚ Include the debt you will incur as a monthly payment to repay loans
 - Interest should be based at 6.5%
 - Consider using a 20 year payoff time frame
 - www.practicalmoneyskills.com (calculator TAB/ Loan/How Much Will My Loan Cost)
- ✚ Sources of information

Slide 13: **SAVINGS**

- ✚ Identify items of which you would like to save for, and how much – BE SPECIFIC!
- ✚ Experts recommend saving at least 10% of your income if at all possible
- ✚ Remember, you might not always be able to do that especially when you are first starting out on your own
- ✚ What can you save? Provide the amount you intend to save monthly.
- ✚ You must provide a separate amount for an emergency fund.

- ✚ Where will you save this money? Include any investment choices.

Slide 14: **CHART OF EXPENSES**

- ✚ You will need to create a chart of expenses (similar to the individual budgeting activity)
- ✚ You should use a pie chart
- ✚ The chart should be designed and completed in a professional manner

Slide 15: **TOTALS & SUMMARY**

- ✚ A list of every item and its total from the previous slides
- ✚ The list should be presented in a table format
- ✚ A grand total of monthly expenses must be included
- ✚ After totaling your expenses tell me how far over or under you are with the budget. Be sure to explain where you will cut or add to balance your budget. Your expenses will need to match your income.

Slide 16: **CREDIT**

- ✚ It is difficult to pay for everything so you might need a credit card for emergencies.
- ✚ Find the credit card that you want to a list the following information.
- ✚ Name, APR, grace period, benefits/bonuses, credit limit desired, any other important information.

GENERAL:

- ✚ Each page should have a background effect
- ✚ Each page should have slide transitions
- ✚ Each page should have appropriate graphics
- ✚ Each page should have about 6 bullets per page, 6 words per bullet, graphics where necessary.
- ✚ Make sure that you clearly explain what you are paying for – example: Clothing – identify the clothes you will buy in a month and how much each item will cost
- ✚ Research should be cited at the bottom of each slide.

GOOD LUCK!