

Budget O Rama

Name: _____ due date _____

Gross income per year \$ _____

Gross income per month (gross income per year divided by 12) \$ _____

Federal income tax..... (see chart) \$ _____

FICA
Social Security...6.2% \$ _____

Medicare.....1.45% \$ _____

State income tax..... (see chart) \$ _____

(I bet you wish your folks moved to Wyoming or South Dakota—they don't have state income taxes)

***Net income per month \$ _____**
(This is your budget for the month. You must not exceed this amount in order to pass!!)

Net income per year (net income per month x 12) \$ _____

RETIREMENT/ SAVINGS

Bad news for you kids—don't plan on Social Security because those heartless Baby Boomers are doing their best to sink the system (with their selfishly long post-retirement lives). And fat company pensions are going the way of dollar-a-gallon gasoline. Therefore, financial planners recommend that you "pay yourself first" and save 10% of your net monthly income to invest for the future. On the sheet labeled INVESTMENTS, list the investment (s) in which you will be contributing. In addition, you will compare the strengths and weaknesses of the different types of investment options. (This information is located in your textbook and notes)

***Ten percent of net income per month \$ _____**

Name of the investment you chose _____

Name of the investment you chose _____

Name of the investment you chose _____

Name of the investment you chose _____

HOUSING

Your mooching days are over!!! You must find your own place to live. Your new place must be located in the metro area and in an area that you would actually consider living. Your housing must have a concrete slab and cannot be mobile! You can choose to live in an apartment, house, or condo, but you must have the actual advertisement to prove your new residence exists. You may have one fictional roommate if you wish.

(Your roommate will only split the rent and utilities 50/50).

Location: _____

Type of housing: _____

***Total rent per month \$** _____

Security deposit \$ _____

(Do **not** add this to your monthly expense)

UTILITIES

Without utilities your apartment will be a dark, damp PS3-free zone. I want you to continue living the nice lifestyle you have now (because you have earned it), so if you currently have a cell phone, internet connection, and cable/satellite television, you must include it in your budget. Your monthly utility costs are as follows: electricity \$80, gas (heat) \$65, phone \$45 (if you want a land line figure another \$30 per month) and water will cost \$25. You will need to look up internet, cable, and garbage fees. Keep in mind that some apartments/condos include certain utilities while others do not. Remember, you may split all of these 50/50 with your fictional roommate, except your cell phone bill.

Electricity per month \$ _____

Natural gas per month \$ _____

Water /sewage per month \$ _____

Regular phone per month \$ _____
(optional)

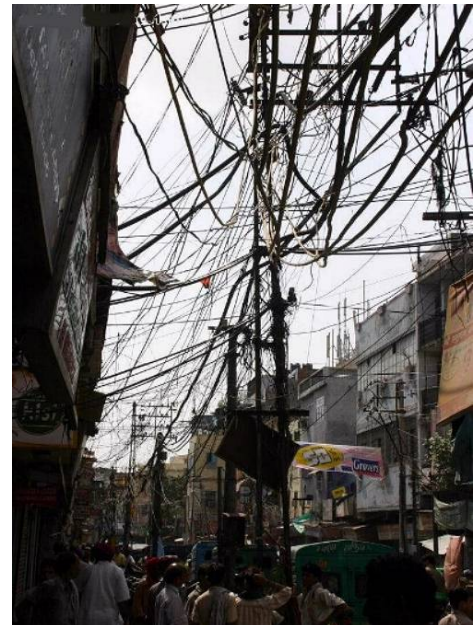
Cable/satellite per month \$ _____

Garbage per month \$ _____

Cell phone per month \$ _____

Internet services \$ _____

***Total utilities per month \$** _____



AUTOMOBILE



Public transportation is not really a viable option, so you must purchase a car or truck that is no older than 2005 (I wouldn't be able to sleep at night if I knew your car was breaking down all the time). The vehicle you purchase must have fewer than 70,000 miles, and you will be financing the entire price of the vehicle. Again, you must attach an advertisement that proves the vehicle exists. Oh, I nearly forgot—the purchase price of the vehicle must be at least \$8,000. Use www.banksite.com/calcs/autocalc.html to figure out your monthly payment.

Make of vehicle _____ Model _____

Year of vehicle _____ Miles _____

Length of vehicle financing 48 months Interest rate 8.5%

Price of vehicle \$ _____

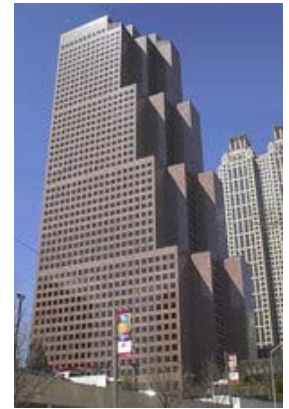
Simple interest— Interest = (principle) x (interest rate) x (time in years)

Monthly payments— Monthly payments = (principle + interest)/ number of months

***Total monthly vehicle payment \$ _____**

GAS and ROUTINE MAINTENANCE FOR AUTO

Gasoline costs will depend on the total number of miles you drive per week. We will assume that each of you works downtown. You will need to calculate the distance between your place of residence and the center of the city to figure total gasoline costs. You are allowed to walk only if you live less than a quarter mile from the city center, and biking is allowed only if you currently bike to school every day. Public transportation can be used to defray gasoline costs, but the costs must be included. In addition to total miles driven to work, we will assume that you drive an additional 100 miles per week just to “get around.” We will also assume that you work a standard five-day work week.



Miles from home to work: _____ X 2 (round trip) _____

Work miles per week + 100 “gettin around” miles: _____ X 4.3= _____ miles per month

Miles per gallon of automobile: _____ Miles per month divided by miles per gallon = number of gallons used per month _____

Average monthly per gallon cost of gasoline: \$ _____

Average monthly per gallon cost \$ _____ X # of gallons used per month = total monthly cost of gasoline

Air filter cost _____ oil filter cost _____ oil change cost _____ (you'll only do this every 3 months so adjust monthly cost correctly)

Total monthly cost of gasoline: \$ _____

Total monthly cost of maintenance \$ _____

Total monthly parking costs: \$ _____
(Oh yeah, this will be \$5 every work day)

Total monthly public transportation costs (if applicable): \$ _____

***Total monthly maintenance / transportation costs: \$ _____**

Just for giggles use www.fueleconomy.gov to check your sweet ride's carbon footprint and air pollution score.

Carbon footprint _____ air pollution score _____

INSURANCE

For all insurance quotes we are going to assume that you are 23 years old. You will be required to get the following insurance: auto, renters, and life. We will assume that your employer pays your health insurance for you. Do not give your actual address and phone number when getting online quotes.

Auto- Your policy must include collision. Most car insurance policies are quoted for a six-month period, so do your math correctly!

Total Car insurance per month \$ _____

Agent & Company _____



Total Renters insurance per month \$ _____

Agent & Company _____

Total Life Insurance per month \$ _____

Agent & Company _____

***Total monthly insurance costs: \$ _____**

FOOD

I realize that right now all of you survive on nothing but Chick-fil-A and Starbucks. However, for our purposes you will need to eat at least three square meals each day, and each of these meals must be prepared by you. First, you are to prepare a one-week menu on the **WEEKLY MENU** sheet provided. Next, you will need to make a detailed grocery list on the **GROCERY** sheet provided. Your grocery sheet must include all of the items you will need to prepare your meals for the entire week. Be sure to **include** price, brand names, weight/sizes etc. of the items you are going to purchase.

Be sure to include any and all snack items that you normally consume. Do NOT include the following staple items: salt, pepper, ketchup, mustard, or mayo. Be sure to eat a varied and nutritionally balanced diet, and don't forget to include drinks, vegetables, and fruits! My sources tell me scurvy is making a comeback in this country, so points will be deducted if you do not consume multiple servings of fruits and vegetables every day. Feel free to check out the new food pyramid—www.mypyramid.gov/. And eating ramen noodles or the same thing day after day after day after day is unacceptable.



***Weekly food costs: \$ _____ x 4.3 = _____ monthly food costs**

MISCELLANEOUS EXPENSES

Below, you need to include all of those “necessity” items you have not yet listed. I am talking about things like toothpaste, shampoo, soap, cleaning supplies, haircuts, newspapers, magazines, laundry, detergent, tithing, make-up, etc. Don’t forget those quarters for the laundry mat (buck-fifty to wash and buck-fifty to dry every load!!) Spending four hours in a laundry mat each week is a special kind of joy.

Personal hygiene

Cleaning supplies

Laundry costs

Other –(pocket money for those impulse items you have to buy)



**Total miscellaneous expense costs: \$_____*

STUDENT LOAN PAYMENT

Time to pay up for the best 5 ½ years of your life. Sorry, but you messed around and lost your scholarship.

**Total monthly student loan payment \$ 125*

GRAND TOTAL OF ALL MONTHLY EXPENSES:

		<i>% of net monthly income</i>
Total monthly retirement	\$ _____	_____
Total rent per month	\$ _____	_____
Total utilities per month	\$ _____	_____
Total monthly vehicle payment	\$ _____	_____
Total monthly transportation costs	\$ _____	_____
Total Insurance per month	\$ _____	_____
Total monthly food costs	\$ _____	_____
Total entertainment costs	\$ _____	_____
Total miscellaneous expense costs	\$ _____	_____
Total monthly clothing costs	\$ _____	_____
Total monthly student loan payment	\$ _____	_____

TOTAL MONTHLY EXPENSES: \$ _____

And how much is your net monthly income? _____ Check the first page. It was that depressing number you have after taxes. Remember, you have to stay on or under that in order to pass this assignment.

Each of you must complete your own budget and will be graded on its accuracy and thoroughness. You may **not** shop on e-bay. No perks! (that means no special favors because mom or dad knows this or that person and can get you a great deal). Remember that you are also required to turn in the actual classified ad used to locate your housing and automobile. Finally, you cannot go over your budget—you, most assuredly, are not Uncle Sam.

Best of luck.



GROCERY SHEET

Item	Brand	Size	Cost
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INVESTMENTS

You will need to give a short description and list at least two strengths and two weaknesses of each the four investment options:

	Description	Strengths	Weaknesses
Savings Account			
Certificate of deposit			
US Treasury Bond			
Corporate Stocks			

In what did you decide to save that 10% ? Why did you decide to put that hard-earned money in that instead of something else?

WEEKLY MENU PLANNER

	Breakfast	Lunch	Dinner	Snack
Monday				
Tuesday				
Wednesday				
Thursday				
Friday				
Saturday				
Sunday				