

# Life Got Real Today: A Money Reality Check

## INTRODUCTION

Have you ever thought about how much living cost? Have you ever held a discussion with your parents about the bills that they pay every month? Do you believe that the choices you are making today will affect your future? Within this project you will be exploring your possible earnings and creating a budget that could represent your future life. Is the effort you are putting toward school right now exemplary of the life you want to live?

Based on your class average, you will be given a yearly salary. A salary is defined as a fixed regular payment that is usually expressed as an annual sum. For the purposes of this project, the better your grades are, the higher your salary will be. Based on your yearly salary, you will calculate your taxes, housing costs, auto costs including insurance and many other living costs. This project will allow you to truly research the cost of living in today's world. As you proceed through the project, you will learn the true limitations of your yearly salary and hopefully come to appreciate the knowledge of budgeting. You will find that you will need to manipulate your budget to afford the needs and wants of your expected lifestyle.

You will create a visual to display your work on this project and write a reflection to discuss what you have learned. You will also fill out a monthly expenses report where you will keep track of your budget.

This project in its entirety must be completed by you and only you. Your yearly salary will not be exactly the same as your peers. Also, anything that you need help with will cost you! As in real life, if you do not know how to do something, you will most likely have to pay someone to do it. For the purpose of this project, every time your teacher or peer helps you, they will charge you \$5. You must keep your budget balanced - meaning you cannot spend what you do not have. You must live in \_\_\_\_\_ and you must live by yourself (no roommates)! This is a graded assignment.

## TASK

### Salary:

First, you need to know how much money you can spend. Find out your grade from your teacher and record it on the Monthly Budget Log (I). You will then use the following chart to determine your salary range. Remember, the better your grades are the more you get paid!

Potential Salary Chart

Grade	Salary Range	Grade	Salary Range	Grade	Salary Range
0 - 59	\$15,000 - \$17,499	70 - 73	\$27,000 - \$32,999	84 - 86	\$49,500 - \$54,999
60 - 63	\$17,500 - \$19,999	74 - 76	\$33,000 - \$39,999	87 - 89	\$55,000 - \$59,499
64 - 66	\$20,000 - \$22,499	77 - 79	\$40,000 - \$44,999	90 - 93	\$59,500 - \$64,999
67 - 69	\$22,500 - \$26,999	80 - 83	\$45,000 - \$49,499	94 - 100	\$65,000 - \$69,499

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- Record your salary range in the Monthly Budget Log.
- Determine the range of your monthly pay by dividing each number of your salary range by 12.
- Determine the range of your weekly pay by dividing each number of your salary range by 52.
- Determine the range of your hourly pay by dividing each number of your **weekly** pay by 40.

## Careers/Jobs:

Based on salary range, you will determine what type of jobs/careers you can have. A job is defined as work that you do to earn a paycheck. A career is a means of making a paycheck that is inclusive of training (post-secondary schooling), experiences, and hopefully what you enjoy doing. Think about your dream career. Do you think its pay will fit into your salary range? If not, what is a related job that could be used as a stepping stone to get to your career?

Go to <https://goo.gl/sQVFbD>. At this website, careers & jobs are listed in alphabetical order. Find for your dream career and read about it. You should see a tab called "Salary." In this section, you will find the median annual wage for the career. If you do not see the salary tab, you may have to browse around the career information page to find the information that you are looking for. If this amount does not exceed the high end of your yearly salary range, you can have this career. If the job/career that you choose is lower than your salary range, you can choose to stay in that field or pick a new career/job that pays more OR up the salary to the low end of your salary range. If not, do you wish your grade in this class was higher so you could have this career? If you cannot have this career, find the tab called "Related Careers" and click here to find a job that fits under your yearly salary.

- Record your career.
- Record the median annual wage for the chosen career.
- Calculate the median monthly wage (divide by 12).
- Calculate the median weekly wage (divide by 52).
- Calculate the median hourly wage (divide by 40).

## Taxes & FICA:

Every American must pay taxes. Taxes fund our government. Next, you will find out how much money is taken out of your paycheck for taxes. The annual median wage that was listed for your career is money that you earn before taxes are taken out, called your gross income. The actual amount of money that you "bring home" is your net income. You are placed into a tax bracket based on your annual income. Use the following chart to determine what percent of your annual income will be taxed.

Annual Median Wage	Income Tax Bracket
\$1 - \$9,225	10%
\$9,226 - \$37,450	15%
\$37,451 - \$90,750	25%

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11. Record the percent of your income taxed.

Every American must also pay the FICA (Federal Income Contributions Act) tax on their income. This money taken out of your paycheck goes to Social Security and Medicare funding. FICA taxes about 7.65% of your income.

12. Add together the income tax and FICA tax percentages.

13. Calculate the amount of money that will be taken out of your paycheck for taxes and FICA.

(annual median wage x total percent taxed)

14. Calculate annual net income.

(annual median wage - answer from #14 = annual net income)

15. Calculate monthly net income.

16. Calculate weekly net income.

17. Calculate hourly net income.

At this point in the project, you should notice that a lot of your gross income is taxed to fund the government.

## Housing:

Everyone must have a place to live and no one can live there for free! For the purpose of this project, you must live alone. Have you thought about what kind of housing you want to live in? Options include, apartments, townhouses, condominiums, trailers, single-family houses - just to name a few. Different types of housing have various costs associated with them. Another factor to consider is renting versus owning the property. Depending on the housing type, rent vs. mortgage can have its pros and cons. Renting and buying are truly a personal preference, dependent on individual needs. Questions that one may ask themselves are: How long will I be living here? Do I want to be responsible for all household repairs or do I want someone else to do them? Do I have a few thousand dollars for a down payment for buying a home? Either way, you must choose a way to keep a roof over your head.

Determine where in \_\_\_\_\_ you want to live. You can go anywhere in the state. Do you want to stay in \_\_\_\_\_? Go to \_\_\_\_\_ or \_\_\_\_\_?

18. Pick a city/town and record it.

\*\*Keep in mind that it is suggested that you spend no more than 25% of your income on housing.

19. Calculate 25% of your monthly income.

Go to [realtor.com](http://realtor.com) to explore various housing options and renting vs. owning. You can see that you can choose the "buy" tab or the "rent" tab and input the city where you choose to live. Things to consider: number of bedrooms and bathrooms, etc. As you are looking on the website make sure that your monthly payment for rent or mortgage does not exceed 25% of your net monthly pay.

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How to determine monthly payments for rent.	How to determine monthly payments for owning.
<p>Should be listed on the properties page. You must add \$15 to the monthly rental price for rental insurance.</p>	<p>Click on the "estimate payment" button below the price. Enter in a down payment of \$2500, a 30 year fixed mortgage at 5.25% interest rate. THEN, add in homeowners insurance. The average homeowners insurance, annually, is \$1,186.68. Divide this number by 12 and add it to your estimated monthly payment. THEN, add in yearly property taxes. The average property taxes, annually, is 1.29%. Determine what 1.29% of the home purchase price. Divide this number by 12 and add it to the estimated monthly payment (and the homeowners insurance). If you are over 25% of your income, pick a cheaper home to buy.</p>

20. Record whether you are renting or buying.
21. Record the monthly payment for your housing.

## Auto:

Many working Americans have vehicles that they drive to get back and forth to work. Although, there are plenty of people that use public transportation as well. It is recommended that no more than 10% of your monthly income go toward vehicle expenses. Determine if you want to spend money on a monthly vehicle payment. If not, you can choose to use public transportation for \$80 a month. If you choose to pay for a car, research what kind of car you want to purchase using [cars.com](http://cars.com). You need to decide if you want a new or used car and you need to buy it within 50 miles of where you have chosen to live (use zip code to determine this). Once you have figured out a car that you want, determine if you can afford it using this <http://bit.ly/2ihN0Zn>

Make sure that you enter in the amount for the car with financing for 5 years at 6% interest rate. Next, you must add in insurance for the vehicle that you want. Add \$70 per month for your auto insurance expense.

22. Calculate 10% of your monthly income.
23. Record whether you choose public transportation or personal vehicle.
24. Record the monthly auto cost with insurance (or public trans. cost).

## Utilities:

No matter where you live, you must pay for the utilities that you use. Utilities are those amenities that you use that you may not even recognize you have to pay for. Every time you turn on the lights, you are using electricity. Every time you take a shower or flush the toilet, you are using water. Calculate in the average costs for utilities by using the chart below. Think about the fact that you may have to live without certain amenities. You must pay for electricity and water.

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Utilities	Average Cost per Month
Electricity	\$80
Water	\$45
Internet	\$60
Cable/ Satellite TV	\$70

25. Calculate the cost of utilities per month.

## Living Expenses:

Believe it or not, the cost of living does not end here. There are so many other things that still must be paid for. Have you factored in the cost of a cell phone, medical costs, groceries, just to name a few! For the purpose of this project, these are the minimum amounts that each living expense could cost per month. You must pay for gas/taxi (depending on the mode of transportation you chose earlier), health insurance, cell phone, and groceries. For all the others, you must determine if you can afford them.

Gas/Taxi: \$75 - \$100 (dependent of the size of your car).

Health Insurance & Medical costs: \$100

Cell Phone: \$100

Groceries/Eating Out: \$150

Pets: \$50

Entertainment/Clothing: \$80

Emergency Fund/Savings: \$50

Personal Supplies (make-up/hair-cuts): \$30

Miscellaneous Items: \$30

**Think: Are there any other items that you buy each month that are not on this list? Expensive shoes, TVs? Can you afford to buy them? Do you have any money left to spend on whatever you want?**

26. Calculate your living expenses.

**Is your budget balanced?**

Is the final number positive or negative?

If it is positive, then you have money leftover after all expenses are paid. What will you do with this money?

If it is negative, then you have spent more money than you can earn in a month. You must go back and adjust your costs to fit within your monthly budget.

Maybe you must choose cheaper housing or transportation. Maybe you cannot afford to have a pet, etc.

	<input type="text"/>	Monthly Income (net)
—	<input type="text"/>	Housing cost - monthly (21)
	<input type="text"/>	Monthly Income Left
—	<input type="text"/>	Auto cost - monthly (24)
	<input type="text"/>	Monthly Income Left
—	<input type="text"/>	Utilities cost - monthly (25)
	<input type="text"/>	Monthly Income Left
—	<input type="text"/>	Living Expenses - monthly (26)
	<input type="text"/>	Monthly Income Left

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## Final Product:

You must create a Poster/PowerPoint to display your findings. Your visual must have the following information/slides:

- (1) Title of your project with name, due date, class period
- (2) Salary Ranges
- (3) Career & Median Wages
- (4) Taxes Information
- (5) Where will you live? Demographic information about this location.
- (6) Housing Information
- (7) Transportation Information
- (8) Utilities Information
- (9) Living Expenses Information
- (10) Reflection on budgeting and its importance.
  - (1) Answer the thinking questions throughout this project (see previous pages).
  - (2) Reflect on the realizations about budgeting. Do you think budgeting is important?
  - (3) Will you need more/less money to live the life you want?
  - (4) Do your current grades allow you to live the life that you want?
  - (5) This project budgets only expenses for one person. Do you plan to get married? Have children? How will these life changes affect your budget?
  - (6) Did you budget for a savings account? What will happen in case of emergencies? Discuss the importance of having a savings account for financial situations that you have not budgeted for.
  - (7) Describe your experience over this project - did you learn valuable information?

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NAME: \_\_\_\_\_

DUE DATE: \_\_\_\_\_

PERIOD: \_\_\_\_\_

## MONTHLY BUDGET LOG

1. Grade: \_\_\_\_\_
2. Salary Range - Yearly: \_\_\_\_\_ - \_\_\_\_\_
3. Salary Range - Monthly: \_\_\_\_\_ - \_\_\_\_\_
4. Salary Range - Weekly: \_\_\_\_\_ - \_\_\_\_\_
5. Salary Range - Hourly: \_\_\_\_\_ - \_\_\_\_\_
6. Career: \_\_\_\_\_
7. Median Annual Wage: \_\_\_\_\_
8. Median Monthly Wage: \_\_\_\_\_
9. Median Weekly Wage: \_\_\_\_\_
10. Median Hourly Wage: \_\_\_\_\_
11. Tax Bracket Percent: \_\_\_\_\_
12. Income Tax + FICA Tax: \_\_\_\_\_ + \_\_\_\_\_
13. Total Amount of taxes paid: \_\_\_\_\_
14. Annual net income: \_\_\_\_\_
15. Monthly net income: \_\_\_\_\_
16. Weekly net income: \_\_\_\_\_
17. Hourly net income: \_\_\_\_\_
18. Location: \_\_\_\_\_
19. 25% of monthly income: \_\_\_\_\_
20. Rent or Buy? \_\_\_\_\_
21. Monthly Housing Payment: \_\_\_\_\_
22. 10% of monthly income: \_\_\_\_\_
23. Public transportation or personal vehicle? \_\_\_\_\_
24. Monthly Auto Payment: \_\_\_\_\_
25. Monthly Utilities Payment: \_\_\_\_\_
26. Living Expenses Amount: \_\_\_\_\_

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NAME: \_\_\_\_\_

DUE DATE: \_\_\_\_\_

PERIOD: \_\_\_\_\_

## RUBRIC

Points Available	Requirement	Points Earned
10	Monthly Budget Log	
10	Balanced Budget	
10	Title Slide or Information	
10	Salary Ranges Slide or Information	
10	Career & Median Wages Slide or Information	
10	Taxes Slide or Information	
10	Living Location Slide or Information	
10	Housing Slide or Information	
10	Transportation Slide or Information	
10	Utilities Slide or Information	
10	Living Expenses Slide or Information	
10	Answered Thinking Questions Throughout Project Slide or Information	
10	Reflection on Budgeting Slide or Information	
10	Reflection on the Amount of Money Needed for the Life that You Want Slide or Information	
10	Reflection on Grades Slide or Information	
10	Reflection on Budgeting for 1 Person versus Family Slide or Information	
10	Reflection on Project Experience Slide or Information	

Total Points Earned: \_\_\_\_/170 Total Points Available = \_\_\_\_%



Show your work here:

**Show your work here:**