

THE Budget Project

Name:

Class Period:

Gross income per year \$ _____

Federal income tax.....pay 16% \$ _____

FICApay 8% \$ _____

State income tax.....pay 4% \$ _____

Net income per year \$ _____

Net income per month \$ _____ (This is your budget for the month. You must be under this amount!!)

RETIREMENT

I have some bad news for you kids, don't plan on Social Security for your retirement because people are retiring much faster than the current birth rate in this country. In addition, 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 salary to invest for the future. On the sheet labeled ***INVESTMENTS***, you will track the price of a stock of your choice for the entire month. In addition, you will be required to give more information about the stock you chose and compare the strengths and weaknesses of the different investment options. You may use information from the stock game you have been playing in class.

Ten percent of net income per month \$ _____

Name and symbol of stock you chose _____

Total gain or loss per share for the month \$ _____

HOUSING

The days of mooching off mom and dad are over! You must find your own place to live. Your new place must be located in the metro Atlanta area and they must be in an area that you would actually consider living. You can choose to live in an apartment, house, condo or trailer, but you must have the actual advertisement to prove your new residence exists. You may have no more than 1 roommate. 15 of you in a 1 bedroom apartment is unhealthy.

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. You will need to find out what utilities are required in your new pad and then you will need to investigate the monthly costs of these utilities. Keep in mind that some apartments/condos include certain utilities while others do not. You need proof that certain utilities are included.

Electricity per month \$ _____

Natural gas per month \$ _____

Water per month \$ _____

Regular phone per month \$ _____

Cable/satellite per month \$ _____

Garbage per month \$ _____

Sewage per month \$ _____

Cell phone per month \$ _____

Internet services \$ _____

Total utilities per month \$ _____

AUTOMOBILE

You live in/near Atlanta so public transportation is not really a viable option. You must purchase a car or truck that is no older than 2005. The vehicle you purchase must have fewer than 75,000 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 almost forgot—the purchase price of the vehicle must be at least \$10,000. You may purchase a motorcycle if you wish but the purchase price will be lowered to a minimum of \$6,500. All other requirements apply to a motorcycle.

Make of vehicle _____ Model _____

Year of vehicle _____ Miles _____

Length of vehicle financing 48 months Interest rate 8%

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 FOR AUTO

Gasoline costs will depend on the total number of miles you drive per week. We will assume that each of you works at the Georgia Pacific Building in downtown Atlanta. You will need to calculate the distance between your place of residence and the GP building in order to figure total gasoline costs. You are allowed to walk only if you live less than a quarter mile from the GP Building. You may take MARTA to defray gasoline costs, but you must include public transportation costs if you choose this. 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 ‘round” miles: _____ X 4.3= _____ miles per month

Miles per gallon of automobile: _____

Average gas prices: \$3.50

Average monthly per gallon cost of gasoline:

Total monthly cost of gasoline: \$ _____

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

Total monthly MARTA costs (if applicable): \$ _____

Total monthly transportation costs: \$ _____

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, health, and life.

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 \$ _____ (\$50,000 term life insurance policy)

Agent & Company _____

Total Health 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 McDonalds, but for our purposes, however, you will need to eat at least three square meals each day and each of these meals must be prepared by you. (There will be no going home to eat with mom and dad because they are tired of feeding 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! Points will be deducted if you do not consume multiple servings of fruits and vegetables every day. (Nobody is getting scurvy on my watch) 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

ENTERTAINMENT

Make a detailed list of your weekly activities and the cost for each. Be specific! Remember that this project is for a month and each month has at least four weekends. I expect to see a recording of the costs

of your social life, which will include more than just the video game playing that currently eats up all your time. Please be sure to include all costs associated with dating that dreamy boyfriend/girlfriend you will surely be seeing in the future.

*Eating out should be listed in this section.

Week 1 subtotal \$ _____

Week 2 subtotal \$ _____

Week 3 subtotal \$ _____

Week 4 subtotal \$ _____

Total entertainment costs: \$ _____

CLOTHING

Estimate as best you can what you will need to purchase over the course of a year and then figure what that would be monthly. Remember that you are now paid as a professional and professionals most assuredly do not buy their work clothing at second hand stores. For the military project, you will be purchasing civilian clothing since your uniforms are all given to you.

| <u>Item</u> | <u>Price</u> |
|-------------|--------------|
|-------------|--------------|

Total monthly clothing 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 washer and dryer (buck- fifty a load!!) Spending 4 hours in a laundry mat each week is a special kind of joy.

Personal Hygiene

Cleaning Supplies

Laundry Costs

Other: (includes furniture)

Total miscellaneous expense costs: \$_____

STUDENT LOAN PAYMENT

Time to pay up for the best 6 years of your life. Sorry, but you messed around and lost the HOPE.

Total monthly student loan payment \$ 267

GRAND TOTAL OF ALL MONTHLY EXPENSE:

Total monthly investment: \$_____

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: \$ _____

Each of you must do your own budget. You cannot simply say that you are sharing all expenses with somebody in the class. You will be graded on accuracy and thoroughness of your budget. 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 |
|------|-------|------|------|
|------|-------|------|------|

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 | | | |

**You are required to pick at least one stock and track it for the duration of this project.* Give a brief description of the company whose stock you chose to purchase below:

| Stock Symbol | 52 week high | 52 week low | Purchase price and date | Price week 2 and date | Price week 3 and date | Price day before due and date |
|--------------|--------------|-------------|-------------------------|-----------------------|-----------------------|-------------------------------|
| | | | | | | |

Military Requirements:

You will be slightly different than the “normal” project. Your base pay will be your paycheck every month and you need to remove Federal Income tax and FICA (using the same rates on the first page of the project) but not remove State Income tax. Health insurance is provided to you by the military so you will not need to pay for that insurance. All other insurance rates are discounted for military service members so make sure you include that information when you find your insurance quotes.

Rank: E-3

Base Pay: \$1805.40/month

BAS (Food): this money is given to you to pay for any groceries you purchase. You may shop at the Commissary for your groceries which is definitely cheaper, but you may not eat on base since you don't live on base.

\$357.55/month

BAH (Housing): this will help pay for your rent and your utilities only if you don't go over the allowance given to you. If you go over your allowance for rent and utilities combined, you will be expected to pay out of pocket. Look for a place that is relatively close to your base so that you don't have to pay for as much transportation. You will not have to pay to park.

Navy – based in Whidbey Island, WA - \$834/month

Air Force – based in Eglin AFB, FL - \$939/month

Marine Corps – based in Camp Pendleton, CA - \$1296/month

Army – based in Newport News, VA - \$1032/month

Coast Guard – based in Cape Cod, MA - \$1062/month