

Unit 2: Personal Finance “Real Life Experience” Scenario

Name: _____

Class Period: _____

Step One: Circle a profession you are interested in (median salary)

Teacher- \$44, 679	Physical Therapist- \$66, 560
Police Officer- \$48,336	Registered Nurse- \$53, 988
Mechanical Engineer- \$66,995	Certified Nurse Assistant- \$25, 792
Office Manager- \$42,002	Social Worker- \$41,662
Administrative Assistant- \$36, 454	Firemen- \$43, 915
Lawyer- \$77,251	Mechanic- \$39, 208
Doctor (general practice) - \$144, 015	Waiter- \$19, 665

Other: _____ Median salary: \$ _____

Step Two: Take out the taxes (based on an estimation)

Let's say your salary is less than \$50,000...multiply your salary x .15 = _____. Subtract that number from your salary = _____. Divide that number by 52 weeks= _____ your take home pay per week

Let's say your salary is more than 50,000 but less than 100,000...multiply your salary x .25 = _____. Subtract that number from your salary= _____. Divide that number by 52 weeks= _____ your take home pay per week.

Let's say your salary is more than 100,000...multiply your salary x .35= _____. Subtract that number from your salary= _____. Divide that number by 52 weeks= _____ your take home pay per week.

***Milestone Review Question: What type of tax system is this? _____

Step Three: Expenses (estimation of monthly balance sheet for a family of 4) Multiply weekly income by 4: _____

Rent: \$725	Cell phone bill: \$150
Mortgage (includes homeowners insurance): \$850	Disability insurance: \$50
Car Payment: \$350	Cable/Internet bill: \$150
Groceries: \$400	Water bill: \$40
Electricity bill: \$200	Car Insurance bill: \$100
Health insurance: \$180	Retirement Fund: \$100
Savings Account: \$100	Gas for car: \$200
Pets: \$75	College loans for you and your spouse: \$300

***Feel free to adjust these numbers if you think they do not apply to your future life situation.

Also, remember that you can't have a professional career without a college degree(s), hence college loan debt!!!

****Assuming your husband/wife doesn't work how much do you have left over? \$ _____ for the month**

Step Four: Life Happens

- Your daughter gets sick and has to be in the hospital. You have to pay \$2000 out of pocket before the health insurance company starts to pay the bill. What is this an example of?
_____ Did you have enough left over from your pay check to cover that expense? _____
- The following month, your wife gets into a car accident. She is out of work, but luckily you have been paying for _____ which helps pay the bills.

- The month after, your son gets into a minor car accident. You have to pay \$500 out of pocket before your _____ company pays for the rest of the damages. Your insurance goes up to \$250 per month from \$100. Do you have enough left over from your paycheck to cover that expense? _____
- The government passes a new tax law that increases the tax percentage to 20% (.2) for less than \$50,000, 30% (.3) for 50-99,999, and 40% (.4) for anyone making over \$100,000. How much less will you be bringing home after taxes? _____
- You get laid off from your job, and find a job that only pays \$25,000 a year. Your spouse finds a job that only makes \$25,000 a year. You make \$50,000 total but now you have to pay for daycare which is \$300 a month. How much money do you have left over after you include all your other expenses? _____ Do you have enough money, or do you have to cut back on your expenses?
- You want to go on vacation and you charge \$6,000 for a vacation to Disney. If the interest rate is 25%, how much will you have to pay IF you were able to pay it off all at once? $6,000 \times .25 = \underline{\hspace{2cm}} + 6,000 = \underline{\hspace{2cm}}$
- You have a third child, and now your grocery bill goes up another \$100. How much do you have left over? _____.

Economic Decisions Making

The best choice is when the benefits outweigh the _____.

You do not want to burden yourself with too much _____.

The main causes of debt are college _____, _____, _____ debt, and medical bills.

What happens to your credit score when you have a lot of debt and you start missing monthly payments?

What can become more difficult if you have a low credit score?

-It's harder to get a car loan because your _____ will be higher.

-It will become more difficult to get approved for a _____ when you want to buy a house.

If you have a lot of debt, it will be hard to invest in the _____ market because you won't have the funds to start.

When you have credit card debt with multiple banks, it is better to pay off those that have the higher _____ interest because it takes a lot longer to pay it off if you only make the minimum payment each month.

It is important to protect yourself against unexpected events. You want to have the following protections:

- _____: is meant to cover health and medical expenses.
- _____: provides a policy-holder with income in the event that they become disabled and unable to work.
- _____: pays if you are held financially liable (responsible) for an accident.
- _____: covers a policy-holders house in the event it is damaged or destroyed.
- Always pay your insurance _____ each month, and make sure you are aware of how much your _____ are (money out of your pocket before insurance kicks in).