

FAMILY ECONOMICS & FINANCIAL EDUCATION

GET READY TO TAKE CHARGE
OF YOUR FINANCES



LIFE OF....



TAYLOR B. JONES

"A TEENAGER'S SPENDING PLAN"

Funded by a grant from Take Charge America, Inc.

SNAPSHOT



TAYLOR B. JONES



Directions: The following information is a Snapshot on Taylor and his family. Read all information carefully in order to make wise decisions when creating a spending plan for the Jones family.

It is Friday afternoon and Taylor can not wait to go outside and ride his motorcycle. He has worked two nights this past week and is working all day Saturday at Cubby's Restaurant & Grill, so he wants to take advantage of the free time he has. Next weekend, he has a motocross competition so he wants to practice to ensure a smooth ride. His season has been very successful thus far and he is really looking forward to the competition.

He is also on the North Shore High School chess team and is organizing a community tournament that will be open to individuals of all ages. He enjoys playing chess with his grandmother when she visits on the weekends, and thinks other elderly individuals will enjoy the tournament as well. The location he wants to rent for the tournament costs \$100, so he is busy asking local businesses for donations. He would like to make a personal donation, but needs community support as well. If he organizes and publicizes the tournament well, it should be a successful community event that will hopefully be repeated in the future even after he graduates.

Taylor has been researching several different technical universities he would like to attend after high school. He really enjoys fixing his motorcycle and is interested in becoming a small engine mechanic. He has registered to take an auto cad course this year and has been saving a portion of his income from Cubby's Restaurant & Grill for his tuition.

Meanwhile, Taylor's mom, Liz needs to pick up his sister Ella from school. Liz is an artist and works three days a week in the office and two from home. The Jones family is hosting a block party tonight so both Liz and Ella need to hurry to make several final preparations before the guests arrive. The Jones' love to have guests at their house and entertain friends and family often. Liz's mom and dad also live in the area and often spend Sunday's enjoying time with their grandchildren.

Ella is in the fourth grade and loves to draw. She hopes to follow in her mother's footsteps as an artist but for now she enjoys taking dance classes at a local studio. Ella travels to dance practice in a carpool with other children that live in their neighborhood. Luckily this is not the Jones' family's week to drive because both Liz and Jerome are busy preparing for their block party.

Jerome, Taylor's father, is an assistant chef at a small bistro. He usually works until closing time, but has switched his work schedule with a co-worker in order to make it home to the block party. He has spent countless hours preparing the perfect menu and is anxious to get busy preparing the food. When Jerome is not working he enjoys playing catch with Taylor and Ella, going to the movies with his wife and listening to music. The entire family enjoys sports and attends Taylor's motocross competitions and other sporting events as often as possible.

SNAPSHOT



TAYLOR'S INCOME

As a high school student, Taylor manages his time well to be involved in extra-curricular activities at school and in the community while working a part-time job at Cubby's Restaurant & Grill. Taylor is a dishwasher and clears tables when the restaurant is busy. He earns a wage and also receives a portion of tips. Taylor's grandparents have a tradition of giving money for each grandchild's birthday and wish that half of the money be saved for college expenses. Taylor's parents also give him a monthly allowance for taking out the trash, picking up the mail, helping clean the house and mowing the lawn or shoveling snow off the driveway and sidewalk.

CUBBY'S RESTAURANT & GRILL	Taylor works during the evening and on weekends as a dish washer. He earns \$5.25 an hour and works ten hours a week . He also gets a portion of tips which is approximately \$75.00 a month .
ALLOWANCE	As a member of the Jones family, Taylor is expected to help around the house. His parents have agreed to pay Taylor a monthly allowance of \$20.00 if he completes the tasks.
GIFTS	Taylor is excited because it is his birthday this month and his grandparents always send him \$50.00 as a gift. He may spend the money as he wishes as long as half of it is saved for college expenses.

TAYLOR'S EXPENSES

The expenses that Taylor is responsible for, or has the option to buy, are described below. When creating Taylor's Spending Plan, be sure to consider his values, needs and wants before buying items.

TRANSPORTATION	Because Taylor needs transportation to and from his part-time job, his parents have agreed to purchase a car for Taylor. However, he must pay for his own fuel . On page 17 there are different transportation options to choose from.
OTHER	On pages 8 and 9 there are many other items such as a cellular phone, motocross upgrades, electronics, a baseball collection, and entertainment options. All costs are identified in red . You may choose as many of these items as Taylor can afford to purchase.

*The goal is to create a spending plan that balances Taylor's expenses with his income.
He can not have more expenses than he has income.*

SNAPSHOT



JONES FAMILY EXPENSES

Directions: The chart below describes the Jones' family major expenditures; housing, transportation, insurance and food. Read each category below to determine how much money is allocated for each expenditure. A house and vehicle will need to be purchased for the Jones' family from the options on pages 5, 6, and 7. The total amount allowed for all housing and transportation expenses are described below and must not be exceeded when completing the Jones family spending plan on pages 13 and 14.

TAYLOR'S ACTIVITIES	Taylor's mom and dad have agreed to pay for his motocross and chess expenses. They understand that he works hard at school and his part-time job and will support the basic costs of his extra-curricular activities. There is a nicer chess set and newer motocross clothing items on pages 8 and 9 that Taylor would like to purchase, however his parents have provided the necessities for both activities. If he wants either item, he must pay for them himself.
HOUSING	The Jones' family allocates \$2000 each month to be spent on all housing costs. This includes their housing monthly payment, utilities, and other housing expenses including television, internet and telephone described on pages 5 and 6. They must have a home, but the television, internet and telephone plans are optional. When making housing decisions for the family, remember \$2000 is the maximum allotted amount for all housing expenses.
TRANSPORTATION	The Jones family owns one family car. Each month, Taylor's parents pay the monthly payment and fuel costs for the family car. They have also made an agreement with Taylor that because he needs a car to get to and from his part-time job, they will pay his monthly payment, if he pays for fuel. The total amount the family has allotted for all transportation costs is \$1000.
INSURANCE	Taylor's parents pay \$1200 each month for insurance. Their homeowner's insurance, health, life, and vehicle insurance costs are all included.
FOOD	Both Liz and Jerome enjoy cooking and sharing meals with their family at home. However, because of their busy schedules, the Jones family eats out approximately five to ten times a month. Each month, the Jones family allots \$600 for groceries and eating out.

HOUSING



Directions: Choose one home for the Jones family to live. Consider the size of the family, age of all family members and the family lifestyle. The **Monthly Payment** includes the housing payment, insurance, property taxes, repairs and maintenance. The **Utilities** cost includes heat, electricity, water, sewer and garbage.



House A

A 1963 sq. ft. three story fixer-upper home featuring 5 bedrooms, 2 bathrooms, family room, living room, laundry room with washer/dryer, porch, fenced yard, and 4 car garage.

- Monthly Payment: \$2454.32
- Utilities: \$206.20



House B

A 1016 sq. ft. single story mobile home featuring 3 bedrooms, 2 bathrooms, fireplace, porch, shed and small lot.

- Monthly Payment: \$478.65
- Utilities: \$170.85



House C

A 1600 sq. ft. single story home featuring 3 bedrooms, 1 bathroom, full basement, central air conditioning, 2 porches, and off-street parking for 3 cars.

- Monthly Payment: \$1034.05
- Utilities: \$190.05



House D

A 1420 sq. ft. apartment featuring 2 bedrooms, 2 bathrooms, extra storage, fireplace, on-site pool/hot tub, spa, fitness center, sun deck and covered parking.

- Monthly Payment: \$815.00
- Utilities: \$136.60

HOUSING OTHER



Directions: The following options are for the Jones' home. Taylor's parents will pay for the expenses listed below. Before making any decisions, take into consideration what the Jones enjoy doing in their free time and the needs of the family. Refer to page 4 for the total amount allotted for housing expenses (\$2000) and record the following housing others for the Jones family on page 14 of the spending plan.

SATELLITE DISH

- Top 100 Package: \$33.99/mo.

Includes 100 channels in children's programming, entertainment, family programming, music channels, news, public interest, and sports.



DIGITAL CABLE

- Basic Package: \$47.95/mo.

Includes basic (ABC, CBS, FOX, NBC, PBS) and expanded (CNN, DISC, ESPN, FAM, MTV, TBS, TWC, WGN, etc.) channels.

- Expanded Package: \$56.95/mo.

Includes basic and expanded channels plus one movie package (4 Cinemax channels, 8 HBO channels, 12 Showtime channels, or 17 Starz/Encore channels).

- Everything Package: \$83.95/mo.

Includes basic and expanded channels with all four movie packages.



PHONE LINE IN HOUSE

- Basic package: \$20.00/mo.

Includes only a phone line with no special services and no long distance.

- Advanced package: \$25.99/mo.

Includes a phone line with caller ID, call waiting, and voice mail with no long distance.

- Long distance: \$25.00/mo.

If selected, this must be included with the Basic or Advanced package and provides an unlimited number of phone calls.



INTERNET

- 56K dial-up access: \$18.55/mo.
- Wireless access: \$40.00/mo.
- DSL access: \$45.00/mo.



TRANSPORTATION



Directions: Choose one vehicle for the Jones family. Take into consideration how many people are in their family, and fuel costs when traveling to visit family members. The **Monthly Payment** includes the car payment and maintenance costs. Taylor's parents will pay his car payment, however he is responsible for the **fuel costs** that are listed below in **red**. Taylor's **fuel costs** need to be recorded on his spending plan on page 16. Remember, the Jones have allocated \$1000 for all transportation costs.

A.

\$11,9342005 Hyundai Accent

- Payment: \$212.68/mo.
- Fuel Costs: **\$85.83/mo.**

B.

\$9,4671999 Suzuki Grand Vitara

- Payment: \$263.08/mo.
- Fuel Costs: **\$129.02/mo.**

C.

\$24,9392002 Chevrolet Suburban

- Payment: \$415.72/mo.
- Fuel Costs: **\$163.98/mo.**

D.

\$1,6951993 Saturn SL2

- Payment: \$47.10/mo.
- Fuel Costs: **\$75.20/mo.**

E.

\$56,7602007 Cadillac Escalade

- Payment: \$1,011.52/mo.
- Fuel Costs: **\$174.75/mo.**

F.

\$32,6902003 Dodge Ram

- Payment: \$582.57/mo.
- Fuel Costs: **\$218.02/mo.**

OTHERS

Directions: The following “other” items are available for Taylor to purchase. You may choose any items described below. Each cost listed in **red** is Taylor’s monthly expense that must be recorded on page 16 of his spending plan.



CELLULAR PHONE

- Basic plan: **\$39.99/mo.**
Includes 500 day minutes, 20¢ long distance per minute, caller ID, and voicemail.
- Upgraded plan: **\$49.99/mo.**
Includes 500 day minutes, unlimited mobile to mobile minutes, unlimited nights and weekends, free long distance, caller ID, and voicemail.
- Upgraded plus plan: **\$69.99/mo.**
Includes 1,000 day minutes, unlimited mobile to mobile minutes, unlimited nights and weekends, unlimited text messaging, free long distance, caller ID, and voicemail.

MOTOCROSS UPGRADES



2007 HONDA CR85R

- Monthly Payment and Insurance: **\$185.28**
- Fuel: **\$30.00**



AXO'S BEST GEAR

- Gloves, Jersey, Boots and Pants: **\$189.95**
Pick your own color!

ELECTRONICS

- iPod Shuffle: **\$69.90**
512 MB that holds 120 songs with a twelve hour rechargeable battery.
- Sony MP3 Player: **\$124.95**
512 MB that holds 345 songs with a fifty hour rechargeable battery.
- JVC 1 CD Mini Shelf Stereo and System: **\$399.99**
CD, clock timer, 2 column speakers, sub woofer , and 20 radio stations memory track.
- PlayStation 2 System: **\$149.99**
This compact design includes surround sound, 2 memory card slots, DVD playback and online playing capabilities.
- Canon PowerShot A520 Digital Camera: **\$169.95**
4 Megapixels, 4x optical zoom with a 1.8 inch LCD screen size.

OTHERS



Directions: The following “other” items are available for Taylor to purchase. Choose any described below or create your desired item in the space provided at the bottom of the page. Each cost listed in **red** is a monthly expense that must be recorded on Taylor’s spending plan on page 16.

HOBBIES



BASEBALL CARD COLLECCTION

- Rookie Baseball Card Collection: **\$19.99**
Includes 8 original baseball cards from various athletes during their rookie year. The collection will increase in value in the years to come.



CHESS SET

- Magnetic Walnut Chess Set: **\$29.92**
This attractive inlaid, magnetic chessboard has 1 1/4 squares and a storage drawer to neatly organize and store all the pieces

ENTERTAINMENT

- Renting movies: **\$7.00**
2 rentals at the local video store.
- Going out to the movies: **\$15.00**
1 box office movie with a large popcorn and soda.
- Skateboard park: **\$0.00**
Enjoy as much time you would like at the local skateboard park for free!
- Go to the mall: **\$0.00**
Spend time with friends while browsing at the mall.
- Meeting friends for ice cream: **\$3.50**
Get together with friends at the local ice cream shop.
- MLB game: **\$25.00**
1 ticket to a Major League Baseball game.
- Rock Concert: **\$50.00**
1 ticket to a rock concert of your choice.
- Swimming at the local pool: **\$10.00**
Enjoy unlimited swimming at the local pool with this monthly swimming pass.

CREATE YOUR OWN

Draw a picture and list the cost of other items that Taylor would like to have in the space provided.

SNAPSHOT REFLECTION

TAYLOR B. JONES



Directions: The following questions relate to Taylor's Snapshot on page 2-4. Read each question carefully and respond with a short answer.

1. Describe the events and activities Taylor must manage in order to make time for his part-time job. (1 point)

2. What two things would Taylor like to save money for? (2 points)

3. How will Taylor and his family's values which impact the decisions made when creating their spending plans? (1 point)

4. Describe the major expenditures that the Jones family provides for Taylor. (1 point)

5. How is Taylor building his human capital? (1 point)

TAYLOR'S PAYCHECK



Directions: Read the paycheck below and answer questions 6 and 7 in the spaces provided.

Cubby's Restaurant & Grill
309 Birch Avenue
North Shore, USA 12345

1234

Date March 5, 2006

Pay To The
Order Of: TAYLOR B. JONES

\$170.83

ONE-HUNDRED, SEVENTY AND 83/100 Dollars

National Bank
5832 Main Street
Any City, USA 98765-4321

Memo FEBRUARY PAYCHECK

0123456789 : 0987654321 : 1234

Cubby's Restaurant & Grill

Authorized Signature

Cubby's Restaurant & Grill				Pay Period 2/1/2006-2/29/2006	
Employee Jones, Taylor		SSN 999-88-4444		Check # 1234	Check Amount \$170.83
Employee Address 61 Lakeside Drive North Shore, USA 12345					
Pay Type	Gross Pay	Year-to-date Gross Pay	Deductions	Current	Year-to-date
Regular	\$210.00	\$420.00	Federal Withholding	\$16.80	\$33.60
			State Withholding	\$6.30	\$12.60
			FICA	\$16.07	\$32.14
			Totals	\$39.17	\$78.34



6. What is Taylor's net pay? How is this determined? (1point)



7. What deductions are added together to determine his total payroll withholdings? (1 point)

SETTING FINANCIAL GOALS



Directions: After reading Taylor's snapshot on pages 2-4, and reviewing the items that Taylor can purchase on pages 8 and 9, answer the following questions. Remember to include the 5 elements of goal setting described below when setting financial goals.

SMART Goal

Specific

State exactly what you would like to do with the money involved.

Measurable

Write the exact dollar amount.

Attainable

Determine how the goal can be reached.

Realistic

Do not set the goal for something unattainable or unrealistic.

Time Bound

Specifically state when the goal needs to be reached.



8. Write one short-term financial goal for Taylor. (reached in a time period less than one year) (5 points)



9. Write one long-term financial goal for Taylor. (reached in a time period more than one year) (5 points)



10. Why is it beneficial to set financial goals? (1 point)

JONES' MAJOR EXPENDITURES



Directions: Refer to pages 5 and 6 to determine the housing options for the Jones' family. Record all expenses on lines A-K and answer questions 11-14 in the spaces provided.

EXPENSES—HOUSING

? 11. How much money has the Jones family allocated for their total housing expenses? (1 point)

• HOUSING

From the options on page 5, choose a home for the Jones family and record the Monthly Payment on line A and the Utilities on line B. Add the two expenses to determine the Jones family Housing Total expense and record on line C.

Monthly Payment: **A.** _____

Utilities : **B.** _____

HOUSING TOTAL: **C.**

? 12. What three things about the Jones' family described in the Snapshot on pages 2-4 need to be considered when determining which house is best for them? (3 points)

? 13. What is the letter of the house that you chose? Why did you choose this home? (2 points)

• HOUSING OTHERS

After reading the other housing expenses on page 6, determine which the Jones family will have. List with option for each was chosen on the line before the expenditure. Record the monthly expense of each desired item on lines D-G and total all four to determine the Housing Others Total expense on line H.

_____ Internet: **D.** _____

_____ Landline Telephone: **E.** _____

_____ Digital Cable: **F.** _____

_____ Satellite Dish: **G.** _____

HOUSING OTHERS TOTAL: **H.**

? 14. How did you determine which Housing Others the Jones' family needed? (1 point)

• TOTAL HOUSING COST

Add the Housing Total and Housing Others from above to determine the Jones' Total Housing Cost and write on line K. Ensure it is less than or equal to the allocated amount described on page 4.

Housing Total: **I.** _____

Housing Others Total : **J.** _____

TOTAL HOUSING COST: **K.**

JONES' MAJOR EXPENDITURES



Directions: After reviewing the transportation options on page 7, choose one vehicle for the Jones family and one vehicle for Taylor. Taylor will be responsible for paying his **fuel** costs and his parents will pay his monthly payment. Taylor's vehicle expenses will be recorded on his spending plan on page 16. Answer questions 15-17 in the spaces provided.

EXPENSES—TRANSPORTATION

? 15. How much money has the Jones family allocated for their total transportation expenses? (1 point)

• TRANSPORTATION

Refer to page 7 and decide which car the Jones family and Taylor will drive. Record on lines L-O. Ensure the total cost is less than or equal to the allocated amount described on page 4.

Jones Family Monthly Payment : L.

Jones Family Fuel: M.

Taylor's Vehicle Monthly Payment N.

JONES FAMILY TRANSPORTATION TOTAL: O.

? 16. What two things about the Jones family described in the Snapshot on pages 2-4 do you need to consider when determining which vehicle is best for them? (2 points)

? 17. What is the letter of the Jones family vehicle that you chose? Why did you choose this vehicle? (2 points)

JONES FAMILY MAJOR EXPENDITURES SUMMARY

• MAJOR EXPENDITURES

Refer to the Jones family snapshot on page 4, selections made on page 13 and those listed above to complete the major expenditures summary. All expenses are listed on lines P-S with the total on line T.

Total Housing Cost: P.

Jones Family Total Transportation Cost: Q.

Insurance: R.

Food: S.

MAJOR EXPENDITURES TOTAL: T.

TAYLOR'S SPENDING PLAN



Directions: Identify Taylor's payroll withholdings and amount to save to write on lines V-Z. Answer questions 18-20 by writing a short answer in the spaces provided.

EXPENSES—PAYROLL WITHHOLDINGS

• PAYROLL WITHHOLDINGS


Review Taylor's paycheck on page 11 to determine his payroll withholdings and write each on lines U-W. Total the payroll withholdings and write on line X.

State Withholding Tax: U.

Federal Withholding Tax: V.

FICA: W.

PAYROLL WITHHOLDINGS TOTAL: X.


 18. What do taxes pay for? (1 point)


EXPENSES—SAVINGS

• SAVINGS

Carefully review the snapshot on pages 2-4 and short-term and long-term goals set on page 12 to determine how much money Taylor will save each month. Write this amount on line Y.

SAVINGS TOTAL: Y.

 19. Other than Taylor's birthday money, how did you determine how much money Taylor should save? (1 point)

 20. Other than paying for college expenses, why should students save money? (1 point)

TAYLOR'S SPENDING PLAN



Directions: After reviewing the transportation options on page 7, choose one vehicle for Taylor. Taylor will be responsible for paying his **fuel** costs and his parents will pay his monthly payment and the monthly payment and fuel costs for their vehicle. Answer questions 21-22 in the spaces provided. Choose all additional "other" items that Taylor will have. Refer to pages 8 and 9 for all options and record the expenses on lines CC-II. Total all other expenses and record on line JJ.

EXPENSES—TRANSPORTATION

• TRANSPORTATION

Refer to page 7 and decide which car Taylor will drive. Record the fuel expenses on line AA and BB.

Taylor's Vehicle Fuel: AA.

TAYLOR'S TRANSPORTATION TOTAL: BB.



21. What is the letter of the vehicle that you chose for Taylor? Why did you choose this vehicle? (1 point)



22. If Taylor lived in a metropolitan area, what other transportation options than purchasing a car would he have? (1 point)

EXPENSES—OTHERS

• OTHERS

After reviewing all items on pages 8 and 9, choose which items Taylor would like. Record the name of the item on the line before the category title and the costs in **red** on lines CC-II. Add up all lines and record the total on line JJ.

_____ Cellular Phone: CC.

_____ Motocross Upgrades: DD.

_____ Electronics: EE.

_____ Clothing: FF.

_____ Hobbies: GG.

_____ Entertainment: HH.

_____ Create Your Own: II.

OTHERS TOTAL: JJ.

TAYLOR'S SPENDING PLAN SUMMARY



Directions: Transfer the total cost of all items listed on Taylor's spending plan on pages 15-16 to complete the Spending Plan Summary below. Once all income and expenses are recorded, calculate the difference to determine if Taylor's spending plan is balanced.

INCOME

▪ GROSS INCOME

Review Taylor's snapshot on pages 2-4 and his paycheck on page 11 to determine his gross income and record on lines KK-NN. Calculate the sum of all income to determine his gross income total and record on line OO.

Wage: KK.Tips: LL.Allowance: MM.Gifts: NN.GROSS INCOME TOTAL: OO.

EXPENSES

• TAYLOR'S TOTAL EXPENSES

Review Taylor's Snapshot on pages 2-4, his paycheck on page 11, his savings which were determined on page 13, his transportation (**fuel**) costs on page 15, and the other items recorded on page 16 to determine his total expenses. Record each item on the spaces provided to the right.

Payroll Withholdings: PP.Savings: QQ.Transportation: RR.Others: SS.EXPENSES TOTAL: TT.

DIFFERENCE

▪ GROSS INCOME - TOTAL EXPENSES

To determine if Taylor has enough income to pay for his expenses, subtract his Expenses Total from his Gross Income Total.


Gross Income Total: UU.Expenses Total: VV.Difference: WW.


If the difference is a negative number, go back and adjust Taylor's expenses. The amount on line WW needs to equal zero in order to have a balanced spending plan.


SPENDING PLAN REFLECTION




Directions: After making all necessary changes to Taylor's spending plan and calculating the difference of income and expenses to equal \$0.00, answer questions 23-27 in the spaces provided.


 23. Was it difficult to get the difference to equal zero? Why or why not? (1 point)

 24. Describe the benefits of creating a spending plan. (1 point)

 25. Can Taylor afford all items that he wants? (1 point)

How did you decide which items were more important than others? (1 point)

 26. Will Taylor be able to achieve his short term and long term goals? Why or Why Not? (2 points)

 27. What was the most difficult part of creating a spending plan for Taylor?