



PERSONAL FINANCE

Comprehensive Family Simulation Project



Project General Information:

First and foremost, congratulations on your marriage!

You and your partner will be starting a “Family Simulation” project for class. Each couple has a page on my website.

To Log In:

www.abschools.k12.wi.us/admin

Click “Personal Finance Class Projects” on my homepage.

Username: **mills**

Password: **pf2010**

Click on “Family Simulation Project”

Username: _____

Password: _____

This will lead you to your page.

Within your page, you will create a Folder for each category. You must be in “**edit**” mode. Click “**Manage Categories**” and add a category for each section in this project:

Planning a Wedding

Family Budget

Renting an Apartment

Buying a Vehicle

Selecting Insurance

Starting a Retirement Account

Having a Baby

Investments

- ✓ You will be uploading your documents to your webpage every day.
- ✓ You will find all of the charts and resources needed for this project in the “Project Templates” page. From here, save the template into your student folder. At the end of each class period, upload the document into the correct category.
 - (add new document – Select file – drop down menu – choose category).
 - After you upload a new version of that document, delete the old one from the day before.
- ✓ Name the document with the correct title, date, your name (of the person’s student folder you uploaded from).
 - Example: *Insurance.12.14.Jane.*
 - By using this format, you will stay organized, and know who has the most updated document in their folder.
- For the completed document/chart, just name it with the correct title: *Insurance*

Follow the directions in this packet. (Read carefully).

- ✓ **Type each part consistently in the third person with a slight modification. When you are talking about two people in your group, be sure to mention “Jane and Jim.” When you are talking about one person, be sure to use the name “Jane”, never the word “I”. Keep in mind, when you are talking about the entire family, you may use “We” or the word “our”.**

You will be excused one day which you do not need to make up. After that, you will be required to make up that time, or lose points for that day. Keep in mind, however, that any unexcused absence automatically results in a loss of points for that day for the individual (not group). Lack of effort (being lazy, socializing with other group members, playing games or doing other work on the computer, etc.) will also cause loss of daily points for that individual. Don't allow the other partner to do all the work.

Due Date: _____

SECTION 1: INTRODUCTION

To begin, type your introduction on your homepage in the first text box.

In this section, you will write about how the two “spouses-to-be” met. How did you get engaged? What are each of the “spouses-to-be’s” ambitions and/or goals in life? What career paths do you both want to take? Be creative in this section; in other words, have fun! You will want to write this section in a story-like format.

- ✓ DO NOT write this section all in one paragraph; organize ideas into appropriate paragraphs.
- ✓ Start the report as though you are both the age of 26.
- ✓ You do NOT have children at this stage of the paper. You may write about how you would like to have children down the road, but at this stage of the paper, you do not know what the future holds.
- ✓ Keep in mind that you MUST remain in the Steven’s Point area (45 minute radius) throughout the project. The exception, of course, would include your honeymoon.

Then “**add a new content box.**” In this second box you will add a *photo of your family*. You can literally take a picture, or find a picture on the internet.

SECTION 2: WEDDING PREPARATION

Congratulations on your engagement! Both of you (at the age of 26) have decided that it is time to get married one year from now (at the age of 27). You will calculate the total cost of your future wedding. You can decide to travel to an exotic location to get married or you can have a traditional wedding. Your honeymoon could be to Door County in Wisconsin or to the Bahamas. The choice is completely yours with a few rules to keep in mind. There is NO eloping, NO drive-through weddings in Vega\$, and NO one is helping with any of the expenses unless specifically mentioned below in the instructions (sorry....not even your parents)!

Format and Topics:

- ✓ To begin this section, Open a Word document, Save in your folder. Title: Wedding Description.
- ✓ Remember to upload at the end of each class!
 - Write a one-paragraph description of what you want your wedding to be like (extravagant, elegant, church ceremony, nontraditional, etc.)
 - In the second paragraph, include who your wedding party would consist of (options include groomsmen, bridesmaids, ring bearer, miniature bride, etc.).
 - In the third paragraph, type the sentence “Take a look at our chart: *Wedding Preparation and Cost* to see our budget preparation for our wedding”
 - Find the file designated as “*Chart - Wedding*” (located in “Project Templates” page) Save it immediately to your folder.
- ✓ Fill out the chart after doing extensive research and “guesstimations.” Your group will use the internet as much as possible as well as your own personal knowledge to estimate how much money it will cost for your big day. Keep in mind that the abbreviation “CI” on your chart stands for “Check Internet” and that an “*” located next to the category means that your group is required to include pictures of that

specific category (wedding dress, etc.) within your report. These pictures should go in the written paragraphs within this section of your report as they will be part of your grade.

- ✓ After completing the chart, provide a paragraph in your wedding description of what your thoughts were regarding the total cost of your wedding. In other words, do you think that you would be able to pay for this wedding on your own easily or not?
- ✓ **REQUIRED:** All members of the group are required to ask your “real-life parents/guardians” if they would assist you financially in your future wedding. If so, are they able to tell you what types of items they would help with? The information you obtain from your parents should be written in your report based on the responses. You can include all this information in one paragraph, or separate each group member per paragraph.
- ✓ Upload your completed “**Wedding Description**” document and “**Wedding Chart**” in your Wedding Preparation category.

IMPORTANT!!

KEEP IN MIND THAT YOU WILL WANT TO WORK ON SECTIONS 3, 4 AND 5 ALL AT THE SAME TIME. WHEN DOING SECTION 3 (YEARLY FAMILY BUDGET), IT IS IMPORTANT TO MAKE SURE YOUR APARTMENT AND CAR FIT INTO YOUR BUDGET.

S E C T I O N 3 : Y E A R L Y F A M I L Y B U D G E T

Format and Topics:

- ✓ In this section, you will calculate your “Net Income” for your family budget for the year. To do this, you will be asked to subtract all of those fun taxes (Social Security, Medicare, State, Federal, etc.) that you will have to pay in REAL LIFE.
- ✓ Report: In a Word document (Title: Family Budget), you will write a short paragraph about the different types of taxes that you will be required to pay for in real life, and why it is important to calculate your budget based on your “net income” and not your “gross income”.
 - To calculate your “Net Income”, you will need to open “*Chart: Net Income*” (located in “project templates” page). Save immediately in your student folder. Complete the chart (again, you will need to work with Sections 4 and 5 at the same time)
- ✓ Continue on in the report and write a brief paragraph introducing your family budget. To do this, you will explain in a few sentences that with many changes coming up in your life within the next year (finding an apartment, buying a vehicle, saving for retirement, and buying insurance), it is crucial to calculate a yearly budget to make sure you are living within your means.
- ✓ As you search and find all info within Sections 4-5 (renting an apartment and buying a car), you will also be filling out this section by using the chart found here:
 - Find “*Chart: Yearly Budget #1*” (located in “project templates” page). Save immediately in your student folder.
 - Fill in the budget amounts for each category to the best of your ability. You will want to use the “**hints on prices**” file from the project templates to assist you in coming up with many of the yearly budget amounts.
 - Upload **Yearly Budget #1** in your Family Budget category.
- ✓ **REMINDER: Do NOT include any money for a baby. At this point, you are not having a baby within this yearly budget.**

SECTION 4: RENTING AN APARTMENT

Format and Topics:

- ✓ Report: Word document (Titled: Apartment)
- ✓ Include written paragraphs about what factors are important for your family for renting an apartment. Include cost, location, size, number of bedrooms, etc.
- ✓ Within your paragraphs, paste a picture of your apartment which you found online or found in newspaper ads or rental booklets. Any website showing rental apartments in the Stevens Point area will do.
- ✓ After this picture, write a paragraph explaining in detail the specifics of your apartment. Include size, location, cost, number of bedrooms, what is included, what is not included, etc.
- ✓ Upload “Apartment” to the Renting an Apartment category.

SECTION 5: BUYING A VEHICLE

Information:

All families must have two vehicles in your household. The first vehicle will be paid for (no monthly payments). This vehicle must be a 2004 model or older! You obviously will still pay for gas, insurance, and maintenance on this car however.

The second car is the one that you will be purchasing at this time. You must buy a vehicle that is a 2006 model or newer! For this project, assume you will all be given a \$2,000 down payment (if it is a brand new vehicle), a \$1000 down payment (for all used cars valued up to \$9,000 or more), or \$500 (for all other used cars less than \$9,000). Also, assume you are trading in a vehicle worth \$1,750.

Format and Topics:

- ✓ Go into www.kbb.com to find the vehicle of your choice. Keep in mind that you would be in search of a “family” car (i.e., no sports cars). Even though you are not expecting a baby within the next year, you are expecting that your family would start shortly after that. In other words, be realistic and practical!
 - ☺ Once you find one you like, you will open the following file:
 - See “*Chart: Car Payment*” (located in Project Templates). Save this immediately to your student folder.
 - Fill in the table by using any online car payment calculator (good websites include www.autoextra.com/calculator.php or www.bankrate.com)
 - Then decide as a family which of the terms (3, 4, 5, or 6 year loan) you would like to go with. The smallest monthly car payment is NOT always best; remember you are paying more interest over a longer period of time. Make a good, financial decision based on your families’ needs.
 - ✓ Report: Word Document (Title: Buying a Car) you will first write a one paragraph description of your two vehicles that you will be driving this year (one of which will be your newly purchased vehicle). Be sure to include rationale behind why you chose this vehicle. Be sure to describe in detail your vehicle of choice. Also be sure to mention what your “other” vehicle in this project is.
 - ✓ Somewhere within these paragraphs, paste a picture of your vehicles.
 - ✓ Then, write a paragraph that describes your monthly payments and the rationale of why you chose the 3, 4, 5 or 6 year loan. In other words, what deciding factors were involved in your decision?
 - ✓ Upload “Car Payment Chart” and “Buying a Car” document in your Buying a Vehicle category.
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SECTION 6: SELECTING INSURANCE FOR YOUR FAMILY

Format and Topics: ** Pick a Health rating from Ms. Mills before you begin this section.

- ✓ Insurance is a very important item for a family. For this project, you will be required to obtain health insurance, dental insurance, and life insurance. Find “*Chart : Insurance*” in the Project Templates page, save in your student folder , then follow these steps:
 - Look at your options for insurance in “Chart: Insurance” and determine as a family which package would be best for the family for health, dental and life insurance.
 - Complete “Part D” on this file after choosing the appropriate insurance package for your family. This table will show the cost per year to your family for each insurance package you selected.
 - Report: In a Word Document (Title: Insurance for Our Family), write a paragraph about your package decisions. Include one paragraph for health insurance, one paragraph for dental insurance and one paragraph for life insurance. Be sure to include the details of your package and why you chose the specific package as well. For example, be sure to explain why you chose the \$500,000 life insurance policy for Spouse/Partner 1 and the \$500,000 life insurance policy for Spouse/Partner 2. What is the reasoning that you chose \$500,000. Be specific!
 - Upload “Insurance for Our Family” document and “Insurance Chart” to your Selecting Insurance for Your Family category.

SECTION 7: STARTING A RETIREMENT ACCOUNT

Format and Topics:

- ✓ Report: In a Word document (Title: Retirement), In paragraph 1, write about what ages you both would like to retire. Explain that you understand, even at your ages of 27, that both spouses/partners need to start putting money away into a retirement account.
- ✓ Go to the Project Templates to find “*Chart: Retirement Accounts*”, Save in your student folder and follow the directions on that page. Complete the instructions by calculating what is stated.
- ✓ In paragraph 2 of the report, write a paragraph of your decisions on what amount you chose to contribute to a 401(k). Explain the information that was used in this calculator and the rationale for using these numbers.
- ✓ Following this paragraph, copy a printscreen shot of the 401(k) chart and paste it next to the paragraph above.
- ✓ In paragraph 3 of the report, write a paragraph of your decisions on what amount you chose to contribute to a Traditional IRA or the Roth IRA. Be sure to explain why you chose one over the other. (For more info on the differences between a Traditional IRA and a Roth IRA, do a little research.) Explain the information that was used in this calculator and the rationale for using these numbers.
- ✓ Following this paragraph, copy a printscreen shot of the IRA chart and paste it next to the paragraph above.
- ✓ Following the chart, include one paragraph on how you feel about the amount that will have saved up by retirement age. Do you believe that this amount would provide a comfortable retirement for your family? Do you plan to increase your contribution amount in the future? Do you think you will start an additional retirement account in the future?
- ✓ Upload “Retirement” document to your Starting a Retirement Account category.

SECTION 8: HAVING A BABY

Format and Topics:

- ✓ Congratulations! Your family has just found out that “Mom” is expecting a baby during this budgeted year! Go to this website to calculate the cost for having a baby:
<http://www.teenageparent.org/english/costofbaby2B.html>.
 - You will go through this website calculating your expenses. Keep in mind that since you all have insurance, you can place a “0” in the #1 (prenatal care) and #3 (hospital) costs.
 - I understand that many of you will have baby showers to help you with gifts for baby, but at this point, let’s assume that you are calculating the cost without a baby shower.
 - When you have completed the website questions, click “click here” and find your total cost of having a child this year.
 - Copy the website including questions 1-75 and paste it into a Word document (Title: Having a Baby)
- ✓ Report: Below the pasted information from the website, you will write a paragraph or two on your thoughts on the cost of having a baby. This won’t be a lengthy section, but your content should be very meaningful and concise. Be sure to include the total cost as shown in your website above.
- ✓ Upload “Having a Baby” in your Having a Baby category.

SECTION 9: BUYING A HOME IN STEVENS POINT AREA

Format and Topics:

- ✓ You will go onto the <http://www.realtyassociatesllc.wisconsin.remax.com> website and search for a home in the Stevens Point Area. Now that your family is increasing in size, be sure to find a home that you will be able to live in for a long time. Also, keep in mind which school district you would like to send your child when selecting your home.
- ✓ Find the file called “*Chart – Buying a Home*” in the Project Templates page. Save in your student folder. Follow all instructions listed on that file.
- ✓ Report: In a Word document (Title: Buying a Home), include rationale of your home decision. Describe in detail the number of bedrooms, bathrooms, price, etc. Be specific. What school district will your children be sent to or will you school choice? What are the property taxes? What did you like about your home? What did you dislike about your home? What were your major decisions for selecting this home?
- ✓ Copy a picture of your home in your report and place it somewhere in the information above.
- ✓ In a new paragraph (under the picture of the home), you will explain which of the three mortgage terms (15-year, 20-year, or 30-year loan) your family has decided upon. Also, be sure to be specific about rationale.
- ✓ Upload “Buying a Home Chart” and “Buying a Home” document to your Buying a Home category.

SECTION 10: RECALCULATING NEW FAMILY BUDGET

Format and Topics:

- ✓ You will now prepare a newly revised family budget for the year. Many changes have occurred since you last prepared your initial budget (from Section 3). Be sure to include the mortgage change, food and personal (now you have a child), insurance, children's college funds, retirement, etc. and any other categories that you would think should be changed. What were the biggest changes and/or surprises to your revised budget?
 - NOTE: Daycare must be paid for at least ½ of the year. Assume mom and dad took paid time off when the baby was first born.
- ✓ You will calculate the totals for all 10 categories and type them in the chart “*Yearly Budget Chart #2*” from the Project Template page.
- ✓ Report: In a Word document (Title: New Family Budget), type your first paragraph stating all the changes that have taken place since your initial budget. In other words, explain why you are recalculating a newly revised budget.
- ✓ Upload “Yearly Budget Chart #2” and “New Family Budget” to your Recalculating Family Budget category.

SECTION 11: CONCLUSION

Format and Topics:

Type your conclusion in the bottom text box on your couple's home page. (Below your project sections)

- ✓ In the conclusion, please answer these questions:
 - What were some things that surprised you most throughout this project?
 - What were the three sections that you believe benefited your group most for your futures and why?
 - Would this family be successful? If yes, why? If no, what could be changed to make this situation better?

Go through and make sure you have everything completed.