Budget O Rama

Name: due date _____________

Gross income per year $___________________

Gross income per month (gross income per year divided by 12) $_____________________

Federal income tax....... (see chart) $_____________________

FICA  
Social Security...6.2% $_____________________

Medicare...........1.45% $_____________________

State income tax........... (see chart) $______________________  
(I bet you wish your folks moved to Wyoming or South Dakota—they don’t have state income taxes)

*Net income per month $___________________  
(This is your budget for the month. You must not exceed this amount in order to pass!!)

Net income per year (net income per month x 12) $_____________________

RETIREMENT/ SAVINGS

Bad news for you kids—don’t plan on Social Security because those heartless Baby Boomers are doing their best to sink the system (with their selfishly long post-retirement lives). And fat 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 net monthly income to invest for the future. On the sheet labeled INVESTMENTS, list the investment(s) in which you will be contributing. In addition, you will compare the strengths and weaknesses of the different types of investment options. (This information is located in your textbook and notes)

*Ten percent of net income per month $______________________________

Name of the investment you chose ______________________________________
Name of the investment you chose ______________________________________
Name of the investment you chose ______________________________________
Name of the investment you chose ______________________________________
HOUSING

Your mooching days are over!!! You must find your own place to live. Your new place must be located in the metro area and in an area that you would actually consider living. Your housing must have a concrete slab and cannot be mobile! You can choose to live in an apartment, house, or condo, but you must have the actual advertisement to prove your new residence exists. You may have one fictional roommate if you wish. (Your roommate will only split the rent and utilities 50/50).

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. Your monthly utility costs are as follows: electricity $80, gas (heat) $65, phone $45 (if you want a land line figure another $30 per month) and water will cost $25. You will need to look up internet, cable, and garbage fees. Keep in mind that some apartments/condos include certain utilities while others do not. Remember, you may split all of these 50/50 with your fictional roommate, except your cell phone bill.

Electricity per month $______________________
Natural gas per month $______________________
Water /sewage per month $______________________
Regular phone per month $______________________
Cable/satellite per month $______________________
Garbage per month $______________________
Cell phone per month $______________________
Internet services $______________________

*Total utilities per month $______________________
AUTOMOBILE

Public transportation is not really a viable option, so you must purchase a car or truck that is no older than 2005. The vehicle you purchase must have fewer than 70,000 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 nearly forgot—the purchase price of the vehicle must be at least $8,000. Use www.banksite.com/calcs/autocalc.html to figure out your monthly payment.

Make of vehicle ______________  Model ____________________
Year of vehicle _______________   Miles _____________________
Length of vehicle financing ____48 months_______ Interest rate _____8.5%________
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 and ROUTINE MAINTENANCE FOR AUTO

Gasoline costs will depend on the total number of miles you drive per week. We will assume that each of you works downtown. You will need to calculate the distance between your place of residence and the center of the city to figure total gasoline costs. You are allowed to walk only if you live less than a quarter mile from the city center, and biking is allowed only if you currently bike to school every day. Public transportation can be used to defray gasoline costs, but the costs must be included. 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 around” miles: _____________ X 4.3= _____________ miles per month
Miles per gallon of automobile: _______________ Miles per month divided by miles per gallon = number of gallons used per month _____________

Average monthly per gallon cost of gasoline: $
Average monthly per gallon cost $ _______ X # of gallons used per month = total monthly cost of gasoline

Air filter cost _______ oil filter cost _______ oil change cost ________ (you’ll only do this every 3 months so adjust monthly cost correctly)

Total monthly cost of gasoline:   $ ______________
Total monthly cost of maintenance $ ______________
Total monthly parking costs:    $ ______________
(Oh yeah, this will be $5 every work day)
Total monthly public transportation costs (if applicable):$________

*Total monthly maintenance / transportation costs: $______________

Just for giggles use www.fueleconomy.gov to check your sweet ride’s carbon footprint and air pollution score.
Carbon footprint ______________  air pollution score __________
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, and life. We will assume that your employer pays your health insurance for you. **Do not give your actual address and phone number when getting online quotes.**

**Auto:** Your policy must include collision. Most car insurance polices 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 $ ______________

Agent & Company _____________________

*Total monthly insurance costs: $_____________

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FOOD

I realize that right now all of you survive on nothing but Chick-fil-A and Starbucks. However, for our purposes you will need to eat at least three square meals each day, and each of these meals must be prepared by 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! My sources tell me scurvy is making a comeback in this country, so **points will be deducted if you do not consume multiple servings of fruits and vegetables every day.** Feel free to check out the new food pyramid—[www.mypyramid.gov/](http://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 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, and dreamy boyfriends/girlfriends unfortunately do not appreciate free fun like the rest of us.

*Eating out should be listed in this section.

<table>
<thead>
<tr>
<th>Week</th>
<th>Activities and Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>$____________________</td>
</tr>
<tr>
<td>Week 2</td>
<td>$____________________</td>
</tr>
<tr>
<td>Week 3</td>
<td>$____________________</td>
</tr>
<tr>
<td>Week 4</td>
<td>$____________________</td>
</tr>
</tbody>
</table>

*Total entertainment costs: $__________________

Clothing

Your job’s dress code is business casual, and we will assume that you are going to replace at least two outfits this month, as well as a few items of personal, nonwork clothing. Remember that you are now paid as a professional, and professionals most assuredly do not buy their work clothing at second-hand stores.

<table>
<thead>
<tr>
<th>Item</th>
<th>Price</th>
</tr>
</thead>
</table>

*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 laundry mat (buck-fifty to wash and buck-fifty to dry every load!!) Spending four hours in a laundry mat each week is a special kind of joy.

Personal hygiene

Cleaning supplies

Laundry costs

Other –(pocket money for those impulse items you have to buy)

*Total miscellaneous expense costs: $____________

STUDENT LOAN PAYMENT

Time to pay up for the best 5 ½ years of your life. Sorry, but you messed around and lost your scholarship.

*Total monthly student loan payment $____125____________________
**GRAND TOTAL OF ALL MONTHLY EXPENSES:**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>% of net monthly income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total monthly retirement</td>
<td>$___________</td>
<td>_____</td>
</tr>
<tr>
<td>Total rent per month</td>
<td>$___________</td>
<td>_____</td>
</tr>
<tr>
<td>Total utilities per month</td>
<td>$___________</td>
<td>_____</td>
</tr>
<tr>
<td>Total monthly vehicle payment</td>
<td>$___________</td>
<td>_____</td>
</tr>
<tr>
<td>Total monthly transportation costs</td>
<td>$___________</td>
<td>_____</td>
</tr>
<tr>
<td>Total Insurance per month</td>
<td>$___________</td>
<td>_____</td>
</tr>
<tr>
<td>Total monthly food costs</td>
<td>$___________</td>
<td>_____</td>
</tr>
<tr>
<td>Total entertainment costs</td>
<td>$___________</td>
<td>_____</td>
</tr>
<tr>
<td>Total miscellaneous expense costs</td>
<td>$___________</td>
<td>_____</td>
</tr>
<tr>
<td>Total monthly clothing costs</td>
<td>$___________</td>
<td>_____</td>
</tr>
<tr>
<td>Total monthly student loan payment</td>
<td>$___________</td>
<td>_____</td>
</tr>
</tbody>
</table>

**TOTAL MONTHLY EXPENSES:** $_______________

And how much is your net monthly income? __________ Check the first page. It was that depressing number you have after taxes. Remember, you have to stay on or under that in order to pass this assignment.

Each of you must complete your own budget and will be graded on its accuracy and thoroughness. You may **not** shop on e-bay. No perks! (that means no special favors because mom or dad knows this or that person and can get you a great deal). **Remember that 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.
<table>
<thead>
<tr>
<th>Item</th>
<th>Brand</th>
<th>Size</th>
<th>Cost</th>
</tr>
</thead>
</table>

You will need to give a short description and list at least two strengths and two weaknesses of each the four investment options:

<table>
<thead>
<tr>
<th>Description</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificate of deposit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US Treasury Bond</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Stocks</td>
<td></td>
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</tr>
</tbody>
</table>

*In what did you decide to save that 10%? Why did you decide to put that hard-earned money in that instead of something else?*
### WEEKLY MENU PLANNER

<table>
<thead>
<tr>
<th></th>
<th>Breakfast</th>
<th>Lunch</th>
<th>Dinner</th>
<th>Snack</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monday</strong></td>
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<td><strong>Tuesday</strong></td>
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<tr>
<td><strong>Sunday</strong></td>
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</tbody>
</table>