



### ***Personal Budget Planning Project***

#### **OBJECTIVE**

The objective of this project is for you to set up a budget that would allow you to live the type of life you would like, as well as to understand what skills and/or education you need to get there. This will include finding a house, finding a car, developing a budget, and finding a career that would match your income needs. This project does involve doing some calculations and setting up a budget on Excel, but it's main purpose is to allow you to have fun dreaming of the future while realizing what these dreams may cost. I also hope you observe certain realities about work and what it takes to be a successful adult in the world today. It is not easy. It takes lots of money!

I will give you a sheet to fill out as you go.

#### **TASKS**

You will need to have a partner to complete this project. Essentially, each of you will be required to set up a monthly budget. You will be required to set up your budget on Google Sheets, and then get your information off the internet, noting the sites that you used. The preparing of the budget will include you finding out what type of careers will provide you with the necessary income, and how much education is needed for such a career. This project consists of two steps:

1. You will - within limits and with teacher approval - select your own career. No matter what your job might be, you must construct a working budget with costs less than expenses.
2. You will construct a budget according to the **job** that you have discussed and chosen with your teacher.

No matter what job you have you must first deal with your housing. You will need to find a house or apartment that you can afford. You can have roommates, if you need help in covering the monthly rent or mortgage. Next, you must find a car or other type of transportation, and then set up a budget.

Each part of the project is detailed below.

#### **FINDING A CAREER**

Now it's time to find a career. Using this link to the U.S. Government's [Occupational Outlook Handbook](#), find a career that you are interested in and that will give you the needed income to afford the lifestyle you want. Include the amount of education needed for your career. Use the website above to get your median yearly income.

As soon as you have found a career, come and talk to Mr. Cody to approve your career choice. You will need to have your project worksheet filled in for her to check. Then find out your net earnings, after taking out [federal income tax](#) and [state income tax](#). Your social security tax will be 6% of your gross income if you are employed by someone else, 12% if you are self-employed. You also need to subtract insurance from your pay, for this everyone will assume \$150 per month for insurance per person (ex. if it is you and a spouse and two kids, then subtract \$600 to cover insurance)

Taxes Example:

Pay: \$45,000

Per month: \$3,750

(12%) Federal Income Tax: \$450

(6%) Social Security Tax: \$225

(2%) Medicare: \$75

Insurance: \$150

**Amount you can spend per month= \$2,985**

**NOTE:** Be sure that you have copied the necessary information into your [project worksheet](#) and your budget spreadsheet.

**\*\*\*You may not choose to be an actress, actor, singer, entertainer or major league sports figure.\*\*\***

#### **FINDING A HOUSE**

After you have a career and an income, you need to try and get a house to live in. Almost everyone has an idea of where they would like to live, and what type of house they would like to own. It's your job to search for your dream house. After you do so, make sure to note where the house is located, and what the selling price is. Also make sure to note the URL that you used.

Here are some resources to help you in your search:

- o Realtor.com
- o Trulia.com
- o HomeFinder.com
- o Zillow.com

When you find the house you want, come talk to Mr. Cody and get approval for a loan from the bank.

If you cannot afford to buy a house, search for an apartment [here](#).

**NOTE:** Be sure that you have copied the necessary information into your [project worksheet](#) and your budget spreadsheet.

#### **FINDING A CAR**

Most people also have ideas on what type of car they would like to own. Use the links below to find your dream car. Make sure to note the price of the car. Also make sure to note the URL that you used.

- o **Microsoft Carpoint**
- o **autotrader.com**
- o **carmax.com**
- o You may also use other car websites a well

**NOTE:** Be sure that you have copied the necessary information into your [project worksheet](#) and your budget spreadsheet.

#### **SETTING UP YOUR BUDGET**

The next step is to set up your budget. This will entail the following steps:

- o Figure out your monthly mortgage payment and your monthly car payment. Assume that you only have a 5% down payment for your mortgage. [Mortgage Calculator](#)
- o Some budget experts recommend that a **house payment should be no more than 28% of your gross monthly income**, and that a **car payment should be no more than 12% of your gross monthly income**. Decide if your net income will make it possible for you to afford your house and car. If not, go and find a car and house that you can afford. Most car websites also have payment estimators as well. [Car Payment Calculator](#)
- o Examine your spreadsheet to see how much money you should budget for the remainder of your household expenses. Make sure to double check your calculations. Then enter those household expenses into your spreadsheet. **NOTE:** Look at your [project worksheet](#) to help you with your budget categories and amounts.

#### **REVIEWING THE BUDGET**

Time for a reality check. At this point, change worksheets with your partner. Once you have your partner's worksheet, you need to do two things:

- o double check the calculations
- o check with Mr. Cody to see how realistic the budget is.

Now, write a recommendation to your partner explaining how realistic their budget is, and making suggestions on any necessary changes.

#### **COMPLETING THE PROJECT**

To complete the project, make any changes to your budget **THAT YOU CONSIDER NECESSARY** (not necessarily the changes your partner recommended). Write a summary of the changes you made, and why you made them.

#### **Make sure you heed Mr. Cody's comments!**

The final step of this project, is to create nine slides using some type of presentation software about your budget and lifestyle. Your presentation should have the following:

- o **Slide 1:** Title Slide (Your name and Budget Project)
- o **Slide 2:** An opening slide which includes your name and the basics of your career, education, and family
- o **Slide 3:** a slide that shows the yearly income you earn and the various taxes you pay
- o **Slide 4:** a slide that shows the chosen vehicle and specific information about your automobile (color, year, maker, radio, airbags, financing, etc.)
- o **Slide 5:** a slide that shows all the details about house, where it is located, other miscellaneous information, etc
- o **Slide 6:** What about other expenses? Clothing, Food, Movies, Cell Phone, Television,
- o **Slide 7:** Retirement! How much will you save per month. When do you think you can retire?
- o **Slide 8:** Your monthly budget, including all expenses balanced against your net pay (Here is where you subtract all your bills and savings from how much you make and see what you have left)
- o **Slide 9:** and lastly, a slide that explains what you learned in this project