

# Pebblebrook High School Economics Budget Project



Imagine that you are just a year or two out of school, and living and working on your own. Your income is commensurate with the type of job you realistically hope to have (assume the Atlanta area), and the experience that you have yet to get. You will draw an income situation out of a hat that could include some debt obligations.



## Budget Goals

- You **HAVE** to balance your budget (i.e. not spend more than you make)
- Live with a 50-30-20 Budget Plan!

## Your Career!

**Homework:** Research the job description that was drawn by visiting <http://www.bls.gov/ooh/home.htm> Print out and highlight useful information. Then type a description of this job title, including roles and responsibilities, qualifications, skills, and education. Attach highlighted source from the BLS – Bureau of Labor Statistics website and any other sources you used.



## Budgeting For Food Costs

**Day 1** - On the menu grid provided, list what you might have for each meal – Breakfast, Lunch, Dinner, and Snacks. It must be nutritional: Think back to your health classes and what a nutritional meal includes: for a refresher, please visit <http://www.choosemyplate.gov/>

- Remember – you can eat at a restaurant if you'd like. If you want to eat out, include the name of the restaurant, your typical menu choices and their costs...and don't forget to include money to tip your waiter/waitress! Visit <http://money.cnn.com/pf/features/lists/tipping/> for tipping guidelines.

**Day 2** - When you have completed your meal plan, create a shopping list of everything you'd need to buy at the grocery store for your average weekly groceries. Be sure to include condiments, cooking ingredients (oils, spices), as well as specific quantities to the best of your ability. When your shopping list is 100% complete, find the costs for all your shopping list items with the grocery store newspaper advertisements in the classroom. If you can't find a particular item in a newspaper ad, use the cost of a similar item you can find in the ad as a good cost estimate.

- Add up your weekly grocery costs AND any restaurant/eating out costs on your weekly plan
- Then multiply this weekly cost by four (weeks) to get an estimated monthly food costs.
- Then multiply your estimated monthly food costs by twelve (months) to get an estimated annual food costs.



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## Taxes

### Day 3 - Calculating withholdings (\$\$ that comes out of your paycheck when given to you)

Based on the income situation that you have previously drawn, you must:

- Calculate your disposable income after federal, state, and payroll (F.I.C.A.) tax withholdings. Please use the forms provided to determine the values of each type of withholding. For federal taxes, find where your income falls between the ranges provided. Then use the amount found on the annual withholding column and place in *federal withholding row* under the *annual column*. Complete the math for state withholding and payroll (F.I.C.A.) tax withholdings and place in the appropriate space in your budget. Then subtract each withholding amount from your gross income to determine your disposable income. **Double check all math!**
- To learn more about filing taxes visit: [http://apps.irs.gov/app/vita/basic\\_student.jsp?level=basic](http://apps.irs.gov/app/vita/basic_student.jsp?level=basic) complete the course and print off your certificate for **extra credit** toward this project. This is an overview of the Form 1040 that all Americans earning income complete and file by April 15<sup>th</sup> every year.



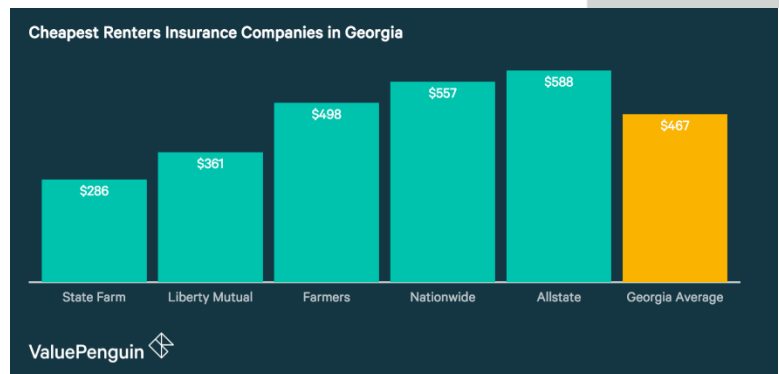
### Day 4 - Building Your Budget

Now that you've done your taxes and withholdings, you know what your disposable/take home/net income is! Time to start completing your budget spreadsheet.

1. Complete the top of your Budget Spreadsheet by restating your situation information and then by writing in your gross income (your salary before taxes taken out).
2. Using your Tax Worksheet, determine your Federal withholding (i.e. Federal income tax), state withholding (i.e. Georgia state income tax) and F.I.C.A. taxes (FICA is an acronym for "Federal Insurance Contributions Act." FICA tax is the money that is taken out of workers' paychecks to pay older Americans their Social Security retirement and Medicare (Hospital Insurance) benefits. It is a mandatory payroll deduction.)
3. NOW subtract your federal withholding, state withholding and F.I.C.A. taxes from your gross income to determine your disposable income (i.e. how much do you really have to spend)
4. NOW enter your ANNUAL food costs and subtract your food costs from your net/disposable income. How much money is left?
  - If you have very little money left after your food costs, it's recommended to revisit your food plan and food costs to save money on food.
5. Now let's figure out your housing costs...

**Housing** – Time to figure out your housing expenses! Now that you're living on your own, you need an apartment. Use the Housing Info Sheet to figure out what size apartment you can afford. Then using the average square footage for your apartment estimate your utility costs.

- Now add your housing and utility costs to your Budget Spreadsheet and subtract them to figure out how much money you have left for other expenses.
- Don't forget to budget for rental insurance – Georgia average cost is \$467 per year.
- If you're out of money, you will need to go back and revise your food and/or housing choices so that you can balance your budget.



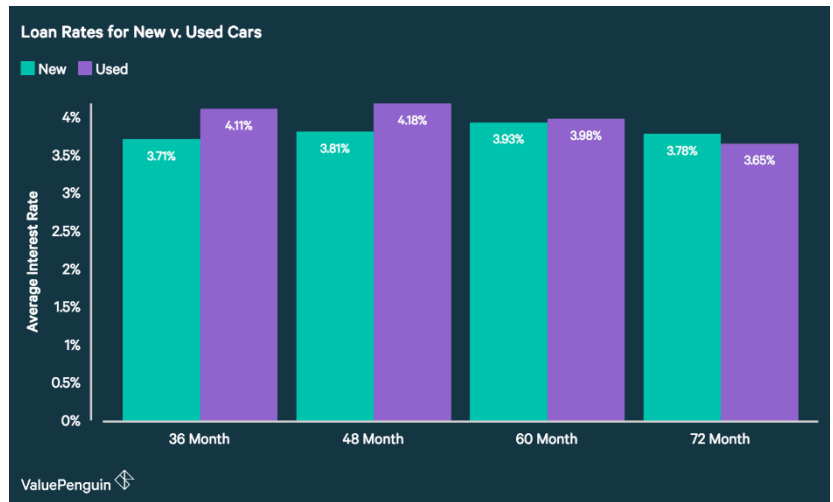
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## Day 5 - Transportation

- You must **“purchase” a vehicle**, identifying the make and model. *The car must not be more than twelve years old.* If the car is five years or older, be sure to include appropriate extra maintenance costs
- Use carmax.com, autotrader.com or other preferred websites to locate car of your choice. Be sure to print off the listing for documentation
  - To determine whether the car is being sold for a fair price (not too expensive and not too cheap) compare the price with what KELLY BLUE BOOK lists it for. Use this in your explanation for choosing your specific car.
- You are allotted \$2,500 in total trade-in value and/or cash down payment towards this vehicle’s purchase. If your car costs more than \$2,500 you’ll need to get an auto loan for the balance.



- Auto payment - Loan terms** (length of time, rate of interest, monthly payment) must also be provided. You can use the information from this chart for your calculations.
  - Go to <https://www.cars.com/car-loan-calculator/> to calculate your monthly car loan payment.



- Required routine **maintenance costs** (oil changes, tire rotation, fluid top off, etc.). Budget \$25-\$50 for oil changes and standard maintenance 4 times per year.

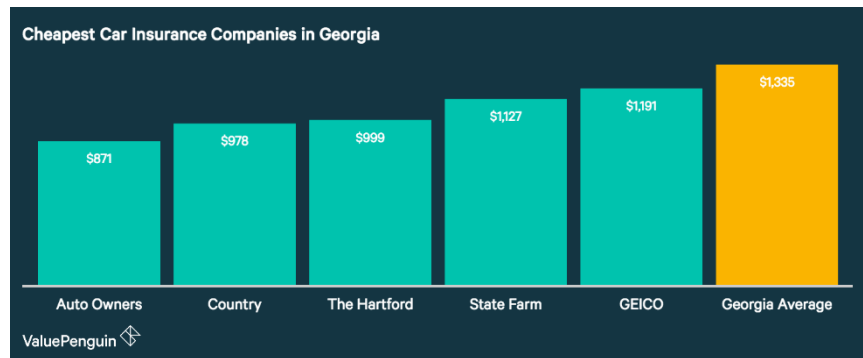
2018 model:	Toyota Prius (Hybrid)	Nissan Versa <sup>1</sup> (Subcompact)	Chevy Tahoe <sup>2</sup> (Large SUV)
MPG (combined city/hwy):	52 mpg	34 mpg	19 mpg
Engine:	1.8-liter, 4-cyl.	1.6-liter, 4-cyl.	5.3-liter, 8-cyl.
Gas for 1,000 miles today:	\$55	\$84	\$151

- Gasoline** – Most people drive their car between 10,000 – 20,000 miles per year, with an average of 12,000 miles. Depending on how far away your job is from your apartment and how many road trips you’re planning to take, estimate your annual miles and use the information in this chart to help you estimate your annual gasoline costs.

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- Buy **auto insurance**. In the state of Georgia it is illegal to drive without auto insurance.
  - Visit: <http://www.oci.ga.gov/consumerservice/autoinsurance.aspx> and answer the following questions;
    1. What coverage is absolutely required, include amounts?
    2. What is liability insurance?
    3. What is physical damage insurance?
      - a. What does comprehensive insurance cover?
      - b. What does collision insurance cover?
      - c. Who requires physical coverage insurance?
    4. What is uninsured motorist coverage and why is it needed?
    5. If you have any issues with insurers, agents or policy holders, what can be done?

- To help you out, you can use the information from this chart to estimate your annual car insurance costs in Georgia.



- Fill on the following sections of your budget sheet both the yearly and monthly column:
  - Auto Payment
  - Auto Insurance
  - Auto maintenance
  - Gasoline

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## Day 6: Wants/Personal Discretionary Spending



Budget your disposable income by providing adequate spending for the following:

- **Cell Phone:** - Plan to buy a phone and some type of talking, text and/or data plan. Shop different providers and plans. A website to try is: <https://www.whistleout.com/CellPhones/United-States/Georgia> to compare cell phone providers.

Phone Purchased: \_\_\_\_\_

Purchased From: \_\_\_\_\_

Cost: \_\_\_\_\_ Monthly or Total

Cell Phone Service Provider Selected: \_\_\_\_\_

Includes: \_\_\_\_\_

Cost/Month: \_\_\_\_\_

- **Clothing** – Budget money for at least six different outfits TOTAL, 3 for spring season, 3 for fall season.
- **Entertainment** – Keep in mind you are a year out of college. Choose entertainment that is age appropriate and school appropriate. NO, you do not just sit at home and watch Netflix's . . . lets be real . . .

## Day 7: Miscellaneous and Debt Obligation

- **Debt Obligations** – several of you have various types of debt obligations including child support, gym memberships, etc. Place these costs in the miscellaneous section of you budget. Write clear descriptions and cascade the costs from monthly to annualized.
- For those of you with **credit card debt**, you need to decide, based on research, how you will pay down the credit card balance. In order to do that, you'll need to choose how much you have to pay every month, how much you are willing to spend on the interest accrued, and how long you want to take to pay it down. Remember, the longer time you take, the more interest you accrue, but the lower your monthly payment; the shorter time you take, the less interest you accrue, but the larger your monthly payment. Use your **Credit Card Payoff Calculator** (access via class website) to calculate and print out your results for your report.



- **Anything you want** – you can include any other type of budget item you'd like in this space! People in the past have chosen to get a pet or budget for a vacation!

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## Expectations

- **Balanced Budget:** Complete the budget spreadsheet. This should be the second page, behind your job description, in your presentation deck. Your total expenses must match your disposable income. *Total expenses = disposable income*
- **Explanations:** You MUST HAVE an explanation of your budgeting choices in writing **for each underlined budget item** listed throughout the project. This should be more than just a restatement of information found in your documents. It should identify ***WHY you made decisions*** – why this plan, this company, this term, etc. And any factors that affected the manner in which you budgeted your income. You must be specific with regard to the place of your residence (location), the type of car you have, and other budgeted items you include. Be sure to explain your reasoning behind each budget item and USE your research to do just that.
- **Documents:** Support your budget with documents, fliers, advertisements, written estimates, blacked out bills, and other documentation from your information sources.

All projects must be neatly prepared and stapled together in the order instructed. Typed projects are strongly recommended, but not absolutely mandatory. ALL original work must be included (primarily menu and shopping information). Presentation is a huge part of the grade.

**The project due date and deadline listed below.** The project is due on the listed date but, but will be accepted without penalty until the DEADLINE. If you are going to be absent from school send your project in with a friend/family member. Late projects will receive late penalties of 25% per day late. Excused absences/tardies are irrelevant for the purposes of the project deadline, since the due date was listed several days prior.

## Final Project Deadline (first 5 minutes of your class):

Thursday, October 11<sup>th</sup>

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## My Job Description!

Directions: Go to <https://www.bls.gov/k12/students.htm> for lots of information on careers!

My Occupation: \_\_\_\_\_

Current Employer: \_\_\_\_\_

Location: \_\_\_\_\_

Current Salary: \_\_\_\_\_

<b>2017 Median Salary Nationally</b>	
<b>Typical Entry Level Education</b>	
<b>Number of Jobs Nationally</b>	
<b>Job Outlook</b>	
<b>Employment Change 2016-2026</b>	

### Job Description

### Work Environment

Is this a career you could see yourself pursuing? Why or why not?

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Name: \_\_\_\_\_ Date: \_\_\_\_\_ Block: \_\_\_\_\_

My chosen job is:

## First Impressions (to be completed on first day!)

Things I Like...	Things I'm Concerned About...
<ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li></ul>	<ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li></ul>

## Final Impressions (to be completed when your project is done)

Three Things I Learned	Two Things That Surprised Me!	One Question I Still Have