

They Grow up so Fast: A project on budgeting

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. I also hope you observe certain iron realities about work and what it takes to be a successful adult. Basically you will learn that it is a hard knock life.



YOUR FAMILY

STEP 1: First let me congratulate you. I am so happy to hear that you are married and you have children. Congratulations!

STEP 2: What do you do? What do you want to be when you grow up?

STEP 3: How many children do you have? You will roll the dice to decide. You will roll 1 die to figure out how many children you have. The number you roll will determine the amount of kids you have. At most you can have 5 (a roll of six will be switched to 5 kids).

STEP 4: How old are your kids? Roll the dice again. This time you will roll two dice and add the sum of the two dice together. That is the age of one of your children. Roll the two dice again and follow the same procedure.

GET A JOB

STEP 1: What are you going to do? What do you want to be when you grow up? You might have already picked an occupation. Click on the following website: <http://www.bls.gov/oes/current/oesrcst.htm>

STEP 2: Click on the state you are going to live in.

STEP 3: Click on the Major Occupational Group that interests you, or scroll down to the job you like. **Make sure you keep track of the "Occupational Code"** (you will need the info later) and click on the job that you want.

25-2031	Secondary School Teachers, Except Special and Career/Technical Education	71,490	3.0 %	8.568	1.034	(4)	(4)	\$70,400
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At the top, read the job description to see if it is what you'd like to do.

Occupational Code: _____

STEP 4: Click on the link, "Industry Profile for this Occupation."

STEP 5: Click on the link: "Create Customized Tables," at the top.

STEP 6: Choose the "One occupation for multiple geographical areas" option

STEP 7: Find your job on the list. **Use the occupational code** to help find your job. (They are in number order.) Click on it. Click continue.

STEP 8: Under geographical type, click "State."

STEP 9: Select the state you plan on living in.

STEP 10: Click on the "Annual mean wage." Click next.

STEP 11: Screen capture the information. It should look like this.

Occupation: Secondary School Teachers, Except Special and Career/Technical Education (SOC code 252031)	
Period: May 2010	
Area name	Annual mean wage(2)
New York	70400

STEP 12: Does your spouse work or are they going to stay home with the kids? If your spouse is going to work, then find the Annual mean salary for their job and screen capture the image as well.

DEATH AND TAXES

There are only two things certain in life: death and taxes. How much money are you actually going to take home a month?

STEP 1: Go to the following website:

<http://www.paycheckcity.com/calculator/netpay/us/arizona/calculator.html>

STEP 2: Under the "State for withholding" drop down box, click on the state you are going to live in.

STEP 3: Take your "annual mean wage" and put that in the "Gross Pay" (Gross pay is another term for total pay)

STEP 4: Switch the "Pay Frequency" to monthly

STEP 5: Switch the "Federal Filing Status" to Married

STEP 6: Your "# of Federal Allowances" is the total of you + your spouse + the number of children you have—this will be explained in the taxes unit

STEP 7: Switch the State "Filing status" to "Married"

STEP 8: After you change the "state filing status" be sure that the state "Allowances" are the same as the federal allowances. If you are living in NYC, make sure to also change the allowances in that box as well.

STEP 9: Ignore the "Voluntary Deduction Section."

STEP 10: Click "Calculate."

STEP 11: Screen Capture the "Salary Paycheck Calculator" results and the "Calculation Based On" results. (Your "Net Pay" is what your family will take home each month)

Your Paycheck Results	
Monthly Gross Pay	\$5,866.67
Federal Withholding	\$501.25
Social Security	\$363.73
Medicare	\$85.07
New York	\$287.76
SDI	\$2.60
Net Pay	
Net Pay	\$4,626.26
Calculation Based On	
Check Date	10/20/2014
Gross Pay	\$70,400.00
Gross Salary YTD	\$0.00
Pay Frequency	Monthly
Federal Filing Status	Married
# of Federal Allowances	4
Additional Federal Withholding	\$0.00
State for withholding	New York
Total Allowances	4
Additional State Withholding	0
Additional Withholding - Yonkers	0.00
Total Allowances - NYC	0
New York SDI	true
Exempt State	false
Filing Status	M
Additional Withholding - NYC	0.00

STEP 12: If your spouse works, repeat steps 1-11 for their job as well

STEP 13: Enter your monthly gross pay (under wages) on your excel spread sheet (for you and your wife). Also enter your federal withholding, social security, Medicare, state taxes and SDI. If both you and your spouse work, add these numbers up.

Roof Over your Head

Welcome to possibly the most expensive purchase of your life.

STEP 1: Find a place to live. Some places you can look are:

- ❖ <http://www.trulia.com/>
- ❖ <http://www.sothebysrealty.com/en/home.aspx>
- ❖ <http://www.century21.com/>
- ❖ <http://www.realtor.com/>
- ❖ <http://www.coldwellbanker.com/>
- ❖ <http://www.remax.com/>
- ❖ <http://www.zillow.com/>

FOR SALE	
Single Family	
484 Nimham Rd	
Carmel, NY 10512	
Price:	\$399,000
Bedrooms:	2
Baths:	2 Full, 1 Half
Year Built:	1950
Square Feet:	1,902
Acres:	0.83
Taxes:	\$6,568
MLS #:	3024050



View Photo Gallery

STEP 2: Take a screen capture which includes a picture of the house and the basic information including the MLS ID number and property taxes. (This is like a home social security number.) If you cannot find the property taxes for your house, use the MLS # to find the house on another real estate website.

Calculating the cost of the House – Show all calculations!!!

STEP 1: Luckily it is a buyer's market and you are able to **haggle the price of the house down 4%**. (A \$400,000 home would cost you \$384,000)

$$\$400,000 \times .04 = 16,000$$

$$\$400,000 - \$16,000 = \$384,000$$

STEP 2: You are also so fortunate to have taken Economics while at Carmel High School that you have saved up enough money **to put 10% down** on the mortgage.

$$\$384,000 \times .10 = \$38,400$$

$$\$384,000 - \$38,400 = \$345,600 = \text{principal for your mortgage loan} = \text{what you will need to borrow.}$$

STEP 3: Luckily mortgage rates are at an all-time low and because you were so diligent in economics class, you know how important a good credit score is and you have a fairly good one at 740. As a result of having a good credit score, **you qualify for a 4.5% mortgage rate. The average mortgage lasts 30 years or 360 months.**

STEP 4: Go to the following website: <http://www.bretwhissel.net/cgi-bin/amortize>

STEP 5: Put in the principal and change the interest rate accordingly. Leave balloon payment and payment amount blank. Click calculate.

STEP 6: Screen capture the calculated summary.

Summary

Principal borrowed: \$345,600.00
Regular Payment amount: \$1,751.10
Final Balloon Payment: \$0.00
Interest-only payment: \$1,296.00
*Total Repaid: \$630,396.00
*Total Interest Paid: \$284,796.00

Annual Payments: 12
Total Payments: 360 (30.00 years)
Annual interest rate: 4.50%
Periodic interest rate: 0.3750%
Debt Service Constant: 6.0802%
*Total interest paid as a percentage of Principal: 82.406%

HELPFUL HINT: Some budget experts recommend that a **house monthly payment should be no more than 28% of your gross monthly income**. You may have to find a cheaper house if your mortgage does not fit into your budget.

In the example above, your monthly gross pay is \$5866.67. Twenty-eight percent of that number is \$1,642.67. Therefore you should look for a house that is \$380,000.

$$5,866.67(.28) = 1642.67 = \text{Your mortgage must be less.}$$

STEP 7: Enter the regular payment amount on your Excel spreadsheet. Also enter your property taxes. Remember, the amount listed on the real estate website is for the year. Divide your taxes by 12 months and enter that monthly amount on the excel spread sheet.

Get your Motor Running!

STEP 1: Find your car! Will you buy new or used? Are you looking at a Sedan or an SUV? (A two door convertible is probably not the most practical car for your family!!) Do you and your spouse each need a car?? It's up to you. If you know what kind of car you want, head right to their website. If you are getting a new car, be sure to figure out all of the different accessories you want to add. Go to car company websites and find your car. **Screen capture the ad and be sure it includes the MSRP.** Make sure your ad includes a photo of your car.



Remember your cars need to fit your family's needs (i.e. if you have 5 kids, you may need to look into getting a mini-van!).

(From the Honda website)

Model EDIT
2012 CR-V EX-L with Honda DVD Rear Entertainment System (RES) **\$28,995**

Colors EDIT
Exterior: Crystal Black Pearl
Interior: Black

Accessories^[3] EDIT
Prices shown are manufacturer suggested retail prices only. Installation cost for accessories is not included. Dealer costs may vary. Prices exclude applicable taxes.

Exterior	Price
Tailgate Spoiler	\$296
Wheel Locks	\$55
17" 10 Spoke Alloy Wheel	\$1,196
Cross Bars	\$230
Body Side Molding	\$217
Tent	\$382
Splash Guards	\$104
Chrome Exhaust Finisher	\$51

Subtotal \$31,526
Destination and handling \$810

Total MSRP as built \$32,336^[2]
Estimate Your Monthly Payments

[PERSONALIZED FACT SHEET](#) [Print](#) [Email](#)

Some selected accessories may not appear on configured vehicle image.

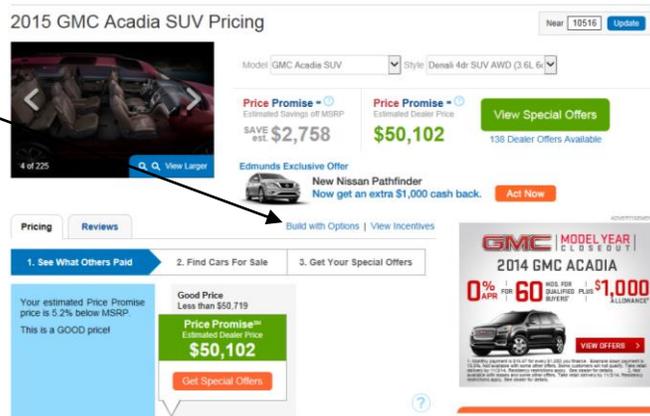
If you are buying a new car, go to step 2A.
If you are buying a used car, skip to step 2B.

STEP 2A (NEW CAR): Once you find your car, you have to figure out what the cost is going to be. For new cars, they will provide you with the **MSRP** price; that stands for: **Manufacturer's Suggested Retail Price**. That cost can be haggled (talked) down. In order to talk down the cost of your car, you have to do your homework.

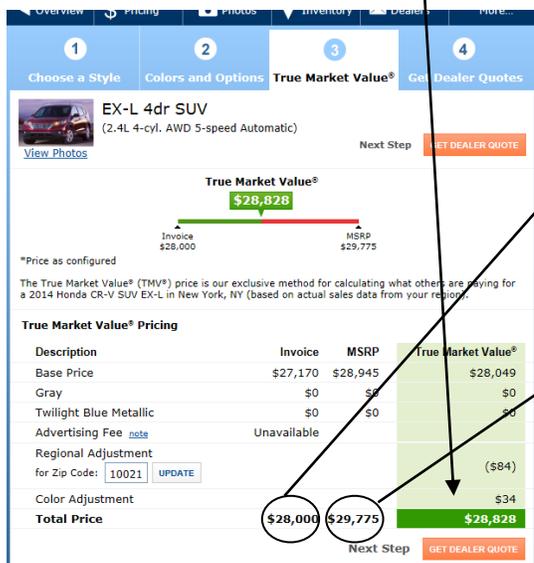
1. Go to www.Edmunds.com
2. Using the dropdown menus, enter the make, model and year of the car that you found an advertisement for (at the top of the website)



3. Click the "Go" button.
3. Click on the "Build with Options" link



4. Click on the same features you choose when you got your advertisement
5. **Screen capture the "True Market Value"**. This is "What others are paying" and is the amount you haggled the price down to with the dealer.



This is what the dealership paid for the car. They almost never negotiate below this price. At the end of the season/year you may get a price closer to this number

This is the Manufactures Suggested Retail Price/the ticket price of the car. This number needs to match the number in your advertisement

STEP 2B (USED CAR):

- FIRST** Screen capture the ad for your used car, including price.
Since you are buying a used car, you want to "appraise" it on Edmunds and be sure that the car is listed at a fair price.

- Go to www.edmunds.com.



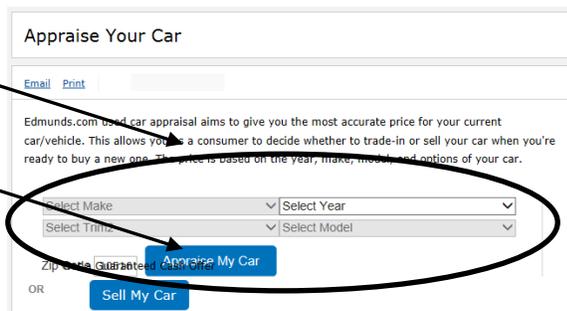
- Click on "Car Research"



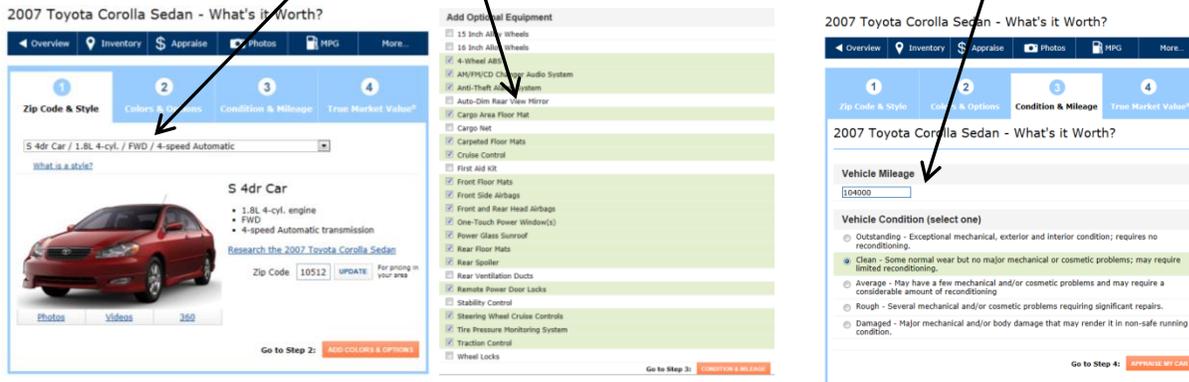
- Click on "Trade-In Value and Pricing"

- Put in the information for your used car exactly as it appears on the advertisement

- Click on Appraise My Car.



- Put in the correct style and options for your advertised car and the mileage/condition



- This will give you the "True Market Value" for your used car. **Screen Capture the Pricing details.**

Pricing Details for a 2007 Toyota Corolla Sedan
5 4dr Car

Item	Trade-In	Private Party	Dealer Retail
National Base Price	\$5,903	\$6,881	\$7,898
Optional Equipment	\$1,159	\$1,304	\$1,615
4-Wheel ABS	\$44	\$50	\$62
Front and Rear Head Airbags	\$130	\$146	\$181
One-Touch Power Window(s)	\$57	\$64	\$80
Rear Floor Mats	\$10	\$11	\$14
AM/FM/CD Changer Audio System	\$65	\$73	\$90
Cargo Area Floor Mat	\$10	\$12	\$14
Front Side Airbags	\$61	\$68	\$84
Front Floor Mats	\$15	\$16	\$20
Carpeted Floor Mats	\$18	\$20	\$25
Steering Wheel Cruise Controls	\$25	\$28	\$35
Cruise Control	\$38	\$43	\$53
Power Glass Sunroof	\$265	\$298	\$369
Rear Spoiler	\$82	\$92	\$114
Tire Pressure Monitoring System	\$82	\$92	\$114
Anti-Theft Alarm System	\$116	\$131	\$162
Traction Control	\$105	\$119	\$147
Remote Power Door Locks	\$36	\$41	\$51
Color Adjustment - Dark Blue	\$15	\$17	\$20
Regional Adjustment - for Zip Code 10512	-\$10	-\$11	-\$13
Mileage Adjustment - 104,000 miles	-\$829	-\$829	-\$829
Condition Adjustment - Clean	\$0	\$0	\$0
Total	\$6,238	\$7,362	\$8,691

If you are trading in your existing car, this is the price you will sell it for.

If this is supposed to be the price of your used car if it is a private sells

This is supposed to be the price if you are buying from a used car dealership

STEP 3: Do you currently have a car? If so, how much is it worth? Are you willing to trade it in or sell it, in order to have a lower cost on your new car? Follow the same directions for "**STEP 2B (USED CAR)**" to figure out how much to sell it for. You can trade it in, or sell it yourself (Private Party). If you sell it yourself you will have to describe in your paper how you will advertise your car and eventually sell it. Screen Capture the Pricing Report

STEP 4: Do you have money saved up? Dollar, dollar bills ya'll? Well, luckily you took Economics while at Carmel High School and you know the importance of saving money and are able to put a **\$5000 down payment** on your car on top of any trade in/private sale you may have.

STEP 5: What is your monthly payment going to cost? Go to <http://www.bankrate.com/calculators/auto/auto-loan-calculator.aspx> .

STEP 6: You are NOT using this auto loan calculator. On the right side of the screen, click on "Auto Loan Rates Averages."

The screenshot shows the Bankrate website interface. On the left is the 'Auto Loan Calculator' with input fields for 'Auto loan amount' (set to \$15,000.00) and 'Auto loan term' (4.00 years or 48 months). On the right is the 'AUTO LOAN RATES AVERAGES' section, which displays a table of average rates for New York Metro. The table lists three products: 60 month used car loan (2.81%), 48 month used car loan (2.99%), and 60 month new car loan (2.69%). Each entry shows a change of -0.00 from the previous week. Below the table is a search bar for 'VIEW RATES IN YOUR AREA' with a 'SEARCH' button.

Put in the zip code of your new home click on **60 month new or used** (depending on the type of car you are buying). Luckily you took Economics at CHS and you have great credit so **you can use the lowest interest rate.** (Screen capture the bank rates)

Auto Rates: New York Metro, NY
 Find the best and latest Auto rates for New York Metro, New York. [Change Search](#)

Sort by: Default [Glossary Terms and Icon Legend](#)

60 Month New Car				
Lender	APR	Rate	Info	Learn more
Chase Bank	2.89% Mon Oct 20	2.89%	Fees and conditions	
LIGHTSTREAM <small>A Division of Sun Life Bank</small>	2.29% Mon Oct 20	2.29%	Auto Debit: Rate w/ AutoPay Fees and conditions	Next
Excellent credit required for rate shown.				
Capital One, NA	2.94% Mon Oct 20	2.94%	Fees and conditions	

STEP 7: Look at the chart located here: <http://www.taxadmin.org/fta/rate/sales.pdf> and record the sales tax for the state you plan on living in. **Screen capture the sales tax line for your state.**

STEP 8: How expensive is this car going to be? Go to <http://www.onlineloancalculator.org/> . The "Loan Amount" is the "TMV what others are paying" price. Enter the purchase price of the car, down payment (\$5000), Trade in Amount (If applicable), Interest Rate from Step 6, Loan Term of 5 years, and sales tax for your state from Step 7. Click calculate.

STEP 9: Screen capture "Your Loan Information", "Loan Summary" and "Yearly Amortization Schedule"

Your Loan Information

Purchase price: \$

Down payment: \$

Trade-in value: \$

Interest rate: %

Loan term: years

Sales tax: %

Start date:

Loan Summary

Monthly Payment: \$370.75 Total of 60 Payments: \$22,245.20

Interest Rate: \$1,245.20 Start Date: Sep, 2019

Total Interest Paid: Pay-off Date:

Yearly Amortization Schedule

Year	Interest	Principal	Balance
2014	\$118.33	\$993.93	\$20,006.07
2015	\$415.98	\$4,033.06	\$15,973.01
2016	\$322.65	\$4,126.39	\$11,846.63
2017	\$227.16	\$4,221.88	\$7,624.75
2018	\$129.46	\$4,319.58	\$3,305.16
2019	\$31.62	\$3,305.16	\$0.00



Step 10: Does your spouse need a car? Repeat the process to buy another car. Screen shot the loan information, loan summary and yearly amortization schedule.

Step 11: Enter the monthly payment in your excel spread sheet. If you are buying more than one car, combine the monthly payments on the spread sheet.

OH MY DARLING BABIES!

Children are expensive! There are a lot of costs associated with having a child. Thankfully for you, you only have to worry about day care (which is expensive enough as it is).

STEP 1: For each child aged 5 and **under**

Day Care Costs: (Based on 5 days per week, 8 hours per day).
 Cost = \$1000/month ---for each child

STEP 2: For each child aged 5 and **older**

Babysitter (Based on 20 days/month)
 Cost = \$10/hour for 3 hours a day – for each child
 = \$500/month – for each child

****You can elect to have your spouse to stay home and not have to worry about any child care expenses. However, you do forgo any salary from your spouse.****

Bills! Bills! Bills!

Don't forget there are a lot more bills. What do you pay in utilities? Water? Gas? Electricity? Car insurance? Do you have an internet/phone/cable package? How much are you spending on food a month? It might not be a bad idea to start collecting coupons. How many times are you planning on dining out? That can get very expensive.

STEP 1: Ask your parents to give you some estimated costs of what they pay on certain bills. You will add these to your monthly budget excel spread sheet. If your parents pay these bills annually, divide by 12 to figure out the monthly payment.

- Homeowner's Insurance (can't get a mortgage without it)
- Electricity
- Heating Oil
- Firewood/Pellets
- Water
- Garbage
- Cable
- Phone
- Internet (sometimes cable/phone/internet come in bundle packages)
- Cell phone
 - (Do you not get a house line and only have cell phones?)
- Food
- Car Insurance (on how many cars?)
- Gas
- Medical Expenses
- Child Care
- Pets???
- Entertainment???
- Savings?
- Emergency Fund?
- College Fund?
- Other expenditures not listed?

STEP 2: Make a list of the different providers you used for the different services (i.e. Verizon or AT&T, etc.)

Keeping Track of it All

STEP 1: As you have budgeted your life (and completed this project) you have been filling in the excel spreadsheet with all of the data you have collected to figure out your monthly budget. (Found on my website.) If you have any annual (yearly) prices make sure that you divide the total by 12 to figure out the monthly cost. You must have at least some money left for savings - if not you have to make some lifestyle changes (i.e. get a new house or car). Also, you cannot have negative money. If you do, you need to go back and make some changes.

Bringing it all together

In **at least** two (2) pages typed, double spaced, explain your choices, and explain your life. Be sure that your explanation is broken into paragraphs and includes the conventional standards of written English.

What did you learn from this project? What was the hardest decision that you had to make? What motivated your decisions? What surprised you most about planning your budget? How might different variables have changed your decisions? How much money did you have left at the end of the year? What expenses has this project not taken into account? What would you do with the extra savings you have? Prove to me that this was well researched, well thought out and responsible. Please also include a few sentences on what you have learned from this project.

****Check the Check list to make sure that you have all of the required components.****