

Monthly Expenses: Creating a budget & living within your means

Topic 3 Income

Step 1: Open your monthly budget sheet and Word document.

Step 2: Go to <http://www.careeroverview.com/salary-benefits.html> Under Salaries by Occupation you will find several fields of work. Click on one that you are considering (for example I would click on Education, Training and Library, then Secondary School Teachers)

Once you find the occupation it will bring up the Low, Medium and High wage. You would receive the Low wage right out of college and then work your way up to the Medium and High

Step 3: Record the Occupation title and the Low, Medium and High wages in the excel spread sheet.

Step 4: Find two other Occupations and repeat the above steps. The spreadsheet will automatically figure out your salary after tax, monthly salary and money left over to invest!

Step 5: If you choose a profession that needs college or vocational training (MOST DO... Ask and I will help) spend 10 minutes using this site <http://ticas.org/posd/map-state-data-2015> to look at the cost of schools you are considering.

Step 1: Pick your state from the dropdown menu

Step 2: Scroll down to find your college

Step 3: In your Word doc write down the average debt of graduates from three colleges you are considering.

Step 4: In your word doc write a paragraph explaining the marginal costs/benefits of each college you considered.

Step 6: You have finished your marginal cost/benefit analysis. Using the school you chose, go to <http://www.whitehouse.gov/issues/education/higher-education/college-score-card> and enter in the name of the college you are looking to attend.

Step 1: Take the yearly cost and multiply it by 4.

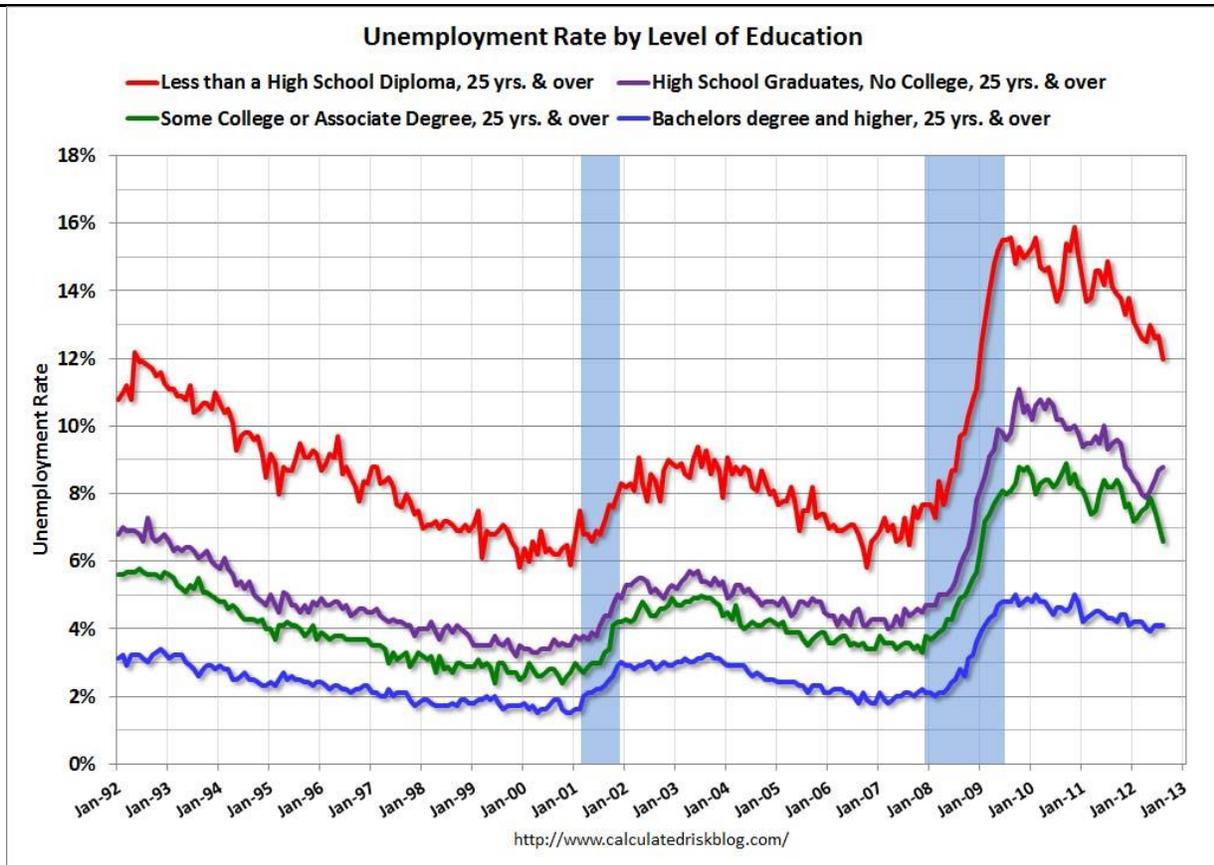
Step 2: Then go to <http://www.bankrate.com/calculators/college-planning/loan-calculator.aspx> and enter in the total cost for the 4 year college, change the loan term to 10 years and hit calculate.

Step 3: Enter the number from step 2 into your Monthly Budget Table at the top under the "Student Loan" section.

Step 7: Look at the data on the next page and answer the following questions in your Word doc.

Education Attained	Unemployment rate in 2013 (Percent)	Median weekly earnings in 2013
Doctoral	2.2	\$1,623
Professional degree	2.3	1,714
Master's degree	3.4	1,329
Bachelor's degree	4.0	1,108
Associate's degree	5.4	777
Some college, no degree	7.0	727
High school diploma	7.5	651
Less than a high school diploma	11.0	472

Note: Data are for persons age 25 and older. Earnings are for full-time wage and salary workers.



- How do these charts incentivize your future decisions?
- What economic concepts/reasoning do these charts highlight? Explain.

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Topic 4 Investment:

Step 1: Average the Low, Medium and High totals from the Money Left Over to Invest Category by adding them together and dividing by three. (While this isn't 100% accurate it will give you a better idea of the amount of money you would be able to invest each month over your entire life.)

Step 2: Multiply that number by 12 to get the amount you would be able to invest annually.

Step 3: Go to http://www.moneychimp.com/calculator/compound_interest_calculator.htm

Enter the 0 in current principal

Enter the number from the above step in Annual Addition

Enter 30 in Years to grow

Enter 3 in Interest rate

Hit Calculate!

Step 4: Enter the amount from Results in the Spreadsheet under Compound interest over 30 years

Step 5: Open your Word doc and answer the following question: write one paragraph explaining which investment options you would choose and why. How would you diversify your portfolio?

The image shows a web-based compound interest calculator. It is divided into two main sections: 'Inputs' and 'Results'.
Inputs section:
- 'Current Principal: \$' followed by an empty text box.
- 'Annual Addition: \$' followed by an empty text box.
- 'Years to grow:' followed by an empty text box.
- 'Interest Rate:' followed by an empty text box and a '%' symbol.
- 'Compound interest' followed by a dropdown menu showing '1' and the text 'time(s) annually'.
- 'Make additions at' followed by two radio buttons: 'start' (which is selected) and 'end of each compounding period'.
- A 'Calculate' button.
Results section:
- 'Future Value: \$' followed by an empty text box.

IF YOU DO NOT HAVE MONEY LEFT TO INVEST SEE BELOW:

Step 1: Look at your monthly budget table and identify your most costly expense

Step 2: In your Word doc explain five things that you could do to make this expense more manageable. You must use that least 7 economic reasoning terms in your explanation.

IF YOU DO HAVE MONEY LEFT TO INVEST SEE BELOW:

Step 1: Write one paragraph explaining which investment options you would choose and why. How would you diversify your portfolio?

Step 2: Write one paragraph explaining why decisions you made on your house/car/education all mattered to your retirement and investments. In your opinion, do you think this is obtainable in your life now (or at least in the future)?