

## Budget Assignment

Envision what you would like your life to look like in the future. You might be attending college, have a job, or be immersed in the career of your dreams. Now think about your future financial situation. Chances are you aren't currently living out your financial dream and when you do think about your future, you probably haven't put a lot of thought into how much money it's going to take to live your desired lifestyle.

This assignment is designed to get you thinking about your financial future, just as you would your professional future. Think of the way you want to be living several years from now and base your future financial decisions on those thoughts. It would be best to choose an age in which you see yourself living out your future vision (e.g. if you are currently 18, consider 10 years from now when you are 28).

Complete this statement:

Today I am \_\_\_\_\_ years old. In \_\_\_\_\_ years, when I am \_\_\_\_\_ years old, this is how I envision my life looking.

**Directions:** You will be developing a hypothetical, but realistic, future budget for your future self. Consider your future and how you see yourself living throughout the process of completing this assignment. Please reference the recommended websites that have been linked at:

**[atkinsonsociastudies.weebly.com/career-ed](http://atkinsonsociastudies.weebly.com/career-ed)**

Although you are not limited to using only these sites, you will find these resources to be very helpful in completing your budget.

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### Future Family Profile

Consider what your future family life might look like. Will you be single? Married? Do you see yourself having any children (possibly in addition to any you currently have)? How many children would you like to have (or not like to have)? Do you see yourself being financially responsible for anyone else (e.g. will you be taking care of an elderly parent)?

#### Marital Status

- Single
- Married
- Divorced
- Widowed
- Other

#### # of Children

- 1
- 2
- 3
- 4
- 5
- \_\_\_\_\_

#### Ages of Children

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Other Dependents:

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## Housing

Housing is typically the largest portion of a person's budget. Consider what type of housing you would like to live in. Remember, you aren't limited to what you currently have or have had in the past. Really think about the type of house you envision yourself living in.

### Type of Housing

- |   |   |
|---|---|
| <input type="checkbox"/> Government Housing | <input type="checkbox"/> Your Own Home      |
| <input type="checkbox"/> Rental Apartment   | <input type="checkbox"/> Luxury Home/Estate |
| <input type="checkbox"/> Rental Home        | <input type="checkbox"/> No Permanent Home  |
| <input type="checkbox"/> A Condominium      | <input type="checkbox"/> Other _____        |
| <input type="checkbox"/> Cabin/Cottage      |   |

How Many Bedrooms? \_\_\_\_\_ Number of Bathrooms? \_\_\_\_\_

Other distinguishing features (e.g. swimming pool, acreage/land, pole barn, etc.):

\_\_\_\_\_  
\_\_\_\_\_

### Where would you like to live?

City, State \_\_\_\_\_

Foreign Country \_\_\_\_\_

Why did you choose this area?

\_\_\_\_\_

Monthly Payment/Rent \$ \_\_\_\_\_

Monthly Property Tax \$ \_\_\_\_\_

Homeowners Insurance/  
Renter's Insurance \$ \_\_\_\_\_

Electricity (Average)\* \$ \_\_\_\_\_

**Housing Total** \$ \_\_\_\_\_ **(1)**

\* **Note about Utilities** – Be aware that utilities include electricity, heat (natural gas, propane, etc.), water (water and/or sewer), and possibly refuse pickup. These costs vary widely depending on the type of home, number of people living in the home, location, and usage. Always remember to research these as best as possible when considering your housing situation.

## Transportation

Think about how you see yourself getting from place to place in your future. Also take into consideration the location you chose to live in. If you live close to things, public transportation, walking, and biking would be real options. However, if you chose to live in the country, you would need to provide your own transportation to get to where you're going.

### Method(s) of Transportation

- |  |   |
|--|---|
| <input type="checkbox"/> Walking               | <input type="checkbox"/> Leased Vehicle |
| <input type="checkbox"/> Bicycle               | <input type="checkbox"/> New Vehicle    |
| <input type="checkbox"/> Public Transportation | <input type="checkbox"/> Used Vehicle   |

If you plan on owning or leasing a vehicle:

What Make? \_\_\_\_\_ What Model? \_\_\_\_\_ Year \_\_\_\_\_

How many miles do you think you might drive in a month (Hint: the average **yearly** mileage most people drive is between 10,000 and 15,000 miles)? \_\_\_\_\_

If you plan on driving a newer car that you purchased or leased, you will probably have a car payment. It is possible, however to avoid a monthly car payment if you purchased a less expensive used vehicle with money you had been saving.

|                                |                     |
|--------------------------------|---------------------|
| Monthly Car Payment (if any)   | \$ _____            |
| Gasoline                       | \$ _____            |
| Maintenance                    | \$ _____            |
| Insurance*                     | \$ _____            |
| Public Transportation (if any) | \$ _____            |
| <b>Transportation Total</b>    | <b>\$ _____ (2)</b> |

\* **Note** – Insurance rates can greatly vary depending on the location, age, and number of registered drivers. The website provides only averages, but insurance is **always** required.

## Clothing

Consider what you like to wear each day. Do you plan on maintaining the same style wardrobe in the future? Could you continue to afford to dress a certain way if you also had to budget money for a spouse and/or children? What if your future job requires you to dress a certain way? Take all of these things into consideration and develop a future clothing budget.

### Clothing Purchases

- Purchase from second-hand store
- Purchase from discount clothing store
- Purchase from Department Stores
- Purchase designer brands
- Other \_\_\_\_\_

### Clothing Needs

- Minimum wardrobe
- Extensive wardrobe
- Moderate-size wardrobe
- No limits; what I want, when I want it

List each family member (including yourself) from your future family profile (front page). Then, state the amount you plan on spending on each person **per year**.

| Family Member | Annual Budget |
|---------------|---------------|
| _____         | \$ _____      |
| _____         | \$ _____      |
| _____         | \$ _____      |
| _____         | \$ _____      |
| _____         | \$ _____      |
| _____         | \$ _____      |

Total **Annual** Budget for Family \$ \_\_\_\_\_

Now, divide this figure by 12 to get your monthly spending/savings plan for your family.

**Clothing Total** \$ \_\_\_\_\_ **(3)**

## Food

Food is one of the top budget expenditures for most families. Choosing what to eat and the type of dietary plan to follow can make purchasing food something that takes deliberate time and energy. According to the USDA, there are four levels of food budgets: the Thrifty Plan, which is a bare minimum plan; the Low-Cost Plan, which allows for only slight flexibility; the Moderate Plan, which offers decent flexibility and provides adequate fund; and the Liberal Plan in which anything goes for food. Think about the type of food plan you would like in your future and budget for it.

### Food Plan

- Thrifty Plan                       Moderate Plan  
 Low-Cost Plan                       Liberal Plan

Now, use the link from the website, [atkinsonsocialstudies.weebly.com](http://atkinsonsocialstudies.weebly.com), to help calculate your future food budget. You must account for all the people in your immediate house hold (see the family profile on page one).

**Food Total**                      \$ \_\_\_\_\_ **(4)**

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## Sundries

Sundries are all the little ‘hidden costs’ not commonly thought of in a regular budget. Sundries include items like: shampoo, conditioner, deodorant, toilet paper, cleaning supplies, and other personal care items. These are usually items commonly purchased at a supermarket (e.g. Meijer or Walmart), but do not fit the category for grocery.

### Family Member

### Monthly Budget

|       |          |
|-------|----------|
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |
| _____ | \$ _____ |

**Sundries Total**                      \$ \_\_\_\_\_ **(5)**

## Entertainment and Recreation

Entertainment and recreation, although not necessary for basic survival, are important categories to plan on spending money on each month. Think about all the things you like to do in your free time and for fun. Consider how much these things cost and plan on building money into your monthly budget for these things. Some areas might be easier to calculate a **yearly** total for; then, divide that figure by 12 to get the monthly amount.

How many times a month do you plan on eating at a restaurant? (Hint: this includes fast food as well as table service) \_\_\_\_\_

Average cost per meal (remember to include each person in your household that you plan on taking out to eat). \$ \_\_\_\_\_

Amount spent on meals out (per month) \$ \_\_\_\_\_

Would you like to attend concerts, movies, plays, sporting events, etc.? How many times do you plan on doing this each month (Hint: It may be easier to count the number of times per year and then divide by 12 to get a monthly average). \_\_\_\_\_

Average cost per month \$ \_\_\_\_\_

What types of hobbies or activities do you plan on participating in?

\_\_\_\_\_

Average cost per month \$ \_\_\_\_\_

If you have children, what types of activities, include all recreational and educational, will they participate in? \_\_\_\_\_

Average cost per month? \$ \_\_\_\_\_

Do you plan on having any monthly (or yearly) memberships to a gym or other facility or organization? If so, list them here. \_\_\_\_\_

Average cost per month? \$ \_\_\_\_\_

List any other entertainment and recreation plans you have for your future.

\_\_\_\_\_

Average cost per month? \$ \_\_\_\_\_

\* Add all these monthly costs together to get the monthly total.

**Entertainment and Recreation Total**      \$ \_\_\_\_\_ **(6)**

## Vacations

Planning for a vacation can be about as much work as planning your regular budget. You have to consider many factors like eating expenses, transportation costs, entertainment/recreation costs, lodging, etc. It is important to consider all of these expenses when making vacation plans. Think about these costs as you plan for your future vacation(s).

### How often do you plan on taking a vacation?

- |  |  |
|--|--|
| <input type="checkbox"/> Every six months  | <input type="checkbox"/> Every 3-5 years |
| <input type="checkbox"/> Yearly            | <input type="checkbox"/> Other _____     |
| <input type="checkbox"/> Every 2 – 3 years |  |

### Where do you want to go?

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### How do you plan on getting to your destination?

- |   |                                      |
|---|--------------------------------------|
| <input type="checkbox"/> Driving          | <input type="checkbox"/> Airplane    |
| <input type="checkbox"/> Boat/Cruise Ship | <input type="checkbox"/> Other _____ |

### What are your food plans?

- |  |  |
|--|--|
| <input type="checkbox"/> Make and take your own food | <input type="checkbox"/> Sit-down, table service meals |
| <input type="checkbox"/> Eat fast food               | <input type="checkbox"/> Other _____                   |

### What are your lodging plans (where will you stay)?

- |  |  |
|--|--|
| <input type="checkbox"/> Friend/Relative           | <input type="checkbox"/> Five star hotel |
| <input type="checkbox"/> Camp (tent, trailer, R/V) | <input type="checkbox"/> Resort          |
| <input type="checkbox"/> Value hotel               | <input type="checkbox"/> Cruise Ship     |
| <input type="checkbox"/> Moderate hotel            | <input type="checkbox"/> Other _____     |

How much will you need for additional entertainment/recreational costs (Hint: You might need admission tickets, spending money, or have to absorb any unforeseen costs)?

Additional Costs \$ \_\_\_\_\_

**Vacation Total \$ \_\_\_\_\_ (7)**

## Child Care

If you have planned on having children in the future, plan on devising a plan to have someone care for them while you are at work. Chances are, there will not be an unlimited free source of child care and you should plan on budgeting for childcare at some point in time.

\* Use the Child Care in America: State Fact Sheets located on the website. Locate the state in which you plan on living. Then, find the heading titled “How Expensive is Child Care”. There are several options for child care for both child care centers and in-home child care.

The numbers presented in the column directly under the state you chose are average yearly figures. You will have to divide these numbers by 12 to get your average monthly costs. Then add up the total monthly cost of each child for a grand total. Please choose your planned child care option and then calculate the numbers according to the number and ages of children you have planned on raising in the future.

**Example:** You plan on having 2 children. One is an infant and the other is a four year old. You are planning on sending them to a day care center in Michigan. An infant costs, on average, \$9,724 a year and a 4 year old costs \$7,956, on average, a year.

- First – Add these two figures together to get a total cost for the year
  - o  $\$9,724 + \$7,956 = \mathbf{\$17,680}$  per year
- Second – Divide the total yearly cost by 12 to get the average monthly cost.
  - o  $\$17,680 / 12 = \mathbf{\$1473.33}$  per month

| Child | Yearly Child Care Cost       |
|-------|------------------------------|
| _____ | \$ _____                     |
| _____ | \$ _____                     |
| _____ | \$ _____                     |
| _____ | \$ _____                     |
| _____ | \$ _____                     |
| _____ | \$ _____                     |
| _____ | \$ _____                     |
|       | Total Cost per year \$ _____ |

Now, take the total yearly cost and divide by 12 to get an average monthly cost.

$$\$ \frac{\text{_____}}{\text{(Total Yearly Cost)}} / \underline{\quad 12 \quad} = \$ \frac{\text{_____}}{\text{(Average Monthly Cost)}}$$

**Child Care Total \$ \_\_\_\_\_ (8)**

## Health Insurance

Health care costs can account for one of the most expensive components of a budget. There are typically two methods for obtaining health insurance: 1) It is offered as a benefit package through a person's job; 2) It can be purchased on the health insurance market place for those who don't have coverage through their job.

As part of the Career Cruising assignment, you looked at potential benefits offered for your top three career choices. Look back to that assignment to find out whether or not your potential career choice will offer insurance.

If your career offers insurance as a benefit, the insurance premiums are usually paid for out of your pay check as a payroll deduction taken before you get your net pay. You will not have to account for health insurance payments at this time as they will be determined by the type of insurance and package provided by employer.

If it appears that your career choice does not offer insurance, use one of the insurance calculators from the website to determine approximate costs for yourself and family members.

### How will you obtain insurance?

- Benefit package through your job
- Purchased through the insurance marketplace

**Health Insurance Total (Estimate) \$ \_\_\_\_\_ (9)**

## **Furnishings**

Consider all of the ‘stuff’ you currently have at home including furniture, television, computer(s), gaming systems, appliances (e.g. refrigerator, stove, microwave), bed(s) and bedding, decorative items, etc. Although many of these are things that we accumulate over some time, there comes a time when we are either forced to replace something because of age or failure, or we simply want something new/different.

In your future, you probably already have these items. However, you now need to consider how much money you will need to save to make replacement or upgrade purchases in this area of your budget. This might be a good area to consider a yearly savings amount and then divide that number by 12 to get an average monthly saving figure.

What types of items do you think you will need to save for?

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How much do you anticipate needing to save for these items per year?

(Hint: if an item you plan on upgrading costs \$1,000 and you want to buy it in one year, you will need to save \$83 per month to reach that goal).

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**Furnishings Total \$ \_\_\_\_\_ (10)**

## Miscellaneous

In every budget there are items that just don't quite fit into a specific category. However, you will inevitably spend money on items outside of your normal budget and it is important to make sure you plan on having money for these miscellaneous categories. Consider some of the things you might plan on spending money on here and account for them here. Some categories will be easier to calculate on a yearly basis and then divide by 12 to get a monthly average.

How much will you need to spend on birthday and holiday gifts? (Hint: these events only happen a few times a year so consider how much you want to spend on each person for their birthday and for holiday gifts and then divide that number by 12 to get a monthly average).

Total for everyone combined for the year \$ \_\_\_\_\_

Average monthly savings plan to meet this goal \$ \_\_\_\_\_

Do you plan on having any pets? What kind and how many of each do you plan on having?

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Total monthly expenditures (average) \$ \_\_\_\_\_

Do you plan on making any contributions to any social, political, religious, or other organizations?

Total monthly contributions \$ \_\_\_\_\_

List any other expenditure that do not fit into a previous category and determine an average monthly dollar amount you plan on spending for each.

| Area or Items of Expense | Average Monthly Cost |
|--------------------------|----------------------|
| _____                    | \$ _____             |
| _____                    | \$ _____             |
| _____                    | \$ _____             |
| _____                    | \$ _____             |
| _____                    | \$ _____             |
| _____                    | \$ _____             |
| _____                    | \$ _____             |

**Miscellaneous Total \$ \_\_\_\_\_ (11)**

## Savings

Savings is probably one of the most important areas of your entire budget. It can be easy to think about our immediate needs and wants, but harder to consider what we will need to in future (for better or worse). Consider all the reasons why you need to have a savings account and contribute to it regularly, just as if it were an expense. Dave Ramsey, a highly respected and recommended financial advisor, says that at the minimum, a person (family) needs to have a \$1,000 in an emergency savings account. This would easily cover most car repairs, home repairs, and unexpected emergency expenses. Once that has been established, a general rule of thumb is to accumulate 3-6 months of income in savings to cover losing a job or any other major emergencies.

What categories would you like to save money for each month? Check any that apply.

Emergencies

Monthly Savings for Emergencies \$ \_\_\_\_\_

Repairs, replacements, or major purchases (e.g. cars, appliances, home repair, etc.)

Monthly Savings for Repairs, Replacement, Major Purchases \$ \_\_\_\_\_

Children's college

Monthly Savings for Children's College \$ \_\_\_\_\_

Retirement

Monthly Savings for Retirement \$ \_\_\_\_\_

Other \_\_\_\_\_

Monthly Savings for Other \$ \_\_\_\_\_

**Savings Total \$ \_\_\_\_\_ (12)**

## Your Budget Profile

Now is the time to collect the monthly totals from each of the previous twelve (12) categories. Look back at your monthly totals at the bottom of each category. Use the amount you filled in on the total line that has the number in parentheses next to it. Transfer these values to the chart below. Finally, add up all of your major budget category totals to determine how much money you are going to need each month to sustain your future lifestyle.

Housing (1)           \$ \_\_\_\_\_

Transportation (2)   \$ \_\_\_\_\_

Clothing (3)           \$ \_\_\_\_\_

Food (4)               \$ \_\_\_\_\_

Sundries (5)           \$ \_\_\_\_\_

Entertainment (6)   \$ \_\_\_\_\_

Vacations (7)         \$ \_\_\_\_\_

Child Care (8)         \$ \_\_\_\_\_

Health Insurance (9) \$ \_\_\_\_\_

Furnishings (10)     \$ \_\_\_\_\_

Miscellaneous (11)   \$ \_\_\_\_\_

Savings (12)          \$ \_\_\_\_\_

**Monthly Grand Total \$ \_\_\_\_\_**

## Your Future Budget vs. Your Future Career Choice.

Now that you have determined how much money you are going to need to live your future lifestyle, you need to determine your actual monthly and yearly salaries.

First, let's find your Gross Monthly Pay. This is the amount of money you need to make each month before taxes and payroll deductions are taken out of your paycheck. To determine this value, you take your Net Monthly Pay (the amount listed as the Grand Total) from your entire budget, and plan on adding roughly 25% to that figure. To do this, take the Net Monthly Pay and divide it by 75%. We use this figure because between taxes and payroll deductions, you can plan on only receiving about 75% of your total Gross Monthly Pay.

\*The Gross Monthly Pay MUST be more than your Net Monthly Pay.

Example:

Net Monthly Pay = \$ 4,000

\$ 4,000 / 75% = \$ 5,333.33 (Gross Monthly Pay)

$$\frac{\text{Net Monthly Pay}}{\text{(Net Monthly Pay)}} \div 75\% = \frac{\text{Gross Monthly Pay}}{\text{(Gross Monthly Pay)}}$$

Lastly, we need to calculate how much money you need to make per year in order to support your future lifestyle.

To do this, take your Gross Monthly Pay (salary before taxes and payroll deductions) from the line above, and multiply that number by 12. This value is the amount of money you need to make each year, before taxes and deductions.

Example:

Gross Monthly Pay = \$ 5,333.33

\$ 5,333.33 X 12 Months = \$ 63,999.96 or roughly \$ 64,000 per year salary.

$$\frac{\text{Gross Monthly Pay}}{\text{(Gross Monthly Pay)}} \times \frac{12}{\text{(Months)}} = \frac{\text{Gross Yearly Salary}}{\text{(Gross Yearly Salary)}}$$