



Volunteer Guide



REAL **life**



Welcome to REAL LIFE!

The power of **REAL LIFE** is the discovery learning that takes place as students deal with some truly challenging life scenarios. The simulation is intended to model an x-game focused on financial literacy; hard hitting, in your face, tough real financial decisions that have to be made on the fly. This life-like simulation immerses the student in fast-paced hands-on learning where they face difficult real world decisions.

REAL LIFE is a program built for 11th and 12th grade. We provide it to the school districts free of charge with the stipulation that every student at grade level participate. The students divide into eight groups of approximately 20 to 40 students (depending on group size). The total program runs approximately five hours.

Budget Builder is the major component of the day. As the name implies it is a financial budgeting activity. We will run the Budget Builder simulation twice during the day. (The first half of the students in the morning and then the second half after lunch.)

In Budget Builder, the experiential learning takes place within each student group. Each table has from 5 to 7 students and a financial volunteer. The student life scenarios are grouped at each table to provide a wide range of life situations.

As a volunteer, you play an important role in the success of this program. In addition to providing answers to financial questions, we want you to encourage your students to think about the issues being addressed. Each of these teachable moments allows you to pose questions to get the students thinking beyond the simple math of budgeting.

This Volunteer Guide is to help assist you in this effort. You will see that it includes some definitions, crib notes on various forms and a number of other helpful items. In addition to this remember, a JA staff person is just a raised hand away. So when you have a question, please don't hesitate to ask.

Once again, thank you for volunteering! We look forward to fantastic day, and we hope to hear from you at the end on your suggestions on how to make it even better!

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Russell", is written in a cursive style.

Tom Russell
President of JA of South Central PA

Important Points

Financial Advisor Role

- Provide guidance and assistance to students.
- Look for “teachable moments” to mentor students throughout the day.
- Monitor and verify students’ work progress.
- Questions or concerns you aren’t equipped to answer should be referred to a JA staff member.

Expectations for Financial Advisors

- Cell phones should be turned off or set on “vibrate”

Expectations for Students

- Students should be respectful of all persons
- Discipline issues should immediately be brought to the attention of a teacher or JA staff member.

Pace of the simulation

- Goal is for every group to end the simulation together
- If your group is ahead of schedule, we ask that you stop at the identified checkpoints and complete the “Extended Learning Activity.” Checkpoints are marked on the agenda and in this Advisor’s guide with a stop sign.



- If your group is behind schedule, a JA volunteer will let you know and we encourage you to pick up the pace a little. (However, don’t feel like you need to rush.)

Budget Builder

Agenda

- 5 minutes** **Opening and General Information**
- 20 minutes** **Life Scenario Review**
Students review their Life Situation Profiles
Students share Life Situation Profiles with group
STOP - Please check your time....is it time to move on yet?
- 20 minutes** **Net Monthly Income and Retirement Decision (blue sheet)**
Students complete 1st column of NMI worksheet
Students review retirement options and 401k decision
Students complete 2nd column of NMI worksheet
STOP - Please check your time....is it time to move on yet?
- 20 minutes** **Pay yourself First- Savings decision (yellow sheet)**
Students complete the Pay Yourself First worksheet
Enter savings decision on Budget Worksheet
STOP - Please check your time....is it time to move on yet?
- 40 minutes** **Budget Decisions (green sheet)**
Work as a group making each decision
After every student has made their decision, discuss why the choice was made and compare the students decisions and how different life scenarios and income may affect the choice they had to make (use roughly 3-4 min per option for decision and discussion)
STOP - Please check your time....is it time to move on yet?
- 10 minutes** **Budget Review**
- 5 minutes** **Wrap Up**

Opening and General Information (5 minutes)

This opening time frame intends to allow you to meet the students and distribute materials they will need.

- Introduce yourself and let the students know what your work background is and any financial experience that you have (or don't have).
- Have the students select a career life scenario sheet from the selection on the table.
- Distribute the Budget Builder Life Scenario booklets based on the scenario each student selected.
- Pass out calculators, pencils and highlighters to each student.
- Distribute the Budget Builder Worksheets (blue, yellow, green)

Life Scenario Review - (20 minutes)

(Life Scenario and Credit Score and Analysis
in the student's Budget Builder booklet)

The life scenario plays an important part in the entire budgeting activity. This is where the student learns about the details that will affect their budgeting decisions. Make sure they follow your instructions.

- Have students read their individual Life Scenario. Encourage them to use their highlighter to mark key information like college loans, credit card debt, and daycare. A sample of a Life Scenario is on the following page.

Note: You may need to offer some assistance or support to reading challenged students. **This should take about five minutes.**

- Have students describe themselves to the group. **This should take about fifteen minutes.**

Note: As they are talking, listen for whether they describe the following key elements.

- Married/ Children
- Spouse work?
- Credit Score
- College loans
- Job and pay

If they don't mention key points of their scenario, as they finish, ask them questions, such as:

Example: "What is your credit score?"

"Are you married?"

"Do you have any children?"

"Do you have a college loan?"

Banquet Manager

Account #: 1

Group: 1

Age: 23

Married: Yes

Ages of Children: n/a

Credit Score: 630

Credit Card Balance: \$1,800

Savings Account Balance: \$200

Gross Annual Income Personal: \$40,944 Spouse: \$0 **Total: \$40,944**

Monthly Taxes

Federal Income Tax Personal: \$239 Spouse: \$0 Total: \$239

State Income Tax Personal: \$102 Spouse: \$0 Total: \$102

Local Income Tax Personal: \$34 Spouse: \$0 Total: \$34

Social Security Personal: \$205 Spouse: \$0 Total: \$205

Medicare Personal: \$68 Spouse: \$0 Total: \$68

Education Background/Cost

I graduated from a local community college with an Associate's Degree in Business. I was able to work and pay for all of my tuition. My total costs were \$18,000. I do not have any student loans.

Employment Background

I did not work during high school because of being involved in sports. While in college, I obtained a job waiting tables at a local diner. One of my customers was a personnel manager for a local hotel resort and asked if I would like to work for him doing banquet work. I accepted and through time I have advanced to my present position.

Credit and Savings Background

Two years ago I had some unexpected expenses come up with my car. I ended up with a number of large balances on several credit card accounts. I've been able to pay most of them down. I still have an outstanding balance of \$1,800. I have a credit score of 630, which is considered "fair". I've tried to set aside money for savings, but something always comes up. I only have \$200 in savings.

Spouse and Children

I am married and do not have any children. I do not need daycare at this time.

- As the students give you their synopsis, **point out the Credit Score Report** located on page 2 in their Life Scenario booklet. Indicate to them that this report matches the credit score on their life scenario (located in the upper right corner).

FreeScore.com

Some of the Credit Score companies have errors in the report. This is part of the extended learning activity.

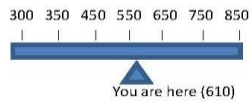
Credit Score and Analysis

Your Credit Scores

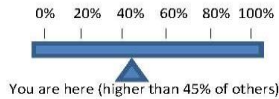


610

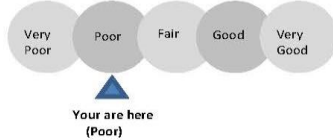
Where You Rank
TransUnion



How You Compare
TransUnion

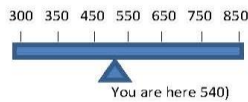


How Lenders View You
TransUnion

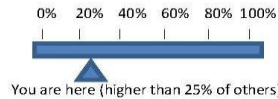


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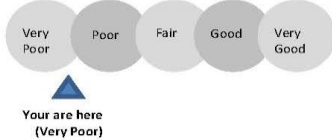
Experian



Experian

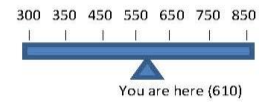


Experian

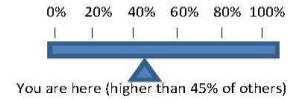


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Equifax



Equifax



Equifax



Citi Bank Visa	Equifax	TransUnion	Experian
Account Type:	Revolving	Revolving	Revolving
Date Opened:	9/09/09	9/09/09	9/09/09
Balance Amount:	\$1,700	\$4,400	\$1,700
High/Limit:	\$8,000	\$8,000	\$8,000
Account Status:	As Agreed	As Agreed	As Agreed
Past Due Amount:	\$0	\$0	\$0
Comments:	Open and in good standing	Prior Late payments. Currently as agreed.	Open and in good standing



If there is additional time, you may want to ask the students some of these questions:

How many of you have a college degree? Who has a college loan? How much?

Who is making the most money? Who is making the least?

*What is a “trades” job? **A job that requires technical training but not college.***

Who has a “trades” job? How does your income compare?

What’s the difference between all the taxes? Federal, State, Local, Social Security

PAUSE: After completing the **Life Scenario** section, please wait until all of the students participating in Budget Builder have completed their Life Scenario section before proceeding to the next section--**Net Monthly Income & Retirement Decision**. It is important that all of the students participating in Budget Builder move to the next section together.

EXTENDED LEARNING ACTIVITY

Ask students to look at their credit score report and analyze them for errors and for factors causing their score to be low. Allow a few minutes and then guide them thru a review by asking which student has a 530? Who has a 680? And so on.

<i>Score</i>	<i>Errors</i>	<i>Factors for low score</i>
<i>530</i>	<i>Experian score of 520</i>	<i>Prior late payments. Bank of America Mastercard account is suspended.</i>
<i>580</i>	<i>No obvious reason for why score is so low.</i>	<i>Account balances on all cards. 5 credit cards.</i>
<i>610</i>	<i>Experian score is 540</i>	<i>Transunion shows higher balance on Citi Bank Visa. Bank of America Mastercard prior late payment.</i>
<i>630</i>	<i>Experian score is 620</i>	<i>No late payments and all accounts in good standing.</i>
<i>680</i>	<i>Experian score is 670</i>	<i>Only 3 credit cards and zero balances.</i>
<i>700</i>	<i>Experian score is 680</i>	<i>Only 1 credit card and zero balance.</i>

Net Monthly Income & Retirement Decision - (20 minutes)

Retirement 401k Option Sheet is in student's booklet after the credit score sheet)

This section helps the students understand the difference between gross income and net income. It also introduces the first budgeting decision they will make which is retirement.

- Ask students – *What is the difference between Gross Income and Net Income?* **Net monthly income has taxes taken out. It is the money we have available to live on.**
- Have students complete the first column on their NMI Worksheet (**blue sheet**). **This should take five minutes.** Spot-check their work to make sure they are doing it correctly. (There is an NMI Answer Key on page 12 that shows NMIs by account number.)
- Next is some table discussion on retirement planning. **This should take five minutes.**

Ask students -

*At what age would you like to retire?
How much money do you think you'll need?
How will you get that money?*

Tell the students that many companies offer a 401k plan as a way for their employees to save for retirement. 401k is simply the name of a government program. It is named after the section of the tax code. 401k is like a savings plan, except it is pre-tax. You actually get to set money aside for retirement before taxes are taken out.

To encourage you to save for retirement, a lot of companies also contribute money based on how much you contribute. This is called a company match.

- Have the students open their Budget Builder booklet to the Retirement 401k Option Sheet. Ask each student to read their information and choose one of the four salary company match contribution options. **This should take five minutes.**

Note: Some life scenarios have \$1.00 for \$1.00 company matches, others have .50 for every \$1.00 company matches, and some don't have a company match.

You can point out to them the "Projected lifetime accumulation" for each salary option and how much the company would match per year.

- Have the students complete the second column on their NMI worksheet. **This should take five minutes.** Spot-check their work to make sure they are doing it correctly. (There is an NMI Answer Key on page 11 that shows NMIs by account number.)



Name _____

Account # : _____

Net Monthly Income (Line 1)

Directions: Complete this Worksheet to calculate your net monthly income (NMI). Use your Life Scenario Profile to locate your personal and spouse’s gross annual income, monthly federal taxes, state taxes, local taxes, Social Security taxes, and Medicare taxes. **On your Life Scenario Profile, be sure to use the Total column for taxes withheld. Round off each amount to the nearest dollar.**

Net Monthly Income Calculation	(Life Scenario Profile)	(Retirement Decision)
1. Gross Annual Personal Income	\$ _____ (1)	\$ _____ (1)
2. Gross Annual Spouse Income	\$ _____ (2)	\$ _____ (2)
3. Total Gross Annual Income (add lines 1 and 2)	\$ _____ (3)	\$ _____ (3)
4. Gross Monthly Income (divide Line 3 by the number 12)	\$ _____ (4)	\$ _____ (4)
5. Monthly Total Federal Income Taxes	\$ _____ (5)	\$ _____ (5)
6. Monthly Total State Income Taxes	\$ _____ (6)	\$ _____ (6)
7. Monthly Total Local Income Taxes	\$ _____ (7)	\$ _____ (7)
8. Monthly Total Social Security Taxes	\$ _____ (8)	\$ _____ (8)
9. Monthly Total Medicare Taxes	\$ _____ (9)	\$ _____ (9)
10. Total Monthly Taxes Withheld (add Lines 5, 6, 7, 8, and 9)	\$ _____ (10)	\$ _____ (10)

Net Monthly Income (NMI)
(Line 4 minus Line 10)

\$

\$
*

Retirement 401k Option Sheet

SAMPLE

Your company provides you an opportunity to set aside money for retirement through their 401k savings plan. The company matches \$1.00 for every \$1.00 you contribute up to 6% of your gross wages.

Option 1: Maximize the company match by contributing 6%.

Adjusted income is as follows:

Company match

Gross Annual Income Personal: \$38,487 Total: \$38,487

Monthly Taxes

Federal Income Tax	Personal: \$225	Total: \$225
State Income Tax	Personal: \$102	Total: \$102
Local Income Tax	Personal: \$34	Total: \$34
Social Security	Personal: \$205	Total: \$205
Medicare	Personal: \$68	Total: \$68

Annual 401k-contribution \$2,457 + Company Match \$2,457 = \$4,914

Projected lifetime accumulation = \$1,950,000 Estimate # of retirement years until you run out of \$ = 28

Option 2: Contribute 4% of your salary.

Adjusted income is as follows:

Projected lifetime accumulation

Gross Annual Income Personal: \$39,306 Total: \$39,306

Monthly Taxes

Federal Income Tax	Personal: \$229	Total: \$229
State Income Tax	Personal: \$102	Total: \$102
Local Income Tax	Personal: \$34	Total: \$34
Social Security	Personal: \$205	Total: \$205
Medicare	Personal: \$68	Total: \$68

Annual 401k-contribution \$1,638 + Company Match \$1,638 = \$3,276

Projected lifetime accumulation = \$1,319,000 Estimate # of retirement years until you run out of \$ = 20

Option 3: Contribute 2% of your salary.

Adjusted income is as follows:

Gross Annual Income Personal: \$40,125 Total: \$40,125

Monthly Taxes

Federal Income Tax	Personal: \$234	Total: \$234
State Income Tax	Personal: \$102	Total: \$102
Local Income Tax	Personal: \$34	Total: \$34
Social Security	Personal: \$205	Total: \$205
Medicare	Personal: \$68	Total: \$68

Annual 401k-contribution \$819 + Company Match \$819 = \$1,638

Projected lifetime accumulation = \$720,000 Estimate # of retirement years until you run out of \$ = 13

Option 4: You chose not to participate in the 401k. (use NMI numbers from life scenario).

Estimate # of retirement years until you run out of \$ = 5

Net Monthly Income (NMI) Answer Sheet

Revised Acct. #	Position	Group	NMI	6%	4%	2%
				NMI	NMI	NMI
1	Banquet Manager	1	2,764	2,573	2,637	2,700
2	Landscape Designer	1	3,189	2,969	3,042	3,115
3	Software Developer	1	3,830	3,632	3,698	3,764
4	Financial Manager	1	4,031	3,753	3,846	3,939
5	Plumber	1	4,031	3,753	3,846	3,939
6	Welder	1	4,432	4,126	4,228	4,330
7	Retail District Manager	1	4,872	4,537	4,648	4,760
8	Radiology Technician	1	5,297	5,047	5,130	5,214
9	Customer Service Representative	2	2,338	2,177	2,230	2,284
10	Body Shop Painter	2	3,830	3,632	3,698	3,764
11	Soil Conservationist	2	3,189	2,969	3,042	3,115
12	Architect	2	3,830	3,632	3,698	3,764
13	Anesthesia Technologist	2	4,031	3,753	3,846	3,939
14	Diesel Mechanic	2	4,432	4,126	4,228	4,330
15	Physical Therapist	2	4,872	4,537	4,648	4,760
16	Health Service Manager	2	5,297	5,047	5,130	5,214
17	LPN Licensed Practical Nurse	3	2,764	2,573	2,637	2,700
18	Respiratory Therapist	3	3,189	2,969	3,042	3,115
19	Property Manager	3	3,830	3,632	3,698	3,764
20	Social Media Manager	3	4,031	3,753	3,846	3,939
21	Electrician	3	4,031	3,753	3,846	3,939
22	HVAC Technician	3	4,432	4,126	4,228	4,330
23	Mechanical Engineer	3	4,872	4,537	4,648	4,760
24	Financial Analyst	3	5,297	5,047	5,130	5,214

10/2023

Compound Interest Example

This chart shows the power of compound interest when you start early. Sally begins at age 22, saving \$5,000 a year for 10 years and then stops. Ed starts at age 28 and saves \$5,000 a year until he is 65.

Questions:

How much money will Sally have at the age of 65? **\$1,070,944**

How much did she contribute? **\$50,00**

How much money will Ed have at the age of 65? **\$1,189,706**

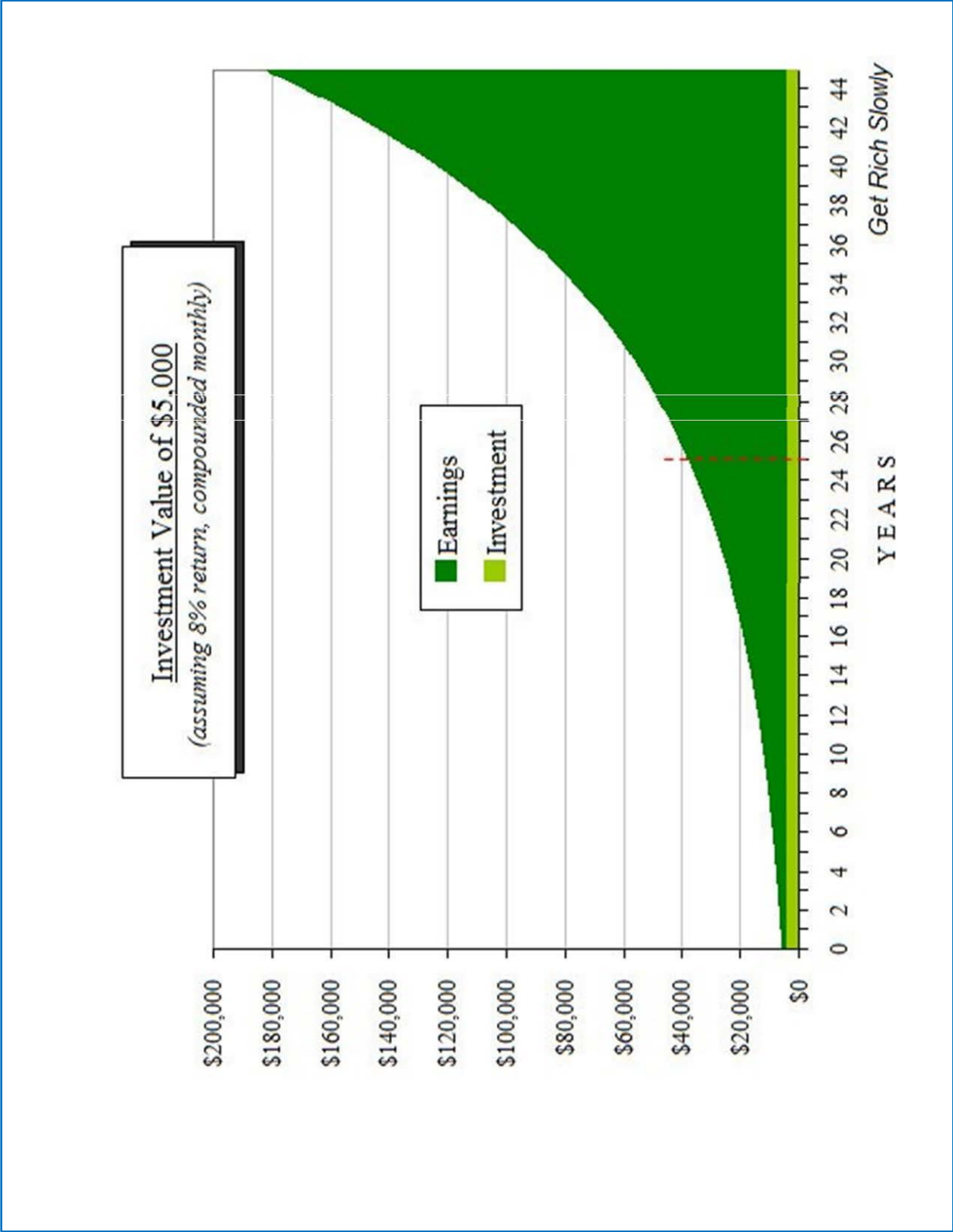
How much did he contribute? **\$190,000**

Compound Interest Comparison Chart

Sally				AGE	Ed				
Yearly Investment Amount	Value before Interest	Yearly Interest at 8%	Value at end of year		Yearly Investment Amount	Value before Interest	Yearly Interest at 8%	Value at end of year	
5,000	5,000	400	5,400	22		-	-	-	
5,000	10,400	832	11,232	23		-	-	-	
5,000	16,232	1,299	17,531	24		-	-	-	
5,000	22,531	1,802	24,333	25		-	-	-	
5,000	29,333	2,347	31,680	26		-	-	-	
5,000	36,680	2,934	39,614	27		-	-	-	
5,000	44,614	3,569	48,183	28	5,000	5,000	400	5,400	
5,000	53,183	4,255	57,438	29	5,000	10,400	832	11,232	
5,000	62,438	4,995	67,433	30	5,000	16,232	1,299	17,531	
5,000	72,433	5,795	78,227	31	5,000	22,531	1,802	24,333	
	78,227	6,258	84,486	32	5,000	29,333	2,347	31,680	
	84,486	6,759	91,244	33	5,000	36,680	2,934	39,614	
	91,244	7,300	98,544	34	5,000	44,614	3,569	48,183	
	98,544	7,884	106,428	35	5,000	53,183	4,255	57,438	
	106,428	8,514	114,942	36	5,000	62,438	4,995	67,433	
	114,942	9,195	124,137	37	5,000	72,433	5,795	78,227	
	124,137	9,931	134,068	38	5,000	83,227	6,658	89,886	
	134,068	10,725	144,794	39	5,000	94,886	7,591	102,476	
	144,794	11,583	156,377	40	5,000	107,476	8,598	116,075	
	156,377	12,510	168,887	41	5,000	121,075	9,686	130,761	
	168,887	13,511	182,398	42	5,000	135,761	10,861	146,621	
	182,398	14,592	196,990	43	5,000	151,621	12,130	163,751	
	196,990	15,759	212,749	44	5,000	168,751	13,500	182,251	
	212,749	17,020	229,769	45	5,000	187,251	14,980	202,231	
	229,769	18,382	248,151	46	5,000	207,231	16,579	223,810	
	248,151	19,852	268,003	47	5,000	228,810	18,305	247,115	
	268,003	21,440	289,443	48	5,000	252,115	20,169	272,284	
	289,443	23,155	312,598	49	5,000	277,284	22,183	299,466	
	312,598	25,008	337,606	50	5,000	304,466	24,357	328,824	
	337,606	27,008	364,615	51	5,000	333,824	26,706	360,530	
	364,615	29,169	393,784	52	5,000	365,530	29,242	394,772	
	393,784	31,503	425,287	53	5,000	399,772	31,982	431,754	
	425,287	34,023	459,310	54	5,000	436,754	34,940	471,694	
	459,310	36,745	496,054	55	5,000	476,694	38,136	514,830	
	496,054	39,684	535,739	56	5,000	519,830	41,586	561,416	
	535,739	42,859	578,598	57	5,000	566,416	45,313	611,729	
	578,598	46,288	624,886	58	5,000	616,729	49,338	666,068	
	624,886	49,991	674,876	59	5,000	671,068	53,685	724,753	
	674,876	53,990	728,867	60	5,000	729,753	58,380	788,133	
	728,867	58,309	787,176	61	5,000	793,133	63,451	856,584	
	787,176	62,974	850,150	62	5,000	861,584	68,927	930,511	
	850,150	68,012	918,162	63	5,000	935,511	74,841	1,010,352	
	918,162	73,453	991,615	64	5,000	1,015,352	81,228	1,096,580	
	991,615	79,329	1,070,944	65	5,000	1,101,580	88,126	1,189,706	
50,000					190,000				999,706

Compound Interest Example

This is another way to look at compound interest. You start with a \$5,000 investment and watch your money grow each year. This chart assumes an annual 8% return.





PAUSE: After completing the **Net Monthly Income section**, please wait until all of the students participating in Budget Builder have completed their NMI section before proceeding to the next section--**Pay Yourself First!** It is important that all of the students participating in Budget Builder move to the next section together.

Extended Learning Activity

Ask students to look at their Net Monthly Income worksheet and calculate the difference in their federal taxes from column 1 to column 2.

Ask each student to state their difference in Federal Taxes withheld. Ask them what % they contributed to their 401k. (6, 4, 2 or 0)

The point to make is that a nice portion of your retirement savings is coming from taxes that you don't have to pay.

Pay Yourself First! - (20 minutes)

(Yellow “Pay Yourself First” worksheet)

The second budget decision we are going to make is on savings. We call it “Pay yourself first!”

- Begin this section by asking a few questions. This should take about five minutes.

Why do we save money? To buy things that we can't afford to buy today.

What kinds of things do we save money for?
(home, car, vacation, emergency funds, children's education)

What's the difference between savings and investing?
Savings is short term, easy access, typically lower rate of return, less risk. Investing is for the long term, typically has a higher rate of return but has more risk.

Why do we pay ourselves first? To ensure that we have set aside the necessary income for the important things we want down the road.

- Ask the students to complete the Savings Worksheet. This should take about fifteen minutes.

Work thru the Savings Worksheet as a group.

1. Have students fill in NMI (line 1)
2. Talk about Emergency Funds and why that's important
3. Have students calculate Emergency Fund (line 2)
4. Ask students, how many want to own a home someday?
5. Talk about buying your first home and how much they can afford.
6. Have students calculate house affordability. (line 3)
7. Have students calculate down payment. (line 4)
8. Pass out Savings Fun Cards (large, laminated cards in black zipper bag) and have the students select one fun item. Enter amount on (line 5)
9. Total Savings goal (lines 2,4 and 5) and enter on line 6
10. Have students determine how many months it will take to reach your savings goal at 10% savings.
11. Have students select an amount for savings. They can either use 10% or 20% or something in between.



“Pay Yourself First!” Creating a Savings Plan

(Line 2)

Complete the following to determine how much money would be required to fund large purchases. The purpose of this worksheet is to find out how much you should set aside as a savings goal.

*Net Monthly Income (NMI): _____ *(1)

Emergency Fund

Most financial experts suggest that you have from 3 to 9 months of income in savings set aside for emergencies. Emergencies could include loss of job, major medical bills not covered by insurance, or loss of a vehicle or other major expense.

To determine a minimum amount for emergency funds, multiply your NMI (Net Monthly Income) by 3 (enter the amount on line 2).

*NMI X 3 = _____ (2)

House affordability:

Most financial experts suggest that you should not spend more than 2.5 to 3 times your annual income on a home. In months that would be 30 to 36 months. To determine what price you can pay for a house, multiply your NMI (Net Monthly Income) by 30.

Purchase price amount: *NMI x 30 = _____ (3)

Mortgage companies now require a minimum of 20% to buy a home. To determine how much you will need for a down payment, multiply the purchase price amount (line 3) by .20 (20 percent). Enter on line 4.

Line 3 x .20 = _____ (4)

Wish List: (Big cards in the black bag)

Savings is also for things you wish to buy. Vacations, Recreational items like boats or motorcycles. It can also be for household items like a big screen TV. At your table, there are fun things from which to choose. Take one that you want to save for and list that item on line 5.

_____ (5)

Total of Savings Goal (add lines 2, 4 and 5)

\$ _____ (6)

Determining your Monthly Savings Amount

Financial advisors suggest that you set a goal of setting aside between 10 to 20% of your NMI (*Net Monthly Income) for savings. To get a sense for how long it would take to achieve your savings goal (line 6), do the following.

Take your *NMI x .10 and divide line 6 by this number.

Step 1: $\frac{\text{_____}}{\text{* (NMI)}} \times .10 = \frac{\text{_____}}{\text{(monthly savings)}}$

Step 2: $\frac{\text{_____}}{\text{(line 6)}} \div \frac{\text{_____}}{\text{(monthly savings)}} = \frac{\text{_____}}{\text{(# of months to reach goal)}}$

If you save at 10% it will take that many months to reach your savings goal. If you save 20%, it will take half that time.

Savings Decision:

How much do you want to budget for savings? You can calculate a percentage of your NMI like 10% or 20% and enter that amount, or you can just enter a fixed dollar amount.

Enter the amount in this box and then on your green Budget Worksheet on line 2.

Savings Amount

A rectangular input box with a light blue background and a thin black border. It contains a dollar sign (\$) on the left and a small black dot on the right side.

Remember, savings is paying yourself first. You will be the one to enjoy the results of having money to pay for things that you either need or want.



PAUSE: After completing the **Pay Yourself First! section**, please wait until all of the students participating in Budget Builder have completed their Pay Yourself First! section before proceeding to the next section—**Budget Decisions**. It is important that all of the students participating in Budget Builder move to the next section together.

If you have time left, here are a few discussion questions:

What amount did you save?

How much was your savings goal?

What was your fun item?

Why are we paying ourselves first?

Extended Learning Activity

Ask students to go back to their savings worksheet and recalculate their emergency funds to be 6 months vs. 3. Re-total their savings goal. Ask them to share what the goal was and what it is now. Do not change their original goal, this is just to see the impact of setting a larger goal.

Budget Decisions - (30 minutes)

(Green Budget Worksheet)

In this timeframe, students will complete 12 decisions on the green Budget Worksheet.

- Ask the students to refer to their **Budget Worksheets**.
- Review the worksheet and explain that during the rest of the day, they are going to be working on building a budget that allows them to “live within their means”.
- Ask them, “**What does living within your means mean? Simply stated it means not spending more than you earn.**”
- Have students enter the “Savings Amount” total from their Pay Yourself First! worksheet on line 2 of the Budget Worksheet.
- Have students calculate (a) remaining amount on Budget Worksheet.
- Explain that there are 12 budget categories that they will be making decisions on.
- Have students pull out their **Budget Builder Life Scenario booklet** from their folder.

Look at your Budget Worksheet at lines 3, 4, 5 and 6. These are included in the category called Fixed Expenses. Who can tell me why would we categorize these as fixed expenses? You can think of fixed expenses as those monthly bills that are "must pay." These are expenses that you have already committed to pay. This is typically by signing either a loan or a contract.

Look at your Budget Worksheet at lines 7, 8, 9, 10, 11 and 12. These are included in the category called Living Expenses. Who can tell me why would we categorize these as living expenses? You can think of living expenses as those monthly bills that are "must pay." Probably with the exception of gasoline, these are commitments you have made to pay for a service that you have already received. You receive an electric bill for the prior month electricity as an example.

Look at your Budget Worksheet at lines 13 and 14. These are included in the category called Discretionary Expenses. Who can tell me why would we categorize these as discretionary expenses? You can think of discretionary expenses as those that you pay for when you use them. They are not bills that you receive in the mail, but rather when you are receiving the item or service. So, if you don't buy the item or service, you are not obligated to pay.

We will be using these categories today as we complete the Budget Worksheet.

Students will make their budget decisions on each of the expense items. We will work through the budget worksheet in 3 phases (Fixed, Living, and Discretionary).

We recommend that you work thru each option as a group and pause at each major section for discussion.



Name: _____ Account # _____

Budget Worksheet

Use this Budget Worksheet to record your budget decisions for each of the fourteen expenses. **Round off each amount to the nearest dollar.**

1. Net Monthly Income (from NMI Worksheet) \$ _____

2. Savings (10% to 20% of NMI) \$ _____

Remaining Amount (subtract lines 2 from line 1)

(a) **\$**

Fixed Expenses

Payment Amount

3. Housing Option selected _____ \$ _____

4. Transportation Car #1 _____ + Car #2 _____ = \$ _____

5. Credit Card Monthly Payment \$ _____

6. Education College Loan amount or Continuing Education \$ _____

Remaining Amount (subtract lines 3 to 6 from box a)

(b) **\$**

Living Expenses

7. Day Care Number of children _____ x child care amount _____ = \$ _____

8. Gasoline & Auto Maintenance Gas: Car #1 _____ Car #2 _____ = \$ _____

Maintenance: Car #1 _____ Car #2 _____

9. Utilities Electric _____ Gas _____ Water _____ Sewer _____ Trash _____ = \$ _____

10. Cell/Cable/Internet Cell Phone _____ Cable _____ Internet _____ = \$ _____

11. Renters Insurance / Car Insurance Car #1 _____ Car #2 _____
+ Renters Insurance _____ = \$ _____

12. Healthcare Insurance Medical Insurance _____ Health savings _____ = \$ _____

Remaining Amount (subtract lines 7 to 12 from box b)

(c) **\$**

Discretionary Expenses

13. Food & Groceries Individual Food Budget _____ x other family members _____ = \$ _____

Remaining Amount (subtract line 13 from box c)

(d) **\$**

14. Fun Money (small laminated cards in black zipper bag) _____

Ending Balance (subtract Line 14 from box d)

(e) **\$**

Financial Advisor Instructions

1. Help students complete the **Budget Worksheet Fixed Expenses**. These are four important decisions. The following are notes that you may want to highlight to students.

- Housing – pay attention to utilities paid by landlord on option sheets



Option 2
2 bedrooms, new bathroom, tons of closet space, hardwood floors. No washer/dryer.
Utilities: Water, Sewer, Trash
Monthly Payment: \$495

Pay attention to utilities that are paid by landlord.

- Transportation – Pay attention to Mileage which affects Repairs and City MPG which effects Gasoline. The price of the car is the negotiated price. They will then need to use the **Monthly Payment Calculations for Vehicle chart** based on their Credit Score (this sheet can be found on the Transportation page after the car choices in the student’s Budget Builder booklet). **For those life scenarios that require two cars, the student will need to select two cars.**



Purchase Price
\$ 12,000

Insurance Code
276402

2006 Mitsubishi Galant
 MPG City 19/Highway 27
 Mileage:64,333 Maintenance: \$40

Pay attention City MPG and Maintenance costs

Monthly Payment Calculations for Transportation

Purchase Price	Credit Score	36 month						48 month					
		530	580	610	630	680	700	530	580	610	630	680	700
Interest Rate		17.90%	17.90%	16.35%	11.27%	7.76%	5.75%	17.93%	17.93%	16.39%	11.32%	7.80%	5.77%
\$4,000		\$144	\$144	\$141	\$131	\$125	\$121	\$117	\$117	\$114	\$104	\$97	\$94
\$6,000		\$217	\$217	\$212	\$197	\$187	\$182	\$176	\$176	\$171	\$156	\$146	\$140
\$7,000		\$253	\$253	\$247	\$230	\$219	\$212	\$205	\$205	\$200	\$182	\$170	\$164
\$8,300		\$300	\$300	\$293	\$273	\$259	\$252	\$244	\$244	\$237	\$216	\$202	\$194
\$9,200		\$332	\$332	\$325	\$302	\$287	\$279	\$270	\$270	\$263	\$239	\$224	\$215
\$10,000		\$361	\$361	\$353	\$329	\$312	\$303	\$293	\$293	\$285	\$260	\$243	\$234

- **Credit Card Balance.** Students that have credit card balance can choose how quickly they want to pay off their balance. They must enter minimum monthly payment.
- **Education.** College loans must be paid off at the rate listed. If they want to take additional educational programs, they can do that also.

Once students have completed the “Fixed Expenses” section, have them calculate their remaining balance and enter it in “**box (b)**.” We recommend asking the students to tell the group their NMI and their remaining balance.

Pay attention to any students that are close to having spent half of their NMI. They will likely be in trouble.

Make sure that you review decisions to ensure that they have amounts filled in and you may begin to see challenges that will develop. It is best to wait until the Living Expenses section before trying to revise budgets. (The Ah-ha moment happens in this next section.)



PAUSE: After completing the **Fixed Expenses section**, please wait until all of the students participating in Budget Builder have completed their Fixed Expense Section before proceeding to the next section—**Living Expenses**. It is important that all of the students participating in Budget Builder move to the next section together.

If you have time left, here is a discussion question:

How much money do you have remaining? box (b)

Extended Learning Activity

Ask students to go to the car loan chart and recalculate their car payment with a 700 credit score, and then a 530 score. Ask them to write the 700 difference down on the credit score page for future reference. When they get to food decision later, remind them of that amount and how much more they could spend with good credit.

This is a **SAMPLE**. Each student will have housing choices that match their Net Monthly Income.

HOUSING

Line 3

Directions: Select the housing choice you want. Remember to pay attention to utilities that are included in the rental payment. Be sure to record this payment amount on Line 3 of your Budget worksheet.



Option 1

2 bedrooms, new flooring, nice kitchen with new appliances, bathroom with tub and shower.

Utilities paid by Landlord:
Water, Sewer, Trash

Monthly Payment: \$450



Option 2

2 bedrooms, new bathroom, tons of closet space, hardwood floors, no washer/dryer.

Utilities paid by Landlord:
Water, Sewer, Trash

Monthly Payment: \$495



Option 3

2 bedrooms, air conditioning, nice kitchen with appliances and washer/dryer.

Utilities paid by Landlord:
Water, Sewer, Trash

Monthly Payment: \$595



Option 4

2 bedrooms, small kitchen area, 1 bathroom, and nice yard.

Utilities paid by Landlord:
Trash

Monthly Payment: \$649



Option 5

2 bedroom apartment, 1 bathroom remodeled kitchen, and air conditioning.

Utilities paid by Landlord:
Water, Sewer, Trash

Monthly Payment: \$749



Option 6

2 bedroom apartment, carpeting, hardwood flooring, no washer/dryer.

Utilities paid by Landlord:
Trash

Monthly Payment: \$559

Option Selected _____

Monthly Payment Amount \$ _____

TRANSPORTATION

SAMPLE

LUXURY CARS

Directions: Decide which vehicle you want to purchase. You will need to turn to page 29 to determine your interest rate and monthly payment for the vehicle you selected.



2008 BMW 325i
MPG: City: 18/Highway 22

Mileage: 80,333
Maintenance: \$200
\$9,200



2015 INFINITI Q50
MPG: City 19/Highway 27

Mileage: 59,333
Maintenance: \$150
\$20,000



2011 Lexus ES 350
MPG: City 18/Highway 24

Mileage: 140,333
Maintenance: \$150
\$11,300



2010 Audi A6
MPG: City 19/Highway 26

Mileage: 84,333
Maintenance: \$150
\$12,200

Refer to the Monthly Payment Calculation chart to determine payment amount (page 29)

Be certain to record this monthly payment amount on Line 4 of your Budget worksheet.

TRANSPORTATION

Line 4

SAMPLE SEDAN CARS

Directions: Decide which vehicle you want to purchase. You will need to turn to page 13 to determine your interest rate and monthly payment for the vehicle you selected.



2010 Chevrolet Malibu
MPG: City 24/Highway 34

Mileage: 154,333
Maintenance: \$75
\$6,000



2012 Nissan Altima
MPG: City 23/Highway 29

Mileage: 130,333
Maintenance: \$100
\$12,200



2012 Mazda 6
MPG: City 25/Highway 31

Mileage: 130,333
Maintenance: \$100
\$7,000



2016 Volkswagen Jetta
MPG: City 24/Highway 32

Mileage: 24,333
Maintenance: \$75
\$16,000

Refer to page 13; Monthly Payment Calculations chart for Monthly Payment Amount

Be certain to record this monthly payment amount on Line 4 of your Budget worksheet.

TRANSPORTATION

Line 4

SAMPLE SPORTS CARS

Directions: Decide which vehicle you want to purchase. You will need to turn to page 29 to determine your interest rate and monthly payment for the vehicle you selected.



2011 Mazda Miata
MPG: City: 25/Highway 30
Mileage: 84,333
Maintenance: \$100
\$7,000



2013 Ford Mustang
MPG: City 18/Highway 24
Mileage: 111,333
Maintenance: \$100
\$17,000



2008 Mercedes-Benz SLK
MPG: City 23/Highway 31
Mileage: 94,333
Maintenance: \$200
\$9,200



2016 Nissan 370z
MPG: City 21/Highway 28
Mileage: 34,333
Maintenance: \$150
\$27,000

Refer to the Monthly Payment Calculation chart to determine payment amount (page 29)

Be certain to record this monthly payment amount on Line 4 of your Budget worksheet.

TRANSPORTATION

Line 4

SAMPLE TRUCKS/SUVs

Directions: Decide which vehicle you want to purchase. You will need to turn to page 29 to determine your interest rate and monthly payment for the vehicle you selected.



2014 Ford F150

MPG: City: 14/Highway 19

Mileage: 58,000

Maintenance: \$75
\$19,500



2009 Chevrolet Silverado

MPG: City 14/Highway 19

Mileage: 135,333

Maintenance: \$150
\$7,000



2017 Subaru Outback

MPG: City 22/Highway 29

Mileage: 39,333

Maintenance: \$75
\$17,000



2011 Dodge Ram 1500

MPG: City 14/Highway 18

Mileage: 104,333

Maintenance: \$125
\$10,000

Refer to the Monthly Payment Calculation chart to determine payment amount (page 29)

Be certain to record this monthly payment amount on Line 4 of your Budget worksheet.

TRANSPORTATION

Line 4

SAMPLE

VANS

Directions: Decide which vehicle you want to purchase. You will need to turn to page 29 to determine your interest rate and monthly payment for the vehicle you selected.



2009 Dodge Grand Caravan

MPG: City: 21/Highway 26

Mileage: 64,333

Maintenance: \$100
\$6,000



2011 Nissan Quest

MPG: City 22/Highway 28

Mileage: 74,333

Maintenance: \$100
\$9,200



2012 Toyota Sienna

MPG: City 20/Highway 26

Mileage: 72,333

Maintenance: \$75
\$11,300



2013 Honda Odyssey

MPG: City 16/Highway 22

Mileage: 84,333

Maintenance: \$100
\$13,600

Refer to the Monthly Payment Calculation chart to determine payment amount (page 29)

Be certain to record this monthly payment amount on Line 4 of your Budget worksheet.

Transportation

Line 4

Mass Transportation

If you are not able to afford a car/truck, you may choose to ride a bus. The challenge with mass transportation is that you have to live and work near bus routes for your community. Also, you may be required to walk some distances during inclement weather. Your work schedule must also align to bus schedules.

(Only use this option if you were not approved for car loan)

Monthly Bus Pass: \$50

Monthly Payment Calculations for Transportation

Purchase Price	36 month							48 month					
	Credit Score	530	580	610	630	680	700	530	580	610	630	680	700
	Interest Rate	17.90%	17.90%	16.35%	11.27%	7.76%	5.75%	17.93%	17.93%	16.39%	11.32%	7.80%	5.77%
\$4,000		\$144	\$144	\$141	\$131	\$125	\$121	\$117	\$117	\$114	\$104	\$97	\$94
\$6,000		\$217	\$217	\$212	\$197	\$187	\$182	\$176	\$176	\$171	\$156	\$146	\$140
\$7,000		\$253	\$253	\$247	\$230	\$219	\$212	\$205	\$205	\$200	\$182	\$170	\$164
\$8,300		\$300	\$300	\$293	\$273	\$259	\$252	\$244	\$244	\$237	\$216	\$202	\$194
\$9,200		\$332	\$332	\$325	\$302	\$287	\$279	\$270	\$270	\$263	\$239	\$224	\$215
\$10,000		\$361	\$361	\$353	\$329	\$312	\$303	\$293	\$293	\$285	\$260	\$243	\$234
\$11,300		\$408	\$408	\$399	\$371	\$353	\$342	\$332	\$332	\$323	\$294	\$275	\$264
\$12,200		\$440	\$440	\$431	\$401	\$381	\$370	\$358	\$358	\$348	\$317	\$297	\$285
\$13,600		\$495	\$495	\$484	\$451	\$428	\$416	\$402	\$402	\$391	\$356	\$333	\$321
\$14,200		\$513	\$513	\$502	\$467	\$444	\$430	\$417	\$417	\$405	\$369	\$345	\$332
\$15,500		\$560	\$560	\$548	\$510	\$485	\$470	\$455	\$455	\$443	\$404	\$377	\$363
\$16,000		\$578	\$578	\$565	\$526	\$500	\$485	\$469	\$469	\$457	\$416	\$389	\$374
\$17,000		\$614	\$614	\$601	\$559	\$531	\$515	\$499	\$499	\$485	\$442	\$413	\$397
\$19,500		\$704	\$704	\$689	\$641	\$609	\$591	\$572	\$572	\$557	\$507	\$474	\$456
\$20,000		\$722	\$722	\$707	\$657	\$625	\$606	\$587	\$587	\$571	\$520	\$486	\$468
\$27,000		\$975	\$975	\$954	\$888	\$843	\$818	\$792	\$792	\$771	\$702	\$657	\$631
\$45,000		\$1,625	\$1,625	\$1,590	\$1,479	\$1,406	\$1,364	\$1,320	\$1,320	\$1,284	\$1,170	\$1,095	\$1,052

Instructions: Using the Purchase Price and your Credit Score select the monthly payment amount for either 36 monthly payments or 48. Enter the amount on your Transportation Option sheet in the "Monthly Payment Amount" space.



Credit Card Balance

Line 5

Directions: If you have an existing balance on your credit cards, you are required to make a minimum payment. However, if you want to pay off the balance you have to establish a monthly plan to pay more than the minimum balance. The following table identifies current balance levels and different options of an amount to pay. Select the amount you want to use.

Credit Card Balance \$1,800

Minimum payment	\$45	(60 months to pay off balance - total interest paid \$895)
	\$60	(41 months to pay off balance - total interest paid \$609)
	\$90	(24 months to pay off balance - total interest paid \$356)
	\$145	(14 months to pay off balance - total interest paid \$207)

Credit Card Balance \$2,900

Minimum payment	\$70	(61 months to pay off balance - total interest paid \$1492)
	\$95	(42 months to pay off balance - total interest paid \$1007)
	\$130	(28 months to pay off balance - total interest paid \$657)
	\$200	(17 months to pay off balance - total interest paid \$395)

Credit Card Balance \$4,800

Minimum payment	\$120	(59 months to pay off balance - total interest paid \$2387)
	\$160	(41 months to pay off balance - total interest paid \$1625)
	\$220	(24 months to pay off balance - total interest paid \$1058)
	\$340	(16 months to pay off balance - total interest paid \$634)

Payment calculations use 18% apr (annual percentage rate). Many credit cards charge much higher.

Enter the Total Monthly Payment for Credit Card Balance Line 5 on the Budget Worksheet



REAL life

Education

Line 6

Directions: There is a correlation between education and life time earnings. The more education you have, the higher your lifetime earnings. Education expense budgeting falls into two categories: College loans and Continuing Education. For those with college loans, it is an obligation that you already have. This amount is a commitment you’ve already made. If you plan on continuing your education, you will need to set aside money for this as well.

College Loans

When you complete your college education, you have an opportunity to consolidate all of your government loans and select a payment option that is right for you.

On your life scenario profile under Education Background/Cost, it indicates whether you have college loans and the monthly amount. Enter amount on line 6 on the Budget Worksheet.

Continuing Education

Continuing Education has a wide range of options. From taking a specific class to improve a skill, or going back to school to complete a degree, or pursuing a post graduate degree, the costs vary widely. The following five options give you different budgeting levels that you can choose from. **These are monthly expense payments budget for the full year.**

- Option 1: No additional continuing education - \$0
- Option 2: Taking a seminar or short technical class \$50
- Option 3: Taking an evening class at a local college or technical center per semester - \$100
- Option4: Taking evening classes towards an Associates/Bachelors (2 classes per semester) - \$500
- Option5: Taking a full load of course work (4 classes per semester) - \$1,000

Enter the total Monthly Payment for Education on line 6 on the Budget Worksheet

2. Help students complete the **Budget Worksheet Living Expenses**. These are six important decisions. The following are notes that you may want to highlight to students.
- **Daycare** – Life Scenario under “Spouse and Children” indicates whether family can assist with daycare or whether they need it at all.
 - **Gasoline** – Students will need to refer to their car choice to identify City MPG to look up for Gasoline expense and it lists the Repair expense item as well. If the student has two cars, they need to complete the option sheet for both vehicles.
 - **Utilities** – all students have Electric and Gas to calculate. This is simply a percent of NMI. Students should look at housing to determine if they have to pay for Water, Sewer, and Trash.
 - **Cell/Cable/Internet** – 2 cell phones, if married
 - **Insurance Car/Renters Insurance** – 2 cars require 2 car insurance payments
 - **Healthcare Insurance** – nothing of note

Talking points: Car Insurance- What are the different types of car insurance?

Liability Insurance- Pays for property damage and/or injuries to another person caused by an accident in which you are at fault. *Liability Insurance is the only auto insurance that is mandatory in almost every state. It's split into two main categories of coverage: bodily injury and property damage liability.*

Collision Insurance- Helps pay for the cost of repairs to your vehicle if it's hit by another vehicle.

Comprehensive Insurance- Is a coverage that helps pay to replace or repair your vehicle if it's stolen or damaged in an accident that's not a collision (fire, vandalism, or falling objects, like a tree).

Once students have completed the “Living Expenses” section, have them calculate their remaining balance and enter in “**box (c)**.” We recommend asking students to tell the group their NMI and their remaining balance.

At this point, there will likely be some students who are out of money, pause for a moment with the group to help them solve their problem. Check the time to see if you can make this an expanded teachable moment.

What could we do?

Maybe put a spouse to work.

Maybe change shifts so that one of the parents is home with children while other works (eliminating daycare and maybe second car).

If single, you might want to share an apartment with a friend.



REAL life

Day Care

Line 7

Directions: Child day care needs are met in different ways. Care in a child's home, care in an organized child care center, and care in a provider's home—known as family child care—are all common arrangements for preschool-aged children. Older children also may receive child day care services when they are not in school, generally through before- and after-school programs or private summer school programs.

If you are single with children or married with a spouse that is working and have children, you will need to plan for child care during the week. Decide which option you want to choose from the options below. Be sure to pay attention to the pro's and con's of each option.

Option 1: Parents or Relatives watch child	Cost: Free
Parent or relative will take care of your children while you work. They will have to cover meals and other expenses.	
<ul style="list-style-type: none"> • Pro: Of course there is no one better than family to take care of your children. Also it is free. • Con: Parents go on vacation, they may be sick, and you are imposing on their time. Additionally, they may not be able to provide the pre-school educational opportunities. 	
Option 2: Child Minder at home	Cost: \$400 per child
You will drop off your child at a caregiver's home. They will provide lunch and a snack.	
<ul style="list-style-type: none"> • Pro: Not imposing on family. Smaller ratio of children than most day care centers. • Con: Less structure than a day care facility. Not required to follow state laws. Quite a bit of uncertainty about education and care. If you know the person personally, not quite as risky. 	
Option 3: Professional Day Care Center	Cost: \$700 per child
You will drop off your child at a local day care center.	
<ul style="list-style-type: none"> • Pro: Educational development is key. Socialization of child a plus. Very reliable. • Con: Expensive. May be hard to get into good ones. 	

Select from the options above. Enter your budgeted amounts here:

Enter Monthly Rate and Number of Children and then total _____ x _____ =

Total Monthly Child Day Care enter on line 7 of your Budget Worksheet



REAL life

Gasoline and Car Maintenance

Line 8

Gasoline:

Gasoline as a budget item is a function of how many miles you drive per month and the miles per gallon that your vehicle gets. Find the City MPG on your option sheet, then look at the table below for the MPG and enter the amount for gas in the space below. If you have two cars, you will need to look up for both vehicles.

MPG	Monthly Cost for Gasoline	MPG	Monthly Cost for Gasoline	MPG	Monthly Cost for Gasoline
9	\$389	19	\$184	27	\$130
11	\$318	20	\$175	28	\$125
13	\$269	21	\$167	29	\$121
14	\$250	22	\$159	30	\$117
15	\$233	23	\$152	31	\$113
16	\$219	24	\$146	32	\$109
17	\$206	25	\$140	33	\$106
18	\$194	26	\$135		

** cost is based on 1,000 miles per month and \$3.00 per gallon*

Car Maintenance:

Generally speaking, car maintenance is a function of the mileage on your vehicle. There is normal routine maintenance (oil changes, tire rotation, etc.) and major repair work. Most cars have warranties on major repairs up to 60,000 miles. So, the higher the mileage the more likely that you will incur unplanned expenses. If you don't incur maintenance expenses for a month, you should put that money aside in a savings account to have it for when a serious repair occurs. Major transmission, new tires, or engine work can run from \$500 to \$1,000 easily.

Look on your Transportation option sheet, and identify the monthly maintenance cost and write it on line 8 on the Budget Worksheet. If you have two vehicles, be sure to do this for both.

Enter your budgeted amounts:

Enter Monthly Rate for Gasoline for your car: _____

(if applicable) Enter Monthly Rate for Gasoline for your spouse's car here: _____

Enter Monthly Rate for Maintenance for your car here: _____

(if applicable) Enter Monthly Rate for Maintenance for your spouse's car: _____

Total Monthly Gas and Car Maintenance enter on line 8 on the Budget Worksheet.



REAL life

Utilities

Line 9

Directions: Utilities cover a wide range of services that are associated with where you live. Depending on the arrangements in your lease, some may be included in your monthly rent. Check your property description to determine if you have to pay for each utility. Complete the calculations for each utility expense and total the list. Enter 0 if the landlord will pay the utility bill.

Electricity	Cost: NMI x .02
<ul style="list-style-type: none">Electricity is based on the number of kilo watts hours (kwh). Average person uses 176kwh per month. Bill is usually higher in summer due to air conditioning.	
Gas	Cost: NMI x .02
<ul style="list-style-type: none">Gas is measured every month in CCF's (100 cubit feet) An average person uses 80ccf per month. Bill is usually higher in winter due to heating.	
Water, Sewer	Cost: NMI x .02
<ul style="list-style-type: none">Water and sewer are tied to the number of gallons of water used. An average person uses 2,000 gallions per month.	
Trash	Cost: \$5.00
<ul style="list-style-type: none">Trash is usually a flat fee based on the township where you live.	

Enter the Total Monthly Payment for Utilities on line 9 on your the Budget Worksheet.



REAL life

Cell Phone, Cable, & Internet

Line 10

Directions: In most cases you will be required to enter into a service contract for these services. Most cell phone plans require a two-year contract. Cable and Internet are usually one year.

Cell Phone Plans & Data Plans

All cellphones require a lease payment for the phone itself. Cell phone plans include unlimited talk, and some download capability. Below, choose the desired package plan. All phones will require a lease payment. **Add the two items together to total your cell phone expense and place the amount in the box.**

<u>Required Phone Lease:</u>	\$30 per month
Basic package (limited data and restricted download)	\$70 / mo
Medium package (unlimited data with restricted download speed)	\$80 / mo
Deluxe package (unlimited data and fast download)	\$110 / mo

Cable

Cable service is either your local cable provider or satellite service. Circle the service level that you want and enter the amount in the box.

Streaming Service (Netflix, Hulu, etc.)(requires high-speed internet)	\$14.00
Digital Starter 140 channels	\$60.00
Digital Preferred 220+ channels with HBO & Streampix	\$80.00

Internet

Internet service can be done through your cable service or through the phone company. Most options are a function of speed. Circle the service level you want and enter the amount in the box.

Basic Internet service:	\$25.00
High speed internet service:	\$80.00

Enter the total cost for Cell, Cable and Internet on line 10 on your Budget Worksheet.

Insurance Option Sheet

Line 11

Directions:

You will need insurance on your car and personal property to protect from damage or loss. After deciding your Transportation (Car) and Renters Insurance amounts below, record these amounts on the correct lines on the Budget Worksheet.

TRANSPORTATION (CAR) INSURANCE

Transportation insurance based on vehicle make, model, age, and your personal driving record. There are two types of coverage available. Choose the one you prefer.

1. **Full Coverage** - Insurance company will cover repairs to both your car and the other party if it is your fault.

If you have an auto loan, you are required to have full coverage on your vehicle.

2. **Limited Liability** - Insurance company will cover repairs to other person's car.

Age 18 to 21	
Full Coverage	\$118.00
Limited Coverage	\$ 88.00

Age 22 to 23	
Full Coverage	\$108.00
Limited Coverage	\$ 80.00

Age 24 and over	
Full Coverage	\$70.00
Limited Coverage	\$50.00

RENTERS INSURANCE

Rental insurance based on your total property assets. It covers your property and any damage you might cause by accident to the rental property.

Renters Insurance	
Monthly Premium	\$25.00

If you have two cars, you will need to have car insurance for both vehicles.

Record Transportation (Car) Insurance amount on the lines provided on the Budget Worksheet.

Record your Monthly Renters Insurance on the line provided on your Budget Worksheet.

Add both Insurance amounts and record the Monthly Payment on Line 11 on your Budget Worksheet.



REAL life

Healthcare and Medical Insurance

Line 12

Directions: Medical Insurance coverage is usually provided by your employer. Most of the time, you will have limited options on coverage choices. If you are married and your spouse works, you may be able to choose which plan to enroll in for coverage. Most employers pay a percentage of the monthly premiums. This varies but can range from 50% to 100%.

Medical Insurance

Medical insurance coverage varies greatly by employer. Some offer a high deductible plan, which means you have to pay the first \$1,000 of medical expenses yourself. Additionally, the premium payment varies based on the number of people included. Your employer is paying 80% of the monthly premium. Based on your life situation select the coverage needed:

Individual coverage	\$200 per month (employer pays \$760)
Individual and Spouse Coverage	\$280 per month (employer pays \$920)
Family Coverage	\$380 per month (employer pays \$1,260)

Health Savings Account or Savings for Health expenses

Some employers provide HSA options that allow you to set aside money for health related expenses tax free. If this is not available, you will need to allocate money in your budget to cover items that are not covered by your medical insurance. This can include co-pays for doctor visits, dental, optical, and prescriptions. Determine a monthly amount that you want to set aside for health related expenses. A goal could be 2% of NMI.

Enter the Total Monthly Payment for Healthcare Insurance on Line 12 on your Budget Worksheet.



PAUSE: After completing the **Living Expenses section**, please wait until all of the students participating in Budget Builder have completed their Living Expense section before proceeding to the next section—**Discretionary Expenses section**. It is important that all of the students participating in Budget Builder move to the next section together.

If you have time left, here is a discussion question:

How much money do you have remaining? (box b)

Extended Learning Activity

Ask students to go to the car loan chart and recalculate their car payment with a 700 credit score, and then a 530 score. Ask them to write the 700 difference down on the credit score page for future reference. When they get to food decision later, remind them of that amount and how much more they could spend with good credit.

3. Help students complete the **Budget Worksheet Discretionary Expenses**. These are the last three decisions. The following are notes that you may want to highlight to students.
 - **Food / Groceries** - four price levels. Add additional costs for each additional household member.
 - **Calculate box (d)** - to determine how much money is remaining to have “fun.”
 - **Fun Money** - select from the option cards (small laminated cards in black zipper bag).
4. Be certain that students **calculate box (e)**. This is the amount of money remaining in their budget.

Directions: Everyone has to eat. But what you choose to eat is a function of how much you can afford and/or choose to spend. When you think about going grocery shopping, you have to think about how many meals do you plan on eating at home. Are you going to pack lunch for work, or are you going to eat out? Also how many people are in your household?

When we think about food and groceries, we think about the things that we buy at the grocery store. Beyond food this includes paper towels, toilet paper, laundry soap, cleaning supplies, diapers, and other household products.

To complete this activity, look at your target Guideline for Food and Groceries on your Guidelines and Actual Budget sheet. Then select an amount to spend that takes into account the number of people in your household. The pricing per month is for individual and then an amount for additional people.

	<p>Thrifty Food Budget: Living on a low income requires difficult choices on food. Gone are “name brand products” Bargain shopping, coupon clipping and eating simple foods. Breakfast is a bowl of cereal. Lunch a sandwich, and probably a little mac and cheese and a canned meat for dinner. Desserts and snacks are a luxury you seldom can afford.</p> <p>Individual Monthly Food: \$200 Additional Cost Per Person: \$75</p>
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	<p>Basics Food Budget: Having a little more income gives you an opportunity to spend a bit more money on food. You still are buying generic brands. Breakfast is probably cereal and maybe an occasional pop tart. Lunch is still mostly sandwiches but now you can add a little meat. Pizza and hamburgers are likely your dinner options. You do have a little room for dessert or a snack.</p> <p>Individual Monthly Food: \$300 Additional Cost Per Person: \$125</p>
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		<h3>Intermediate Food Budget</h3> <p>At the intermediate level you are able to afford name brand products. You also begin to get to choose what you want to eat vs. what you can afford to eat. If you want chicken, buy chicken. If you want dessert, you can afford it. What you don't get are gourmet foods or lots of beef or seafood. You also have room for snacks.</p> <p>Individual Monthly Food: \$400 Additional Cost Per Person: \$150</p>
		

		<h3>Deluxe Food Budget</h3> <p>At this level you can buy what you want to eat. You still have to be selective, but if you want to cook steaks on the weekend, you can do that. If you want a couple flavors of ice cream in the fridge, not a problem. Gourmet or healthy eating also becomes possible. Quality of your food experience vs. quantity of food is what the deluxe food budget is about.</p> <p>Individual Monthly Food: \$500 Additional Cost Per Person: \$200</p>
		

Use the choices above as a guideline, but feel free to adjust your budget amount to balance out where you want to be in your food and grocery monthly budget.

Enter your budgeted amounts:

Individual Food & Grocery Budget _____

Additional Food Budget: number of additional people _____ x additional cost = _____

Enter the Total Monthly Food Budget on line 13 on your Budget Worksheet.

If your group is finished, ask the following questions:

Who had daycare issues?

Did you budget for daycare for the number of children you have?

Who had two incomes?

Did you budget for two cars?

Who had college loans?

Did you budget for education?

Who had credit card debt?

Did you pay the minimum or pay it off faster?

Budget Review - (15 minutes)

As the students are completing their Budget Worksheet, you should be reviewing their work and spot-checking their math. If you see a student that is struggling with their budget, you may want to provide a little assistance.

After the students have completed their budget and you have reviewed their Budget Worksheet, ask your students the following questions:

So what surprised you the most?

Given what you know now about your life scenario, what would you do different?

Has anyone started thinking about what their plans are after high school? College? Trade School? Military?

Who had a low credit score? What did it do to your car payment?

Who had daycare? What did that do to your budget?

Who had a college loan to pay off? What did that do to your budget?

Who had existing credit card debt? How did that impact your budget?

Compliment them on their work....and close with “Remember you owe it to yourself to “PAY YOURSELF FIRST!”

Wrap Up (5 minutes)

Moment of Reflection

Once you have completed the budget review, look to see how much time you have left in the session. If possible, ask the students the following reflection questions regarding the Budget Builder activity.

1. What was the most surprising thing you learned through this activity?
2. What single thing do you think will be the most helpful as you get ready to live on your own?
3. What do you wish you had more time to understand and talk about?
4. How will this activity help you in the future?

When completed with the Budget Builder Activity, please:

- Place all contents back in the pencil container.
- Put the large laminated cards in black zipper bag for yellow sheet cards
- Put the small laminated cards in the black zipper bag for green sheet cards.
- Help students organize their scenario and worksheets to take with them.
- Remind students to clean up.
- The pencil container and black zipper bags should be returned to its original condition.
- Pick up trash; straighten chairs.
- Gather all personal belongings.

Thank you so much for making a difference today!!