

Personal Finance Project

Directions: The personal finance project is divided into four parts. Follow the steps for each part to ensure successful completion of the project. This project should be turned in as a portfolio (bound, title page, dividers, table of contents).

Part I

1. Get your income/household scenario from the teacher.
2. Take out federal and state income taxes from the income you received.
 - a. Federal income taxes (http://www.moneychimp.com/features/tax_brackets.htm)
 - b. State income taxes (Flat tax rate of 5.75% of all income)
3. Divide your new income by 12; round the amount. This is now your income for a month.
4. Prepare a monthly budget using your income and record it on the "Budget Sheet". Housing, food, transportation, health insurance, water, gas/electric utilities, childcare and at least three miscellaneous expenses must be included in your monthly budget.

The following expenses are required.

| Housing | |
|---|--|
| Six bedroom house in a country club neighborhood with a golf course, tennis center and pool. Neighborhood is zoned for the best schools in town. Mortgage, taxes and homeowners insurance is \$5000/month. The mortgage is due to Countrywide Mortgage each month on the first. | Four bedroom house in a country club neighborhood with a golf course, tennis center and pool. Neighborhood is zoned for the best schools in town. Mortgage, taxes and homeowners insurance is \$3500/month. The mortgage is due to Countrywide Mortgage each month on the first. |
| Four bedroom house in a well maintained but older neighborhood with few amenities. Neighborhood is zoned for schools in the adjacent town. Mortgage, taxes and homeowners insurance is \$2500/month. The mortgage is due to Countrywide Mortgage each month on the first. | Three bedroom house in a nice quiet neighborhood that is close to a shopping center, good schools and neighborhood pool. Mortgage, taxes and homeowners insurance is \$2000/month. The mortgage is due to Countrywide Mortgage each month on the first. |
| Three bedroom house in a nice quiet neighborhood that is close to a shopping center and good schools. Mortgage, taxes and homeowners insurance is \$1600/month. The mortgage is due to Countrywide Mortgage each month on the first. | Two bedroom house in a middle-class neighborhood. The schools are average, but not the best in the city. Mortgage, taxes and homeowners insurance is \$1000/month. The mortgage is due to Countrywide Mortgage each month on the first. |
| One bedroom townhouse in a suburb of the city. Good schools and shopping center nearby. Mortgage, taxes and homeowners insurance is \$1100/month. The mortgage is due to Countrywide Mortgage each month on the first. | Two bedroom apartment in an older part of town. The schools are average, close to shopping center. The rent is due to Pinewood Apartments on the first of each month and is \$900/month. |
| You share a two bedroom apartment with a friend. The schools are average, close to shopping center. The rent is due to Hopefalls Apartments on the first of each month. Your part of the rent is \$650/month. | Two bedroom subsidized apartment that is near average schools and shopping center. To qualify for this apartment you must make \$1500/month income. Your rent is \$550/month paid to Riverwood Apartments, due on the first. |
| Food | |
| You purchase weekly groceries at Harris Teeter and eat out four times a week. <ul style="list-style-type: none"> • Family (groceries \$400, eating out \$400) • Single adult (groceries, \$150, eating out \$175) | You purchase weekly groceries at Harris Teeter and eat out two times a week. <ul style="list-style-type: none"> • Family (groceries \$500, eating out \$200) • Single adult (groceries \$200, eating out \$90) |
| You purchase weekly groceries at Harris Teeter and eat out once a week. <ul style="list-style-type: none"> • Family (groceries \$600, eating out \$75) • Single adult (groceries \$225, eating out \$40) | You purchase weekly groceries at Harris Teeter and do not eat out! <ul style="list-style-type: none"> • Family - \$450 • Single adult - \$200 |

| Transportation | |
|--|--|
| You have two relatively new or new cars. You make a car payment on the first of each month to Ford. The amount paid is \$1200/month. Gas for one month is \$240. Insurance is deducted monthly by Nationwide in the amount of \$120. | You have one new and one used car. You make a car payment on the first of each month for the new car to Chevy for \$550. The gas for one month is \$240. Insurance is deducted monthly by Nationwide in the amount of \$100. |
| You have two used cars. The gas for one month is \$240 for both cars. Insurance is deducted monthly by Nationwide in the amount of \$100. | You have one relatively new or new car. You make a car payment on the first of each month to Ford. The amount paid is \$550/month. Gas is \$120/month. Insurance is deducted monthly by Nationwide in the amount of \$60. |
| You have one used car. The gas for one month is \$120. You have auto insurance deducted monthly from your checking account from Nationwide; it is \$60. | You have a monthly bus pass and rely on public transportation solely. A bus pass for one month for a single adult is \$75, for a family \$125. |
| Health Insurance | |
| *If you are a teacher, police officer or firefighter you work for a local/state government and your health insurance is provided by your employer (but only for you, not for any other family members).* | |
| Monthly health insurance is \$120 for a single adult paid at the first of the month to BlueCross BlueShield. | Monthly insurance for a family is \$75 per person, a maximum of \$350 total paid at the first of the month to BlueCross BlueShield. |
| Water Bill | |
| Monthly water bill for a single adult is \$35, \$50 for a family paid to the City of Raleigh on the first of the month. This is only for homeowners. | There is no monthly water bill for those living in an apartment. |
| Electric/Gas Bill | |
| Monthly utility bill for a single adult is \$50 paid to Duke Power at the first of the month. | Monthly utility bill for a family is \$175 paid to Duke Energy at the first of the month. |
| Childcare | |
| For each child under the age of 6 child care is \$600/month. | For each child between the ages of 6-10, before school care is \$100, after school care is \$100. |

You must choose at least three of the following expenses to include.

| Cable Bill | | |
|--|--|--|
| Monthly cable bill for a single adult and family is \$75 paid to Time Warner Cable at the first of the month. (This is basic cable service with digital cable and HD.) | Monthly cable bill for a single adult and family is \$100 paid to Time Warner Cable at the first of the month. (This includes digital cable, HD, and DVR.) | Monthly cable bill for a single adult and family is \$150 paid to Time Warner Cable at the first of the month. (This includes digital cable, HD, DVR, playback, Internet.) |
| Cell Phone Bill | | |
| Monthly cell phone bill for a single adult is \$75 paid to AT&T at the first of the month. | Monthly cell phone bill for a family is \$150 paid to AT&T at the first of the month. | |
| House Phone Bill | | |
| Monthly bill for a single adult is \$50 paid to Verizon at the first of the month. | Monthly bill for a family is \$75 paid to Verizon at the first of the month. | |
| Other Expenses | | |
| Home Cleaning Service, \$75/month paid to Merry Maids. | Home Lawn Service, \$150/month paid to True Green. | |
| Shopping (your choice of how much and where). | Entertainment (your choice and where). | |
| Savings/Investments (your choice of how much and where). | Pets (\$50/month for each pet). | |
| Gym membership (\$50/month for each person that is a member.) | | |

Part II

Complete the activities below.

1. Create a pie chart of your monthly expenses. Make sure it is labeled and percentages are included. You may create this by hand or electronically.
2. Write checks for three of your monthly expenses.

| | |
|---|---------------------|
| DATE _____ | 101 |
| PAY TO THE ORDER OF _____ \$ _____ | |
| _____ DOLLARS | |
|  MoneyInstructor.com Bank 1221 Main Street Anywhere, US 10001 | |
| FOR _____ | |
|  93529571 7220519600 0101 | MoneyInstructor.com |

| | |
|---|---------------------|
| DATE _____ | 102 |
| PAY TO THE ORDER OF _____ \$ _____ | |
| _____ DOLLARS | |
|  MoneyInstructor.com Bank 1221 Main Street Anywhere, US 10001 | |
| FOR _____ | |
|  93529571 7220519600 0102 | MoneyInstructor.com |

| | |
|---|---------------------|
| DATE _____ | 103 |
| PAY TO THE ORDER OF _____ \$ _____ | |
| _____ DOLLARS | |
|  MoneyInstructor.com Bank 1221 Main Street Anywhere, US 10001 | |
| FOR _____ | |
|  93529571 7220519600 0103 | MoneyInstructor.com |

Part IV

After completing your budget and all chosen extension activities, write a 1-2 page (double spaced, 12 point) reflection which addresses the following questions. You may include additional personal reflection outside of the set questions. Complete sentences are required:

1. What did you find challenging about creating your monthly budget?
2. Based on your budgeting experience, describe the significance of education as it relates to your future financial stability.
3. How does having (or not having) a family impact your levels of discretionary and/or disposable income on a monthly basis?
4. What lessons from this project do you think will be helpful to you as an independent adult after high school?
5. What additional questions regarding personal finance and budgeting did this project bring up?