Senior Economics/Budget Project

Objective
The Senior Economics/Budget Project is designed to assist students in considering their financial future. The project consists of various "real world" situations/decisions one will be faced with once entering the workforce. The student will create a budget that demonstrates what they feel is the best use of their income. Many of the activities require the student to research information and some even require them to go into various institutions to obtain applications. **You are required to show tangible evidence of your research!** This may include online sources, newspaper clippings, bill receipts, apartment applications, utility estimates, etc.

**WARNING: Do not use your social security number on any forms/applications.**

Basic Format:
- Everything should be *typed*. You can use Word, PowerPoint, or a free website maker online to assemble each of the activities in one ‘portfolio’.
- There should be a *Title Page* that lists the student’s name, name of school, class, class period, school year, and date turned in to your government teacher.
- Each activity page should be *numbered* and *correspond to the table of contents page* (Table of Contents Required).
- Each activity in the project is to be completed on a *separate page or slide* and then saved to be turned into the teacher for evaluation.

Activities

1. **JOB**: Students may select a job that they believe they would like to do when they finish their education and provide a job description. How much education do you expect to have before you get your first full time job? For what company would you like to work? If you expect to work after four successful years of college, your annual income will be $32,000. If you expect to go to work after high school with two years of technical/community college training, your annual income will be $22,000. If you expect to go to work after high school with no additional education/training, your annual income will be $14,000. THE MONTHLY WAGE/SALARY MUST CORRESPOND TO AN ENTRY LEVEL PAY SCALE FOR THAT PARTICULAR JOB/OCCUPATION. Each student will be expected to compute the amount of federal taxes, state taxes and FICA taxes to be subtracted from the gross pay to arrive at the net pay (see the "Computation Chart"). Students will also be expected to investigate to find out if the job will provide health insurance and/or life insurance as a benefit or if they will have to pay for these from their own pay check. Also, many companies allow you to set up retirement account through a 401K or IRA – this should be included in your check deductions as well. This is the most in-depth portion of the project and will, most likely, take more than one page to complete thoroughly.

Requirements:
- Describe your choice of a career.
- Note resources used to obtain information about this specific career.

Resources:
*Here are some excellent resources that you may use to research your chosen profession*


Quintessential Careers: [http://www.quintcareers.com/home.html](http://www.quintcareers.com/home.html)

2. **BANK** - Students will choose a bank to deposit their salary/wages. They will tell why they have chosen this particular bank, and they will indicate which services they will use at the bank. Also, students who plan on attending college will, most likely, have to pay back student loans. The student should speak with their parents and estimate what they think they will be asked to pay for these loans. If this number cannot be determined, then the student should determine the national average for student loans and set up a payment plan in their budget.

**Requirements:**
- Include information on a checking account, online banking services, a savings account, an ATM card, and credit cards.
- List fees for services, interest rates, overdraft protection, and limits on accounts.
- Complete a sample application from a bank. Any pamphlets/advertisement containing information on the financial application will be accepted! (completed by student)
- Estimate student loan amount or national average and set up a payment plan in budget.

3. **HOUSING** - Students will find adequate housing by renting an apartment or other housing. You may share an apartment with another person. You cannot be living rent free with family or friends.

**Requirements:**
- List what services/benefits are included in the rent, the location of the apartment, and other information necessary for housing.
- Sample apartment add or application.
- If sharing an apartment with another senior, you must give their name.

4. **TRANSPORTATION** - Students will investigate the purchase of a vehicle. They should look into buying or leasing a vehicle. The monthly car payment will be included after it is set by the car dealership or the bank that is financing the loan for the car. Factors to be considered in buying a vehicle would be the current interest rates on car loans, the cost of a certain vehicle, the reliability of a used vs. new vehicle, taxes on the vehicle purchased, and the impact of the monthly payment on their budget. Additionally, the student should determine the property tax associated with their vehicle and include that in their budget.

*NOTE: The student will assume that they have no vehicle when they leave school. This may not happen in someone’s actual experience; but for the purposes of this project, everyone must purchase a vehicle.*

**Requirements**
- Completed sample loan application from a car dealership/financial institution.
- Information on current interest rates for car loans.
- Property tax rates included in budget.

**Resources**
Go to a search engine like Google, ask.com, altavista.com, etc and type in “Interest Rate Calculator.” There you will find a number of sites that assist in calculating interest rates for your loans.

5. **INSURANCE** - Students will need to secure insurance on the vehicle they purchased. Explain why you chose to go with the insurance company you did. If your vehicle is financed, you cannot use the uninsured motorist fee at DMV. **ALSO** students will need to secure renters insurance for properties in their apartment in case something happens.

**Requirements:**
- Name of the insurance company, coverage listed on the vehicle, and the monthly cost of the policy.
- Obtain the same information above for renter’s insurance.

6. **CELL PHONE/TELEPHONE** - Students will need a cell phone or telephone in the apartment. Every person should make themselves available to be contacted for personal and professional reasons or in case of emergency. The quickest and easiest way to make one available to be contacted is through cell phones/telephones.

**Requirements:**
- List the company, the monthly costs and particulars including minutes included and other necessary information.
7. **UTILITIES**- List utilities that the student will be responsible for that are not included in the housing arrangement. These may include, but are not limited to, cable, internet services, electricity, trash, water, and others. Investigate the cost of each utility you choose to have.

8. **FOOD and CLOTHING**- The student will be expected to spend at least $160/month on food. Consider where your grocery shopping will be done and why. What strategies will you use to make your dollar go further? Also, the student will describe the type of clothing that will be required for their chosen profession. They should also estimate a monthly clothing cost.

**Requirements**
- Research at least three resources that give tips on saving money on day-to-day expenses and discuss the tips.

9. **ENTERTAINMENT/MISCELLANEOUS**- Students should determine what they will do for entertainment and other related expenses and how much it may cost them per month. Explain why activities/hobbies are important and why you chose to spend money on them as opposed to other activities. Are they wise financially? Are you saving for big purchases? Again, what strategies will you use to make your dollar go further?

10. **GASOLINE CONSUMPTION**- Gasoline consumption is a required expense for most individuals so related expenses must be considered. In addition to considering how much gas will be used, the student should determine which gas station will be used and why. In addition to gas consumption, the student will include estimated maintenance costs associated with their particular vehicle. Remember to consider factors such as age, type, or model of the car when determining the monthly amount to set aside.

**Requirements**
- List approximately how many miles will be driven per week. When considering how far to drive to work, refer to the location of the company desired and the location of living arrangements, which have already been determined in Activities 1 and 4. Also, consider visits to the grocery store, visits to friends/relatives, entertainment, etc.
- List how many miles per gallon you car averages.
- List estimated maintenance costs and a brief explanation

11. **SAVINGS**- Students should consider how much money they will set aside per month for savings. Students should realize that they cannot possibly allow for every single expense before they happen. Unexpected expenses could come in the form of car repairs, medical care, or sudden travel. In order to prepare for these future costs (which are a certainty) one should put aside money in a savings account that can be easily accessed. A good amount to have put aside is $1000; and once that amount is achieved, increase savings to expenses needed for one-month and then three-months. Plan accordingly for these unexpected expenses so that borrowing or charging to cover costs will not be a necessity.

**Requirements**
- Identify the current interest rate on personal savings accounts at your bank or whether your employer has a company pension plan or contributes to an IRA for you.
- Students must allow for both types of savings accounts in their budgets and discuss their financial goals related to these categories. (see requirements below)

12. **DONATIONS**- The student must determine what charitable giving will be a part of their budget. Though many choose not to spend their money on charitable expenses, they can be of some financial benefit. Charitable expenses can be used as tax write-offs on their income taxes. More importantly they remind the student that no matter their profession, they are much better off than many other people their age around the world. Financial contributions may be to a religious institution or to another organization. Students will research what institution they will contribute to, list details about it, and why it was chosen. Remember that donations can be made in the form of time/service. (Be sure to site sources!).
**BUDGET SHEET**

The student will be expected to develop a personal budget that integrates all of the above activities. The student will learn about setting up a personal budget in the course, so they may use those skills learned and they may use some Additional Resources provided below. The budget should be placed at the end of your presentation, and IT MUST BALANCE!

**EXTRA CREDIT (possibility of 10 extra points – select one)**

1. The student may think of at least 3 financial goals they would like to achieve in the future and set up a time-frame for achieving them. Goals will vary by individual, but could be related to education, purchasing a house, car, or some other large expense, or possibly an amount to have once retired.  
   *NOTE: One suggested financial goal will be to get savings to $1000 as quickly as possible. The student must decide how long it will take to save this amount and at what monthly savings rate will this goal be achieved.*

2. The student may research the concept of a credit score and how to improve it. Be sure to include the impact a credit score has on individual interest rates.

3. The student will choose one of the following websites from below and write a site review. The review must be at least 3 paragraphs. Remember to include how this website could assist you in future financial decisions.

4. The student may choose a company whose stock they would like to buy and monitor its progress over time. You should follow this stock for at least 6 weeks. The progress must be monitored on a weekly basis.

**Additional Resources**

*Listed below there are a few websites that may provide some general financial help in setting up a budget and tips for saving money, etc.*

Reader’s Digest Living (Money)  
http://www.rd.com/openContentCategory.do?contentCategoryId=7

Dave Ramsey  
http://www.daveramsey.com/

Crown Financial Ministries  
http://crown.org/default.asp

Money Central (from MSN.com)  
http://moneycentral.msn.com/home.asp

The Clark Howard Show  
http://clarkhoward.com/

Personal Budgeting Tips  
http://www.personalbudgeting.com/tips/tips.html

---

**Computation Chart**

- **FICA** tax is 6.2% of monthly earnings and **Medicare** tax is 1.4% of monthly earnings.
- **Federal Taxes**- claiming one- over $30,000 annual=11%, under $29,999=9%, and under $20,000=5% for this project.
- **Federal Taxes**-claiming zero-over $30,000 annual=13%, under $29,999=10%, and under $20,000=6% for this project
- **State Taxes**-over $30,000 annual=4%, under $29,999=3%, under $20,000=2%
# Monthly Budget Report Sheet

## 1. Computing Monthly Net Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>$_______</td>
</tr>
<tr>
<td>FICA Amount</td>
<td>$_______</td>
</tr>
<tr>
<td>Medicare Tax</td>
<td>$_______</td>
</tr>
<tr>
<td>Federal Tax</td>
<td>$_______</td>
</tr>
<tr>
<td>State Tax</td>
<td>$_______</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>$_______</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>$_______</td>
</tr>
<tr>
<td>Retirement Account</td>
<td>$_______</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$_______</td>
</tr>
</tbody>
</table>

## 2. Monthly Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>$_______</td>
</tr>
<tr>
<td>Vehicle Cost Per Month</td>
<td>$_______</td>
</tr>
<tr>
<td>Monthly Vehicle Insurance Payment</td>
<td>$_______</td>
</tr>
<tr>
<td>Monthly Renters Insurance Cost</td>
<td>$_______</td>
</tr>
<tr>
<td>Monthly Payment on Student Loan(s)</td>
<td>$_______</td>
</tr>
<tr>
<td>Monthly Phone/Cell Phone Cost</td>
<td>$_______</td>
</tr>
<tr>
<td>Utilities Monthly Cost</td>
<td>$_______</td>
</tr>
<tr>
<td>Cable</td>
<td>$_______</td>
</tr>
<tr>
<td>Electric/Gas</td>
<td>$_______</td>
</tr>
<tr>
<td>Water</td>
<td>$_______</td>
</tr>
<tr>
<td>Trash</td>
<td>$_______</td>
</tr>
<tr>
<td>Other</td>
<td>$_______</td>
</tr>
<tr>
<td>Monthly food/clothing costs</td>
<td>$_______</td>
</tr>
<tr>
<td><em>(minimum $160 for food + clothing)</em></td>
<td></td>
</tr>
<tr>
<td>Entertainment Costs</td>
<td>$_______</td>
</tr>
<tr>
<td>Monthly Gasoline/Maintenance Costs</td>
<td>$_______</td>
</tr>
<tr>
<td>Savings Deposits</td>
<td>$_______</td>
</tr>
<tr>
<td>Contributions/Monthly Donations</td>
<td>$_______</td>
</tr>
<tr>
<td><strong>Total Monthly Expenditures</strong></td>
<td>$_______</td>
</tr>
<tr>
<td><strong>Monthly Net (bring home) Income</strong></td>
<td>$_______</td>
</tr>
<tr>
<td><strong>Monthly Surplus or Deficit</strong></td>
<td>+ or -  $_______</td>
</tr>
</tbody>
</table>
## Grading Rubric for Senior Economics/Budget Project

### Basic Format Requirements
- **Typed**
- **Title Page** that lists the student’s name, name of school, class, class period, school year, and date completed.
- **Table of Contents**
- Each activity in the project is to be completed on a *separate page or slide* and then saved to be turned in to the teacher for evaluation.

### Activity Requirements

<table>
<thead>
<tr>
<th>Activity</th>
<th>Requirements</th>
<th>Comments</th>
</tr>
</thead>
</table>
| 1. JOB                       | • Describe your choice of a career  
• Note resources used to obtain information about this specific career  
| 2. BANK                      | • Include information on a checking account, online banking services, a savings account, an ATM card, and credit cards  
• List fees for services, interest rates, overdraft protection, and limits on accounts  
• Complete a sample application from a bank. Any pamphlets/advertisements containing information on the financial application will be accepted! (completed by the student)  
• Estimate student loan amount or national average and set up a payment plan in the budget |                                                                                               |
| 3. HOUSING                   | • List what services/benefits are included in the rent, the location of the apartment, and other information necessary for housing  
• Sample apartment ad or application.  
• If sharing an apartment with another senior, you must give their name. |                                                                                               |
| 4. TRANSPORTATION            | • Completed sample loan application from a car dealership/financial institution  
• Information on current interest rates for car loans  
• Property tax rates included in the budget |                                                                                               |
| 5. INSURANCE                 | • Name of the insurance company, coverage listed on the vehicle, and the monthly cost of the policy.  
• Obtain the same information above for renter’s insurance |                                                                                               |
| 6. CELL PHONE/TELEPHONE      | • List the company, the monthly costs and particulars including minutes included and other necessary information. |                                                                                               |
| 7. UTILITIES                 | • List the utilities that you choose with their associated monthly costs. |                                                                                               |
| 8. FOOD and CLOTHING        | • Research at least three resources that give tips for saving money on day-to-day expenses and discuss the tips. |                                                                                               |
| 9. ENTERTAINMENT/MISCELLANEOUS | • List and discuss hobbies or activities that you like or want to do, with associated costs, how you will budget them. |                                                                                               |
10. GAS CONSUMPTION

_____ /5

- List approximately how many miles will be driven per week. When considering how far to drive to work, refer to the location of the company desired and the location of living arrangement, which have already been determined in Activities 1 and 4. Also, consider visits to the grocery store, visits to friends/relatives, entertainment, etc.
- List how many miles per gallon your car averages.
- List estimated maintenance costs and a brief explanation.

11. SAVINGS

_____ /5

- Identify the current interest rate on a personal savings account at your bank or whether your employer has a company pension plan or contributes to an IRA for you.
- Students must allow for both types of savings accounts in their budgets and discuss their financial goals related to these categories. (see requirements below)

12. DONATIONS

_____ /5

- List and describe charitable institutions you may contribute to, and how much in your budget.

Extra Credit: Activity Chosen:

<table>
<thead>
<tr>
<th>Points</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>____ /90</td>
<td>Activity Requirements (There are twelve activities listed above and each has its own unique requirements. Activities will be worth 5-10 points each. Students will receive full credit if each requirement is met according to the teacher’s expectations)</td>
</tr>
<tr>
<td>____ /10</td>
<td>Budget Sheet</td>
</tr>
<tr>
<td>____ /10</td>
<td>Extra Credit</td>
</tr>
<tr>
<td>____ /100</td>
<td>If students receive at least 70 points they will receive a passing grade for the project.</td>
</tr>
</tbody>
</table>

Pass / Fail