

AVID 12 - Cost of Living Project

All deadlines for this project are hard deadlines. 10% will be taken off for each day it is late regardless of the reason. It is up to YOU to know the deadlines

Objective

The AVID 12 Cost of Living 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(most resources will be online). **You are required to show tangible evidence of your research!** This may include online sources, newspaper clippings, bill receipts, apartment applications, utility estimates, etc. I have provided space for you to write down sources. You WILL NEED TO cite everything and create a works cited page.

**All sources must be cited and appear in a work’s cited page. USE MLA FORMAT. Do not rely on easybib

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

Basic Format:

- ◆ Everything should be typed.
- ◆ There should be a Title Page that lists the student’s name, class, class period, and date turned in to your AVID teacher.
- ◆ Each activity in the project is to be completed on a separate sheet of paper and then put into a booklet to be turned into the teacher for evaluation.
- ◆ Each activity page should be numbered and correspond to the table of contents page (Table of Contents Required).

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? I have given the averages for 2-year community college graduates as well as high school graduates. You will look up the averages for 4-year graduates. 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, Social Security and Medicare 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 paycheck. **This is the most in-depth portion of the project** and will, most likely, take more than one page to complete thoroughly. Use job sites such as Indeed.com and monster.com. Do not just guess on benefits!

Requirements: The information should be broken into clear and organized sections.

◆ Describe your choice of a career.

- Regular duties (what they do), physical expectations, emotional expectations, work environment, etc
- Entry-level education needed (AA, Bachelor's, Master's, etc)
- # of jobs in 2016
- Job outlook 2016-2026 (will jobs increase or decrease and by how much?)
- What is the lowest 10% pay? Highest 10% pay? Median pay? (you MUST look in the city/state in which you want to reside)
- Are you paid hourly or yearly?
- Hours? Shifts?
- Related occupations
- What types of benefits are provided (medical, dental, vision, etc.)?

◆ **Complete a W-4 form**

◆ Note resources used to obtain information about this specific career.

◆ Complete a sample copy of a W4 form (www.irs.gov) and an I-9

Use this payroll calculator for help: <http://www.payrollguru.net/PayrollCheckCalculator.aspx>

Resources:

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

US Dept of Labor—BLS—Occupational Outlook Handbook: <http://stats.bls.gov/oco/home.htm>

US Dept. of Labor--BLS—What interests you?: <http://www.bls.gov/k12/>

US Dept. of Labor--BLS's Career Guide to Industries: <http://www.bls.gov/oco/cg/home.htm>

Collegeboard.com Majors & Career Central:

http://www.collegeboard.com/student/csearch/majors_careers/index.html

Quintessential Careers: <http://www.quintcareers.com/home.html>

Careers.Org: <http://www.careers.org/index.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. Look back to see what your payment plan is based on your last research

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)
- ◆ Include: will you take student loans? Why? 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 (utilities included, pool, exercise room, etc) are included in the rent, the location of the apartment, and other information necessary for housing.
- ◆ Sample apartment add or application.
- ◆ You may choose to share an apartment with others. However, you may not assume that you will have two people to a room - this is not realistic for adults. You may NOT assume you are living at home with your parents or rent-free. Though that may be a possibility, the point of this project is to give you an idea of real-world costs.

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. All of this should be included in this section.

*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 and possibly a telephone in the apartment. Every person should make him/herself 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. Research two different cell phone plans. You may also consider bundles (phone, internet, cable) when researching costs.

Requirements:

◆ List the company, the monthly costs and particulars including minutes included, data and other necessary information. Pay attention to any rate increases after a promotional period.

7. UTILITIES- List utilities that the student will be responsible for that are not including in the housing arrangement. These may include, but are not limited to, cable, online services, electrical/gas, trash, water, garbage, and others. Refer back to the rental listings to see what is included. Look up the average cost of each utility in the area you will live.

8. FOOD and CLOTHING- The student will be expected to spend *at least* \$400/month on food. Look up averages for your area for individuals (single people in their early 20s). Consider where your grocery shopping will be done and why. If you shop all organic, your grocery bill will likely be higher. 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.

◆ Include a weekly grocery list with prices and a menu for the week.

◆ Include any start-up costs for clothing.

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 (for example, we get our gasoline at Safeway; with a family of five we rack up gas points and often only pay \$2.00/a gallon for one fill-up a month). 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. You need to do some research here! If you say "I will gas-up at Costco, then you have to purchase a Costco membership)

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 your car averages.
- ◆ List estimated maintenance costs and a brief explanation

11. SAVINGS AND RETIREMENT- 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 or more; 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. Look at the job your chose. Does it include a 401K and how much does the employer contribute. If no information is given as to how much an employer contributes, assume he matches what you contribute.

Requirements

- ◆ Define the following retirement plans as well as the pros/cons: IRA, 401K, TSA
- ◆ 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.

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 cite sources!).

13. STUDENT LOANS AND CREDIT CARDS - For the purpose of this project, we will take a look at student loans and credit card payments. You will use your own estimated amount of student loans and I have given you numbers to work with when it comes to credit cards. It is important you find out about paying back student loans. Some professions allow you to have your loans forgiven. Many do not.

BUDGET SHEET

The student will be expected to develop a personal budget that integrates all of the above activities. The budget should be placed at the back of the booklet, 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.

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/>

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

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

CA State Taxes	Percentage withheld
19,001+	4%
29989+	6%
41629+	8%
52612+	9.3%
268,750+	1-.3%
Federal Taxes	
0+	10%
9,525+	15%
38,700	25%
92700	28%
195,450	33%
Social Security	6.2%
Medicare	1.45%

Monthly Budget Report Sheet

1. Computing Monthly Net Income

Gross Income.....	\$ _____
_____ State Tax.....	\$ _____
Federal Tax.....	\$ _____
Medicare Tax.....	\$ _____
Social Security (FICA) Tax.....	\$ _____
Union Dues if applicable.....	\$ _____
Monthly Net Income: \$ _____	

2. Monthly Expenditures

Rent.....	\$ _____
Vehicle Cost Per Month.....	\$ _____
Monthly Vehicle Insurance Payment.....	\$ _____
Monthly Renters Insurance Cost.....	\$ _____
Monthly Payment on Student Loan(s)	\$ _____
Monthly Phone/Cell Phone Cost.....	\$ _____
Utilities Monthly Cost (total from below).....	\$ _____
Cable.....	\$ _____
Electric/Gas.....	\$ _____
Water.....	\$ _____
Trash.....	\$ _____
Internet.....	\$ _____
Other.....	\$ _____
Monthly food/clothing costs.....	\$ _____
<small>(must be MINIMUM \$400/month)</small>	
Entertainment Costs.....	\$ _____
Monthly Gasoline/Maintenance Costs.....	\$ _____
Savings Deposits.....	\$ _____
Contributions/Monthly Donations.....	\$ _____
Medical Insurance.....	\$ _____
Dental Insurance.....	\$ _____
Vision Insurance.....	\$ _____
Total Monthly Expenditures.....	\$ _____
Monthly Net (bring home) Income.....	\$ _____
Monthly Surplus or Deficit.....	+ or -\$ _____

