

# Budget 101 - Making a Budget Activity

Before you begin, take the Reality Check [linked HERE](#). This will get you to start thinking about the kinds of expenditures the average North Carolinian has on a monthly basis depending on lifestyle. Based on your responses, what was the recommended minimum annual salary? \_\_\_\_\_

## The Budget

**Role: You are just entering the job market so you will be at the lowest salary figure on the spectrum. This career will be based on the one you chose to research yesterday.**

### Step 1

Choose your career path. *This can't be changed.* At least not right away!

List it here \_\_\_\_\_

a. Now find your **starting salary** (remember, you are just entering the job market):

<http://www.careerprofiles.info/salaries.html>

Write that figure here: \_\_\_\_\_

b. Now calculate your taxes: You are single!

Find the salary figure above in this tax chart:

<http://www.bankrate.com/finance/taxes/tax-brackets.aspx>

Now multiply your salary times the tax rate. *Place a decimal in front of the rate number.*

This gives you the amount the government will take. Subtract this amount from your salary.

This is what you are left with annually. Divide this figure by 12 months.

**Your monthly pay (net income) \_\_\_\_\_**

## Step 2

You have a job! Now you need living arrangements. *Living with mom and dad is not an option!*

For the purposes of this activity you make believe job can be in any state you choose, but you need to know the average cost of living:

<http://livingwage.mit.edu/>

Go to the **Typical Monthly Expenses** table

**What is the Average Monthly Cost of Housing for your area?** \_\_\_\_\_

## Step 3

Now you need transportation.

You can buy a car: <http://www.carmax.com/>

After you choose your car go here to calculate your payments

<http://www.carmax.com/ENUS/car-financing-payment-estimates-calculator/default.html>

Your monthly car payment \_\_\_\_\_

Gas

Average Price of Gas for your area: <http://fuelgaugereport.aaa.com/todays-gas-prices/>

**Multiply this figure by 60.**

+Your monthly gas expense \_\_\_\_\_

Car Insurance

<https://www.valuepenguin.com/average-cost-of-insurance#nogo>

Find the 2018 monthly average for the state you chose to live in:

+Your monthly insurance premium \_\_\_\_\_

**=Total Monthly Transportation** \_\_\_\_\_

#### Step 4

A person needs to eat! Find the average spent by one person on food **per month** by going back to <http://livingwage.mit.edu/>

Your monthly food bill \_\_\_\_\_

#### Step 5 Fashion

You have to wear clothes (apparel):

How much on average would you spend a **month**? Get the answer here:

<https://www.irs.gov/businesses/small-businesses-self-employed/national-standards-food-clothing-and-other-items>

Your monthly clothing bill \_\_\_\_\_

#### Step 6 Utilities

Average Utility Costs in Your Area (Remember the state you chose to live in)

Electricity

[https://www.eia.gov/electricity/monthly/epm\\_table\\_grapher.php?t=epmt\\_5\\_6\\_a](https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a)

According to the Energy Information Administration, the average American uses 897 kilowatt hours of electricity. To calculate your rate, multiply 897 kWh by the cost of a single kilowatt hour in your state.

**\*\*\*This is listed in cents, so you MUST move the decimal TWO places to the LEFT BEFORE you multiply by 897.**

897 kWh x \_\_\_\_\_ (Rate in cents \$0.xx) = Cost of Electricity \_\_\_\_\_

Water Usage

Use the [Water Usage Calculator](#) to find the average monthly gallons of water you will use. Then, you will multiply the number of gallons used by \$0.003 (average cost per gallon of water – no it is not a typo).

Water Usage \_\_\_\_\_ (gal) x \$0.003 = +Cost of Water \_\_\_\_\_

=Your monthly utilities \_\_\_\_\_

## Step 7

### Entertainment

Watch TV? Want Internet? Even if you want to stream shows, you'll need Internet service.

Add it up here: *YES you are a Spectrum customer in the scenario!*

<https://www.spectrum.com/internet?cmp=TWC>

Pick your package and write down your monthly costs \_\_\_\_\_

Okay

Let's Put it ALL Together!

### Monthly Budget

#### Add the Following:

Housing \_\_\_\_\_

Transportation \_\_\_\_\_

Food \_\_\_\_\_

Clothing \_\_\_\_\_

Utilities \_\_\_\_\_

Entertainment \_\_\_\_\_

Total Expenses \_\_\_\_\_

### Subtract

Your Net Income: \_\_\_\_\_

—

Total Expenses \_\_\_\_\_

How much is left? \_\_\_\_\_

\*\*\*In the negative? Go back in and alter your budget!