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| **Economics Final Exam Project** |
| **Personal Career & Financial Planning** |

Your task is to develop a budget as if you were on your own and working (lucky enough to be fully employed right after college). A **budget** is simply a **plan** developed to help you effectively manage your money so that you know how much is coming in (**income**) and how much is going out (**expenses**) on a monthly or annual basis. There is a saying, "people don't plan to fail-they fail to plan," and that is what a budget is--the start of a financial plan that will allow you to achieve your financial goals.

**There are several steps to this exercise as described below...**

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| **Step 1:** **Make your career choice**   * **based on college education and training** |

* Your first task is to discover what job skills the marketplace is seeking. In other words, what jobs are in demand? 🡪 Check out ***Best and Worst Jobs*** links on website
* Evaluate what training opportunities are available and/or which school or schools are best suited to provide you with the skills necessary to succeed.
* Where are these jobs located? What GLOBAL opportunities for jobs can you uncover?What areas of the United States are growing?

**DUE DATE FOR STEP 1: Wednesday, JUNE 1st**

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| **Step 2:** **Determine your annual income**. |

This is the value of earnings for the job you selected. For example, if your career choice was to be a nurse, your starting salary is in the neighborhood of $52,000 a year. After taxes you'd bring home a net of $42,640 (18% tax rate). The monthly income value is your annual salary divided by 12, or $3,554 per month. Of course, your income may vary depending on your career choice...

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| **Step 3:** **Determine what you need to live** |

What are your **fixed expenses**? These are expenses that typically are required of you each month, i.e., when you borrow money, you must pay it back over a period of time.   
  
You need a place to live, so decide what you will do? Will you rent first (likely), or live at home and save for a house of your own? Do you need a car? What kind? New or Used? Will you take a bus or ride a bike? These are decisions you need to make. Use the links below to decide what you can afford.

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| **Step 4:** **Determine what you can spend on other things** |

What are your **variable expenses**? These are expenses that you have some control over--food, utilities, entertainment, clothing, savings, future investment goals like retirement. Don't forget expenses like insurance and the like. Also, you'll want to begin saving for your larger goals, so start with saving 10% of your income first. In the example above, that would be a savings rate of $350 a month.

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| **Step 5: Start putting it all together** |

**Instructions**:

1. You’ll find 3 **Budget Templates** **AND 3 Life Stage Worksheets** posted at the class website**,** each designated for a particularly stage in your future life (right after college / grad school, 5 years after finishing school and at 35).
2. At each life stage, use the **Budget Template** to work out your individual or family monthly budget. ***When you open this template, rename it as* yourname\_budget *and save it where you can get to it again. This template has two input areas...*Projected and Actual*. To start, fill-in the columns for PROJECTED (Green) only. There are many categories. You may not need to use them all.***
3. As you work through each life scenario, be sure to notice when a question is asked. You will need to answer these questions (in **complete sentences / paragraphs**) on a separate sheet.

Remember… **your** **budget must balance**. If your budget leaves you with a deficit, you must rework it (by reducing your expenses) to make it balance. If you end up with a surplus, you need to put the extra dollars back into your budget somewhere.

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| **DUE DATE FOR BUDGET SHEETS AND QUESTIONS: END OF THE ECONOMICS EXAM PERIOD** |