

Personal Finance Project

Congratulations! You are now 18 years old, and a legal adult. The good news is that you are now entitled to all the benefits of being an adult. The bad news — your parents have decided that they are sick of supporting you, and you must move out of your parents' home, taking only your clothing and personal belongings.

You must now become fully self-supporting. While you have graduated from high school, you did not secure any financial aid or scholarships for college. If you choose to attend college, you must pay for all tuition and fees yourself.

The following are the steps you must follow in order to become that “grown-up” you have always wanted to be. Each of the steps counts for a daily grade, has a specific due date, and must be followed in the order specified. The final project (with reflection questions) will count as a test grade, and is due:

Due: _____

Welcome to Adulthood, and Good Luck!



The Steps to Self-Sufficiency

(Please note that each step has a due date and counts as a daily grade)



Step 1: **GET A JOB!!!!**

You must find a currently available position for which you are qualified. You may find your job with the aid of the newspaper want ads, an online job search, or by obtaining an application from the place of business. Please turn in a resume as well as a copy of the want ad, job posting or application. In rare instances, you may be found unqualified for the job you have applied for!

Assuming you are hired for the position, you must then estimate your monthly income. Assume that you work a 40 hour week. Calculate your gross monthly pay by taking your hourly wage, multiplying by 40 and then by 4 weeks. You must then calculate your withholding taxes (both Federal Income Tax — see attached chart and FICA (7.65%)) and subtract them from your gross income to get your net income. Please turn in a completed W4.

Due: _____



Step 2: **Find an apartment.**

You must find a currently available apartment. You may find your housing with the aid of newspaper ads, an online search, or by obtaining an application from the apartment complex. You may not have a roommate. (Who would want to live with you?) Explain why you chose the apartment you did — location, affordability, availability, etc. How will you furnish your apartment? Include the cost of all furniture or decorations that you would purchase out of your savings. (You will start out with \$1,000.00 in savings.)

Remember to include deposits, sales taxes and shipping costs in your total. Please document all of your purchases with print-outs. You may take everything in your bedroom with you.

Due: _____



Step 3: Prepare Your Monthly Budget

You must now calculate all of your monthly living expenses. You must take into account all of your fixed (i.e. rent), variable (i.e. electricity) and periodic/occasional (i.e. doctors visit) expenses.

The following is a list of things to consider. You must **document** your sources for each of the following categories:

- Rent
- Utilities (gas, water, electric, garbage)
- Phone/Cell Phone
- Cable
- Internet
- Transportation (car payment, gas, garage/parking fees)
- Insurance (car, life, health, renter's, dental — include amount of coverage and deductibles)
- Groceries and incidentals
- Entertainment
- Education
- Savings (Pay Yourself First — you must save!)
- Charitable giving (if you do not give money you must give time!)
- Miscellaneous — clothing, shoes (may be required for job)

Your budget must balance! Use your net monthly income that you figured in Step 1.

Due: _____



The Monkey Wrench

When you have turned in Step 3 completed, you will receive a “Monkey Wrench” — something that will upset your carefully crafted budget, and require you to borrow money. You need to research the 3 “C’s” of credit, and complete the credit application I will give you. You will not know what specific situation you will face until you have turned in Step 3! (It is my evil surprise!)

Due: _____

Reflection Questions: (Due with completed project)

1. How many times did you have to adjust your budget to get it to work out?
2. What did you have to give-up to make your budget balance?
3. What have you learned about the support (or economic subsidy!) provided by your parents? What's the impact on your standard of living of losing your parents' help?
4. What would be your opportunity cost (the value of your next best alternative, or **what you are giving up**) of moving out?
5. How much did the "monkey wrench" affect your attitude toward saving? How much will the credit payments affect your budget?
6. In reality, how will your "real-life" budget be different than the one you created for this project?
7. In conclusion, what have you learned? Highlight at least three specific things you learned or were surprised about.

Suggested Resources:

www.austinhelpwanted.com
www.monster.com
www.austin-apt-locator.com
www.apartmentlocating.com
www.csgnetwork.com/elecenergycalcs.html
www.bankrate.com
www.moneymanagement.org
www.finance.yahoo.com
www.investopedia.com
www.eHealthinsurance.com
www.give.org
www.charitywatch.org
www.city-data.com
www.iii.org
www.utilityaccounting.com
www.americagrocer.com

If you find a particularly useful website, please let me know about it so I can add it to the list!

