**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.***

***-Any student found to have plagiarized, copied or used another students’, current or former, project will be subject to a zero on this project.***

**Basic Format:**

* Everything should be *typed.*
* There should be a *Title Page* that lists the student’s name, class period, school year, and date turned in
* Each activity in the project is to be completed on a *separate sheet of paper* and then put into a booklet/binder 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? For what company would you like to work. **THE MONTHLY WAGE/SALARY MUST CORRESPOND TO AN ENTRY LEVEL PAY SCALE FOR THAT PARTICULAR JOB/OCCUPATION.** This salary must be approved by Coach Rountree. 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” at the end of this packet). 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. 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.
* Complete a sample copy of a W4 form ([www.irs.gov](http://www.irs.gov))
* 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\*

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>

Collegboard.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.

**Requirements:**

* Include information on a checking account, online banking services, a savings account, an ATM card, and credit cards.
* List **ALL** 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* use the national average and then set up a monthly payment plan in your budget.

3. **HOUSING**- Students will find adequate housing by renting an apartment or other housing. You may share an apartment with another person. You may not 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 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 and data included as well as other necessary information.

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, electricity, trash, water, and others.

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?

**Requirements**

* Describe the type of clothing that will be required for their chosen profession. Estimate a monthly clothing cost.
* 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/Maintenance-** 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.

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 class, so they may use those skills learned and they may use some Additional Resources provided below. 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.\*

1. 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.
2. 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.
3. 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

|  |  |
| --- | --- |
| Gross Income......................................................................... | $\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| FICA Amount................................................................... | $\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Medicare Tax.................................................................... | $\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Federal Tax....................................................................... | $\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| State Tax........................................................................... | $\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| 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.................................................$\_\_\_\_\_\_\_\_\_\_\_\_  Other……………………………….$\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| Monthly food/clothing costs.............................................  (minimum $160 for food + clothing) | $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Entertainment Costs......................................................... | $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Monthly Gasoline/Maintenance Costs............................. | $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Savings Deposits.............................................................. | $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Contributions/Monthly Donations................................... | $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  |  |
| Total Monthly Expenditures............................................ | $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Monthly Net (bring home) Income................................... | $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  |  |
| Monthly Surplus or Deficit......................................+ or - | $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

**Grading Rubric for**

**Senior Economics/Budget Project**

**Basic Format Requirements**

\_\_\_\_\_\_Typed

\_\_\_\_\_\_*Title Page* that lists the student’s name, class period, school year, and date completed.

\_\_\_\_\_\_Each activity in the project is to be completed on a *separate sheet of paper* and then put into a *booklet* to be turned

in to the teacher for evaluation.

\_\_\_\_\_\_Table of Contents

|  |  |  |
| --- | --- | --- |
| **Activity** | **Requirements** | **Comments** |
| 1. JOB  \_\_\_\_\_/10 | * Describe your choice of a career * Note resources used to obtain information about this specific career * Complete a sample copy of a W4 form ([www.irs.gov](http://www.irs.gov)) and the state VA4 form ([www.tax.virginia.gov](http://www.tax.virginia.gov)). |  |
| 2. BANK  \_\_\_\_\_/10 | * 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  \_\_\_\_\_/10 | * 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  \_\_\_\_\_/10 | * 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  \_\_\_\_\_/10 | * 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  \_\_\_\_\_/5 | * List the company, the monthly costs and particulars including minutes included and other necessary information. |  |
| 7. UTILITIES  \_\_\_\_\_/10 |  |  |
| 8. FOOD and CLOTHING  \_\_\_\_\_/5 | * Research at least three resources that give tips for saving money on day-to-day expenses and discuss the tips. |  |
| 9. ENTERTAINMENT/  MISCELLANEOUS  \_\_\_\_\_/5 |  |  |
| 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 |  |  |
| Extra Credit: | Activity Chosen: |  |

|  |  |
| --- | --- |
| **Points** | **Description** |
| \_\_\_\_\_/90 | Activity Requirements (There are twelve activities listed above and each has its own unique requirements. Activities will be worth 10 points each. Students will receive full credit if *each* requirement is met according to the teacher’s expectations) |
| \_\_\_\_\_/10  \_\_\_\_/10 | Budget Sheet  Extra Credit |
| \_\_\_\_\_/100  Points Total |  |