

NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

# Budgeting for Life After High School <sup>(1/2)</sup>

## Directions

Go to [foundationsU.com](http://foundationsU.com) and complete budgets for the following three scenarios.

## Scenario 1

Lisa is a third-year college student living alone in an apartment. She works 20 hours a week at a local bank. She makes \$10 per hour. Lisa has a savings account that she built up during high school and by working full-time summer jobs. During the school year, she withdraws \$350 per month in order to help cover her living expenses. Lisa's college tuition and books are covered by her scholarships. Lisa's parents help her by providing an additional \$500 a month. Lisa's parents also provide her health insurance. Lisa's fixed monthly expenses are:

|   |       |
|---|-------|
| Rent.....                               | \$600 |
| Insurance (renter's and ID theft) ..... | \$25  |
| Car insurance .....                     | \$110 |
| Utilities .....                         | \$60  |
| Cell phone.....                         | \$60  |
| Cable TV .....                          | \$40  |

Lisa's budget must also include: Giving, Saving, Food, Gas, Entertainment and Personal

# Budgeting for Life After High School (2/2)

## Scenario 2

James works full time as an entry-level web designer since earning his certification. He earns \$47,000 a year. He rents an apartment by himself. He has a credit card, which he used to purchase furniture, with a balance of \$3,235. Unfortunately, to celebrate his first job, James also financed a new car. His car cost \$28,000. His payments are \$554 for a term of 5 years. James has health insurance and disability insurance through his employer, which cost him \$185 a month. He also contributes 4% of his (gross) income to his 401(k). James' fixed monthly expenses include:

|   |       |
|---|-------|
| Rent.....   | \$950 |
| Insurance (renter's and ID theft).....  | \$25  |
| Insurance (health and disability).....  | \$185 |
| Retirement (401(k)).....  | \$157 |
| Car insurance.....  | \$120 |
| Utilities .....   | \$100 |
| Cell phone.....   | \$85  |
| Cable TV .....  | \$70  |
| Credit card (minimum payment).....  | \$150 |
| <i>(Note: At 17% interest, it will take 26 months to pay off this credit card debt)</i> |       |
| Car payment.....  | \$554 |

James' budget must also include: Giving, Saving, Food, Gas, Entertainment and Personal

## Scenario 3

Recalculate James' budget without the credit card and car loan debts. In this scenario, James paid cash for an inexpensive used car and furnished his apartment with used furniture. He has three main financial goals now that he is earning his first career income. Add into his budget a sinking fund for a newer used car that he plans to purchase one year from now. James also has a goal of investing a full 15% of his income for retirement (instead of just 4% of his income). The third thing he wants to do is begin saving for a down payment on his first house.

**Consider:** How much extra money does James have to put toward his financial goals now that he is not making payments on past purchases?