

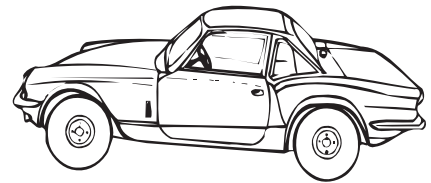
Maria & Rob

As Rob looked back over the last year, he was happy with his life. He was getting married tomorrow to Maria. He couldn't wait to start their life together. It hadn't been easy though. A few times this last year, Rob didn't think they could work it out at all. But after working together, he and Maria had made great plans for their future.

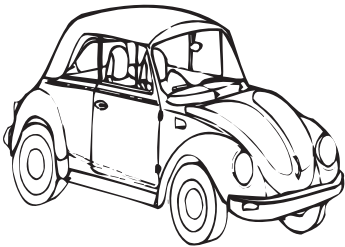
He was looking forward to the wedding. It would be smaller than they had wanted, but at least their parents could afford everything. They were inviting 75 people. It would be a light lunch, wedding cake and dancing to CDs. A friend would take the wedding pictures. Rob's uncle was going to video tape the wedding. He and Maria would have a honeymoon at the cabin owned by his cousin.

After the honeymoon, he and Maria would move into their one-bedroom apartment. It was small and only \$900 a month. This way, they could save money. Best of all, it was close to the college where he and Maria were taking classes part-time. It had been a hard decision to go to college part-time. But now they didn't have to borrow money. They were also delaying having children for at least four years. By then they would be finished with college and have better jobs.

The hardest thing to work out was the car. Rob had a sports car that he loved. He only had two years of payments left. The payments were \$500 per month plus \$250 a month for insurance. Together they were earning \$2,500 a month. After they looked at their budget they knew they would not



be able to pay for the car. Maria had a Volkswagen bug that Rob really didn't like. He hated to drive the bug because his friends made fun of it. But, if he didn't use the bright yellow bug, he would have to take out loans for college.



They had worked out a budget to save money. They wanted to stop working for one year to finish college. They cut down on all of their spending. Utilities would cost about \$120 a month if they kept the air and lights off when they weren't home. Car insurance and gas would cost \$380 a month.

They needed \$220 a month to pay for their college costs now. If they didn't go out to eat, groceries and supplies would cost \$350 a month. They decided to set aside \$100 a month for clothes and household items. For emergencies, they set aside \$100 a month. That left \$500 a month to save for their year off.

Rob felt bad that they wouldn't be able to go out to dinner or concerts anymore. Maria told him that if they could sacrifice for just a few years, they would be able to get everything they wanted when they finished school.

Make a Budget

Make a budget using the steps below.

Step 1 Start with your **total monthly pay** amount: _____

Step 2 Set aside 10% of your pay for savings:

$$\frac{\text{Monthly pay}}{\text{Monthly pay}} \times \frac{10\%}{10\%} = \frac{\text{Monthly savings}}{\text{Monthly savings}}$$

Step 3 Subtract Step 2 from Step 1:

$$\frac{\text{Monthly pay}}{\text{Monthly pay}} - \frac{\text{Monthly savings}}{\text{Monthly savings}} = \frac{\text{Total monthly pay left}}{\text{Total monthly pay left}}$$

Step 4 If you plan to live with your parents, budget \$100 for rent and utilities

Step 5 If you plan to live away from home, budget 30% of your monthly salary for rent and utilities.

$$\frac{\text{Monthly pay}}{\text{Monthly pay}} \times \frac{30\%}{30\%} = \frac{\text{Total monthly rent}}{\text{Total monthly rent}}$$

Step 6 Subtract \$100; Step 4, **or** Total Monthly Rent; Step 5, from Step 3:

$$\frac{\text{Step 3 total monthly pay left}}{\text{Step 3 total monthly pay left}} - \frac{\text{Step 4 or Step 5 pay left}}{\text{Step 4 or Step 5 pay left}} = \frac{\text{Total monthly pay left}}{\text{Total monthly pay left}}$$

Step 7 Do you plan to buy a car? ☐ yes ☐ no
 If no, you will pay \$100 per month for the bus or ride share.
 If yes, you will pay \$400 per month for a new car plus \$225 for gas and insurance, or \$200 per month for a used car, plus \$200 for gas and insurance.
 Subtract Step 7; transportation costs from Step 6; total monthly pay left.

$$\frac{\text{Step 6 total monthly pay left}}{\text{Step 6 total monthly pay left}} - \frac{\text{Amount for transportation}}{\text{Amount for transportation}} = \frac{\text{Total monthly pay left}}{\text{Total monthly pay left}}$$

Step 8 How much will you budget for eating out and buying groceries in one month?
 \$ _____

Subtract Step 8; food costs from Step 7; total monthly pay left:

$$\frac{\text{Step 7 total monthly pay left}}{\text{Step 7 total monthly pay left}} - \frac{\text{Amount for food}}{\text{Amount for food}} = \frac{\text{Total monthly pay left}}{\text{Total monthly pay left}}$$

Make a Budget

Page 2

Continue your budget.

Step 9 How much will you budget for clothes each month? \$_____

Subtract Step 9; clothing costs from Step 8; total monthly pay left:

$$\begin{array}{r r r r} \text{_____} & - & \text{_____} & = & \text{_____} \\ \text{Step 8 total} & & \text{Clothing costs} & & \text{Total monthly pay left} \\ \text{monthly pay left} & & & & \end{array}$$

Step 10 How much will you budget for movies, concerts, parties, and going out with friends? entertainment? \$_____

Subtract Step 10; entertainment costs from Step 9; total monthly pay left:

$$\begin{array}{r r r r} \text{_____} & - & \text{_____} & = & \text{_____} \\ \text{Step 9 total} & & \text{Entertainment costs} & & \text{Total monthly pay left} \\ \text{monthly pay left} & & & & \end{array}$$

Step 11 How much money will you budget for emergencies including car repairs, household repairs, emergency doctor visits? \$_____

Subtract Step 11; emergency costs from Step 10; total monthly pay left:

$$\begin{array}{r r r r} \text{_____} & - & \text{_____} & = & \text{_____} \\ \text{Step 10 total} & & \text{Emergency costs} & & \text{Total monthly pay left} \\ \text{monthly pay left} & & & & \end{array}$$

Step 12 How much of your total monthly pay do you have left?

Total monthly pay left

What will you do with your leftover money? (Will you contribute to a charity or help a friend or family member in need?)

1. _____

2. _____

3. _____

Step 13 What will you have to do if you have a negative amount left? What expenses will you cut back on?

1. _____