

Name _____
 Teacher _____
 Subject _____
 Date _____

REALITY CHECK 101:

As you begin your career, it is very important that you learn how to budget your money! **What is a budget?** It is how you predict and organize your future income and expenses.

Starting Salary:	Bachelor's Degree	Associate's Degree	High School Diploma	High School Drop-Out
	\$44,200	\$34,200	\$30,400	\$23,400

*Source: U.S. Census Bureau, 2007

Taxes: Uncle Sam wants his portion of your salary! Multiply your yearly income by 28%. This is how much you will pay each year in taxes to the city, state, and Federal government.

Example: Income \$ _____ x .28 = \$ _____ (taxes)

Retirement Plan: Planning on retiring? Start saving! Multiply your yearly income by 10%. This is how much you'll be putting into your retirement plan (401k, IRA, 403k, 408k, etc.)

Example: Income \$ _____ x .10 = \$ _____ (retirement plan)

Take Home Pay: This is the money you will actually receive in your paycheck.

- **gross income** \$ _____
- **TAXES** \$ _____
- **RETIREMENT PLAN** \$ _____

- **take home pay** \$ _____

Monthly Disbursements: Divide your take home pay by 12. This is how much money you have to budget with each month.

take home pay \$ _____ / 12 = **monthly income** \$ _____

Now we need to figure the rest of your expenditures (what you spend your money on). Your expenses will fall under two categories: **fixed** and **variable**. Your fixed expenses are recurring; they will be the same every month. Your living expenses are **variable**; depending on your needs/wants, this will come out of your disposable income.