

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 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.

	Bachelor's Degree	Associate's Degree	High School Diploma	High School Dropout
Starting Salary:	\$40,000	\$30,000	\$20,000	\$15,000

\*Source: U.S. Census Bureau, 2007

**Taxes:** Social Security tax portion of your salary! Multiply your yearly income by 20%. This is how much you will pay each year in taxes to the city, state, and federal government.

**STUDENT Example:** \$ \_\_\_\_\_ x 20 = \$ \_\_\_\_\_ (taxes)

**Retirement Plan:** Saving for retirement! Start saving! Multiply your yearly income by 10%. This is how much you'll be putting into your retirement plan (401k, 403b, 457b, etc.)

**STUDENT Example:** \$ \_\_\_\_\_ x 10 = \$ \_\_\_\_\_ (retirement plan)

**Take Home Pay:** This is the money you'll actually receive in your paycheck.

<b>STUDENT Example</b>	\$ _____
- TAXES	\$ _____
- RETIREMENT PLAN	\$ _____
<hr/>	
- SOCIAL SECURITY TAX	\$ _____

**Result:** (check!) How much more money you'll have to budget with each month.

<b>SOCIAL SECURITY TAX</b>	<b>STUDENT Example</b>
\$ _____ x 10 =	\$ _____

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