

Reality Check

This activity was designed to help you understand your personal financial needs based on your desired lifestyle. In general, after deducting your monthly expenses, taxes and savings, your take home pay should be greater than your expenses. Keep your personal needs in mind as you complete this activity.












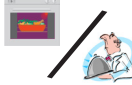











Directions:

Step 1 - Write down the annual entry wages of your desired occupation.*

\$ _____

Step 2 - Under each category below, choose the option that best applies to your desired lifestyle and write the amount on the line in the totals column.

* To find wage information, go to: www.onetonline.org. Enter your occupation into the **Occupation keyword search** box at the top right of the screen. Choose your occupation from the generated list. Scroll to the bottom of the **Summary** tab and under the header, **Wages and Employment Trends**, choose the state in which you are interested. Your first job will most likely fall into the Annual Low category. You will earn more with experience.

<h3>Housing</h3> <p>Assuming you won't be living with your parents, you'll need a place to stay. You can reduce costs by living with roommates.</p>	<p>4-Bedroom Apartment</p>  <p>\$487 <small>(per person)</small></p>	<p>3-Bedroom Apartment</p>  <p>\$564 <small>(per person)</small></p>	<p>2-Bedroom Apartment</p>  <p>\$643 <small>(per person)</small></p>	<p>1-Bedroom Apartment</p>  <p>\$1,060</p>	<p>Totals</p> <p>\$ _____</p>
<h3>Utilities</h3> <p>Monthly bills are sometimes included with rent, but homeowners must pay for utilities.</p>	<p>All Utilities (Electric/Gas/Energy/Water/Garbage)</p>     <p>\$320 <small>(could be split with roommates)</small></p>				<p>\$ _____</p>
<h3>Communication</h3> <p>You can save money by skipping a landline or cable, or by finding a good deal on bundled services. Add all that apply.</p>	<p>Phone</p>  <p>\$110</p>	<p>Internet/TV</p>  <p>\$80</p>		<p>\$ _____</p>	
<h3>Food</h3> <p>Some people like to cook and others like to dine out. Most do a little of each. Choose one or enter your own estimate.</p>	<p>Eat at Home</p>  <p>\$275</p>	<p>Home/ Dine Out</p>  <p>\$425</p>	<p>Mostly Dine Out</p>  <p>\$575</p>	<p>Enter Your Own</p> <p>\$ _____</p>	<p>\$ _____</p>
<h3>Transportation</h3> <p>You need to get to and from work and play. Car payments vary depending on the vehicle, and the length of the loan.</p>	<p>Bike/Walk</p>  <p>\$20</p>	<p>Public Transportation</p>  <p>\$60</p>	<p>Personal Vehicle</p>  <p>\$765</p>		<p>\$ _____</p>
<h3>Clothes</h3> <p>Many occupations require a professional wardrobe. Others require specialized items such as steel-toe work boots.</p>	<p>Minimal New Clothes</p>  <p>\$30</p>	<p>A Few Basics</p>  <p>\$50</p>	<p>I like Clothes</p>  <p>\$65</p>	<p>I love Clothes!</p>  <p>\$105</p>	<p>\$ _____</p>
<h3>Health Care</h3> <p>You can buy health insurance to cover your medical expenses or pay out-of-pocket for medical, dental, and vision visits.</p>	<p>Insurance (Health Care/Dental/Vision)</p>    <p>\$280</p>				<p>\$ _____</p>

Entertainment

Do your hobbies mainly involve a library card, or a season ski pass? Entertainment usually comes with a price tag.

Make Your Own Fun

 \$110

Mainly Hang Out

 \$160

Hang Out/Go Out

 \$230

Mainly Go Out

 \$340

Totals

\$ _____

Personal Care

Personal care items include things such as haircuts, makeup, grooming supplies, and gym memberships.

Low


 \$40

Medium

 \$55

High

 \$75

Pamper Yourself

 \$110

\$ _____

Miscellaneous

Do you have pets? How often do you buy a new computer? Do you like to travel? What about unexpected expenses?

Low

 \$115

Medium

 \$170

High

 \$285


Higher

 \$ _____

\$ _____

Student Loans

Student debt is a fact of life for most graduates. Typical monthly payments are listed by degree type.

No Debt

 \$0

Associate's Degree

 \$155

Bachelor's Degree

 \$340

Graduate Degree

 \$730

\$ _____

Source: Format adapted from the Montana Career Guide.

Step 3 - Total your monthly expenses.

Total Personal Expenses \$ _____

Step 4 - Divide your annual salary (on page 1) by 12 to convert it to gross monthly wages.

Gross Monthly Wages \$ _____

Step 5 - Add Federal & State Taxes and Social Security.

For Federal and State tax amounts, see the bracket below to determine your tax percentage rate based on the annual salary you selected on page 1. Social Security is 6.2% of your monthly wages.

Federal Tax \$ _____

State Tax \$ _____

Social Security \$ _____

Total Taxes \$ _____

Step 6 - Add in Savings (5% of monthly wages) Although this is not a mandatory monthly deduction, try to get into the habit of putting aside savings every month.

Savings \$ _____

Step 7 - Add together your Total Personal Expenses, Total Taxes, and Savings to determine your Total Monthly Expenses.

Total Monthly Expenses \$ _____

Step 8 - Subtract your Total Monthly Expenses from your Gross Monthly Wages to determine your Net Take Home Pay.

Net Take Home Pay \$ _____

2023 Delaware Tax Bracket (Single) Marginal Tax Rate (\$)

\$2,000 – \$4,999	2.2%
\$5,000 – \$9,999	3.9%
\$10,000 – \$19,999	4.8%
\$20,000 – \$24,999	5.2%
\$25,000 – \$59,999	5.55%
\$60,000+	6.6%

2023 Federal Tax Bracket (Single) Marginal Tax Rate (\$)

\$0 – \$11,000	10% of the taxable income
\$11,001 – \$44,725	\$1,100 plus 12% of the amount over \$11,000
\$44,726 – \$95,375	\$5,147 plus 22% of the amount over \$44,725
\$95,376 – \$182,100	\$16,290 plus 24% of the amount over \$95,375
\$182,101 – \$231,250	\$37,104 plus 32% of the amount over \$182,100
\$231,251+	\$52,832 plus 35% of the amount over \$231,250

Reality Check Review

After completing this activity, how does your budget look? Do you have any money leftover after all of your expenses are paid? If not, what are some ways you can save money? How has this activity made you think about your future?

Based on this exercise, I would like to earn an entry wage of:

\$ _____