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.

	Bachelor's Degree	Associate's Degree	High School Diploma	High School Drop-Out
Starting Salary:	$52,200	$38,200	$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.

Yearly 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 (pension, IRA, 401K, 403B, etc.)

Yearly Income $ ______________________ x .10 = $ ______________________ (retirement plan)

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

	Yearly Income	$ ______________
-	Taxes	$ ______________
-	Retirement Plan	$ ______________
=	Take Home Pay	$ ______________

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

Take Home Pay		Monthly Income
$ ______________	/ 12 =	$ ______________

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 LIVING. 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.