

Will you be able to afford to live out there on your own?



How much will you need to earn to afford the lifestyle you want? Will your paycheck cover your basic living expenses? Will you have anything left for things you want?

Complete the budget on the next few pages to see how far your paycheck would go.

Estimate your monthly expenses for each of the items listed. Be realistic. Use the most accurate information available. Living expenses vary a lot from place to

place. Think about what area you want to live in.

Newspaper classified ads provide good estimates for costs of housing, vehicles, etc. It's best if you can use the newspaper in the area you'd like to live in. Classified ads are often available free online.

The figures we've provided are rough estimates. Check with your parents, teachers or counselor about costs and adjust accordingly.

Figure your monthly budget

How to Estimate Expenses

1. Estimate rent or a house payment. If you plan to own your own home, figure \$60 for every \$10,000 the house costs.
2. For an efficiency or one-bedroom apartment, figure about \$90 for an average electric/heat bill. For a small house, plan about \$115.
3. If you plan to borrow money to continue your education after high school, plan on a minimum student loan payment of \$50.



Your Expenses

Rent/House Payment

Electricity/Heat

Student Loans

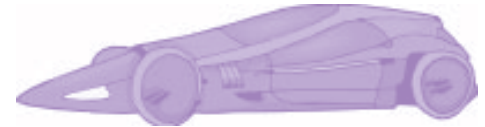
Figure your monthly budget, continued

4. If you plan to own a vehicle, figure \$20 for every \$1,000 the vehicle costs. This would cover your vehicle payment, but not related costs like auto insurance.
5. Ask your parents, teachers or counselor for help estimating the additional fixed expenses for the items listed at the right. Fixed expenses are those that do not usually vary greatly in cost from one month to another.

Figure a minimum of \$30 for basic cable TV and \$35-\$40 for basic phone service. If you chose to rent rather than own a home in step 1, you do not need to figure an expense for real estate taxes.

6. Also ask for an adult's help to estimate other living expenses, such as those listed at the right.
7. Sum all your monthly estimated expenses.

Vehicle Payment



Other Fixed Expenses

Including:

Cable/Pay TV

Telephone

Auto insurance

Home/rental insurance

Real estate taxes

Other Expenses

Including things like:

Health insurance

Groceries

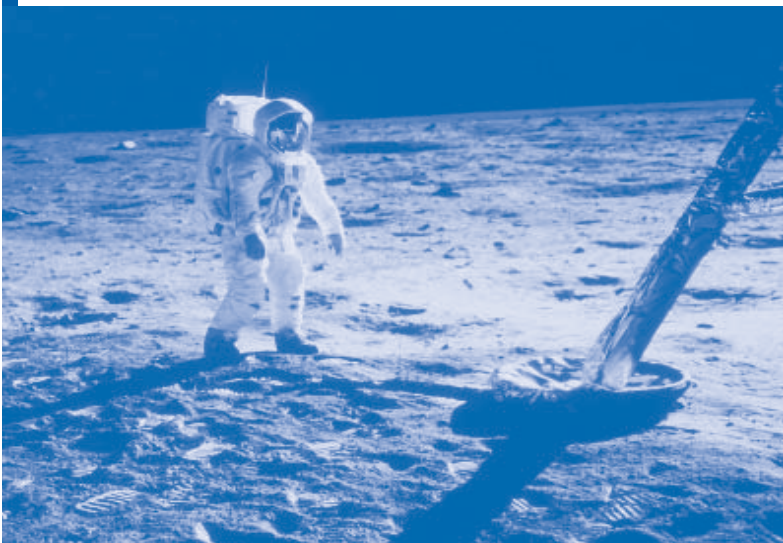
Gasoline

Clothing

Credit card bills

Entertainment

Total Expenses



Will your pay check cover your expenses?



8. Figure your gross monthly pay. Choose a career that interests you. Use the resources listed in the box below to estimate your monthly pay.

If the wage listed is an hourly figure, multiply it by 40 to estimate a weekly figure. (This assumes that you will work a standard 40-hour week.) Then multiply that number by 4.3 to estimate your monthly pay. In the sample provided, we used the average hourly wage of a fast food worker.

If the wage provided is an annual figure, simply divide the number by 12 to get a monthly estimate.

9. Now estimate deductions for taxes (income tax and Social Security) automatically withheld from your paycheck. Figure that a minimum of 25 percent of your earnings will be withheld for these expenses.

Gross Monthly Pay

Sample: \$ 7.75 per hour
x 40 hrs/week
\$ 310 per week
x 4.3 weeks/month
\$ 1,333 per month

Standard Deductions

Sample: \$ 1,333
x .25
\$ 333 withheld

Resources for estimating your gross monthly pay

Labor Market Information Center website

www.sdjobs.org/lmic/menuwages.htm

You can find wages for South Dakota, all states or the nation.

Occupational Outlook Handbook

www.bls.gov/oco/

Figure your monthly budget, continued



We have included only the standard deductions required by law. Many employers make additional payroll deductions for benefits such as health insurance and retirement plans. The costs depend some on the options you choose. For example, the cost for health insurance will likely be higher if you choose to cover family members.

10. Calculate your monthly take-home pay. Subtract the deductions in item 9 from gross monthly pay in item 8.

Monthly Take-home Pay

11. Now figure out the difference between your monthly income and your monthly expenses. Subtract your **total expenses** in step 7 from your net take-home pay in step 10.

Sample: \$ 1,333
- 333 withholding
\$ 1,000

Difference

Would your income cover all your expenses? If not, how could you reduce your expenses? Or how could you earn more income?

Keep in mind that we did not include in this worksheet many additional expenses that adults have. For example, we did not include the costs of having children, pets, furniture, repairs to home or vehicles, utilities such as

water and garbage, savings, etc. You may want to talk to your parents, counselor, teacher or other adult friends to include more such cost estimates.