

Monthly

budget

(buhj-it) n.

an estimate of expected income and expenses for a given period in the future.

Will your

income

(in-kuhm) n.

the monetary payment received for goods or services, or from other sources, such as rents or investments.

cover your

expenses

(ik-spen-sez) n.

1. costs or charges.

2. causes or occasions for spending.

How much might it cost to live how you want? Will the career you are interested in pay for these expenses? List some of the expenses you think you may have below.

Next, complete the budget on the next two pages to see how far your paycheck might go.

To estimate monthly expenses for each item listed:

Be realistic. Living expenses vary widely from place to place, so consider where you want to live. Use resources from this area to figure out accurate costs. Use classified ads as a source for costs of housing, vehicles, etc. Classified ads are often free online. Talk with your parents, teachers or counselors about costs, too.

To estimate monthly income:

Choose a career that interests you. Use the resources below to estimate your monthly pay.

wage resources

for estimating your gross monthly pay

To find current wages for South Dakota, visit www.dlr.sd.gov/lmic:

- Choose "Wages & Income" from the menu on the main page

Other sites with national and state information on wages:

Occupational Outlook Handbook:

www.bls.gov/ooah

O*Net Online:

www.onetonline.org

My Next Move:

www.mynextmove.org

*Sites might provide two types of wages: an average wage and/or a percentile wage. See page 36 for the definitions.

monthly budget worksheet

Expenses

1 Estimate monthly **rent or a house payment**. If you plan to own your own home, figure \$60 for every \$10,000 the house costs. **Rent/House Payment**

2 For an efficiency or one-bedroom apartment, figure about \$90 for an average **electric/heat bill**. For a small house, plan about \$115. **Electricity/Heat**

3 If you plan to borrow money to continue your education after high school, plan on a minimum **student loan** payment of \$50. **Student Loans**

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. **Vehicle Payment**

5 Ask your parents, teachers or counselor for help estimating the **additional fixed expenses**. Fixed expenses are those that do not usually vary greatly in cost from one month to another. Includes:

<i>Cable/streaming services</i>	<i>Auto insurance</i>
<i>Internet</i>	<i>Home/rental insurance</i>
<i>Telephone/cell phone</i>	<i>Real estate taxes (home owners only)</i>

Additional Fixed Expenses


6 Ask for an adult's help to estimate other living expenses, such as:

<i>Health insurance</i>	<i>Clothing</i>
<i>Groceries</i>	<i>Credit Card Bills</i>
<i>Gasoline</i>	<i>Entertainment</i>

Other Expenses

7 Add all your monthly estimated expenses **Total Expenses**

keep in mind 

We did not include many additional expenses, like caring for children or pets, home or vehicle repair, utilities, furniture, savings, etc. Talk with an adult to include such costs. 

monthly budget worksheet

Income

8 Figure your **gross monthly pay**. Choose a career that interests you. Use the resources listed on page 34 to estimate your monthly pay.

If the wage listed is an hourly figure, multiply it by 40 to estimate a weekly figure. (This assumes 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 cashier.

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

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

Only the standard deductions required by law are included. Many employers make additional payroll deductions for benefits such as health insurance and retirement plans.

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

11 Finally, 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.

Gross Monthly Pay

Example:

$$\begin{array}{r} \$9.87 \text{ per hour} \\ \times 40 \text{ hours per week} \\ \hline \$394.80 \text{ per week} \end{array}$$

$$\begin{array}{r} \$394.80 \text{ per week} \\ \times 4.3 \text{ weeks/month} \\ \hline \$1,697.64 \text{ per month} \end{array}$$

Standard Deductions

Example:

$$\begin{array}{r} \$1,697.64 \\ \times .25 \\ \hline \$424.41 \text{ withheld} \end{array}$$

Net Monthly Take-home Pay

Example:

$$\begin{array}{r} \$1697.64 \\ - \$424.41 \\ \hline \$1,273.23 \end{array}$$

Difference

average
vs.

percentile
wage

An **average wage** is the sum the earnings of all workers in an occupation, divided by the number of workers. It is also known as the **mean wage**.

A **percentile wage** represents the percentage of an occupation's workers who earn less than or equal to a wage. For example, if wages are \$11.01/hr for the 10th percentile, 10 percent earn less than or equal to \$11.01; 90 percent earn more. The 50th percentile is also known as the **median**.