

Personal Finance Activity

13) (Part 2) For the Personal Finance Activity, you will have the opportunity to plan out, financially, the first nine months of your life after high school graduation. Please don't view this as just another stressful assignment that you must complete for the grade. Rather, try to view this project as a tool to help you look to the future and plan your survival and success after graduation. Soon, a whole new and exciting phase of your life will begin. Hopefully this project will help you to look forward to that rapidly approaching change with wisdom and with confidence.

- You will be estimating costs for nine financial categories (see below). Each section will include:
- thorough comments/explanation
- breakdown of expected monthly expenses for that particular category
- Sources of information (newspaper w/date, web site, books, individuals, stores, etc.)*

*You are encouraged to use the internet, as well as parents and older friends, as excellent tools for figuring out just how much things are going to cost you. Even the classified sections of the newspaper will be a useful research tool.

Sections

a) Housing and Utilities You must include two possible choices for housing and all of their hidden costs. For example, if you plan on renting an apartment, you must include first and last months' rent and any security/maintenance deposits. If you plan on living at home, you must find out how much rooms (boarders) are renting for in your area and the next best alternative. You must also include the estimated cost of all utilities, such as gas and electric, telephone, garbage, sewer, etc.

b) Transportation List two possible choices of transportation sources. If you choose an automobile, you must include gasoline, maintenance, parking, and insurance costs. If you are purchasing an automobile, be sure to include a financing plan, including down payment. Be sure to include the cost of traveling home.

c) Clothing Clothing expenses for the lifestyle you expect to live. Be sure to consider the possibility of employment standards that you may incur (dresses, slacks, ties, etc.) If your parents provide you with clothing, you must still include the expected amount of expenses.

d) Food and Sundries You must include an itemized list of what you anticipate your monthly food and hygiene expenses will be. The best way to estimate your food list is to plan out a two-week menu and then make a grocery list. Then go to the store and price the items you listed. Be thorough, and be sure to double this two-week list to arrive at a month's expense. Once again, even if you are planning on living at home, you must include this list. Be sure to include sundry items such as soap, shampoo, razors, makeup, etc.

e) Entertainment You must include in this part of your portfolio all the types of entertainment expenses you will incur. This is often overlooked and can be very costly. Really think it through.

From eating out to buying a magazine, from movie rentals to club hopping, from bowling to partying to compact discs, it's all part of entertainment.

f) Education If you plan to attend school, include your estimated expenses for tuition, fees, books, and supplies. If not attending school, you should still make a statement about any future plans to do so, and how you will save for this future expense. As with all other categories, divide up semester fees into a monthly expense.

g) Health Care Come up with an estimate of how much health care expenses are. The main component is medical coverage. Many of you will continue to be covered on your parents' plan. Colleges generally have a reasonable health care fee for which they will cover their students. Others may purchase health care through your employer. In any case, estimate this expense. In addition, purchases such as over-the-counter drugs, medical supplies, vision care, etc. should be included here.

h) Savings You must include some sort of savings plan. Knowing the importance of investing early in life, how much do you plan to set aside per month? Even if you are not a serious investor, a savings budget is necessary for emergencies, breakdowns, etc. Also mention if this money is going into a savings account, CD, etc.

i) Miscellaneous This category is a necessary catch all for any other expenses you can think of. This would include gifts, pets, plants, church offerings, and anything else that applies to you. Put some thought into this category –include anything else you will spend money on.

j) Total Expenses On the last page, you will include a list of all your expenses (monthly). Total this amount to arrive at an estimated monthly budget. In addition, make a statement summarizing what your expected income will be, whether it is from loans, scholarships, work, or family support. Finally, write a half-page conclusion, focusing on your level of confidence concerning your financial situation and your understanding of what your real world expenses will be like. What feelings, thought, and concerns do you have as you look toward you economic future?

For those of you going away to college, this is an excellent opportunity for you to start making connections and figuring out the specifics of your finances. Even if your parents are continuing to support you financially, you must still figure out your monthly expenses as if you were financially independent. If you are receiving a scholarship of some sort, you must still calculate expenses to see just how great a deal a scholarship really is. Remember, you are exploring what you life will cost, not how much you are spending.

This project is designed as a practical tool to help you think about your future and prepare financially for life after graduation. Utilize your parents and others for their expertise. Have fun with this project and welcome to reality!!