

Reality Based Budgets

It's your money. How will you spend it?



MERIWESTSM
CREDIT UNION

Reality Based Budgets

Congratulations!

- You have just graduated from college! Not only that, you got a job in another city.
- You are going to get paid \$45,000 a year at BigCompany Inc.
- This is how you get paid:
 - **You will get paid each month. \$45,000 divided by 12 = \$3,750**
 - BUT: you will have to pay State and Federal taxes and benefits SO what you really take home is \$2,500
- You also have \$7,500 in a savings account.
- ***Your Challenge***
 - How to live comfortably on what you earn and save money.
- ***Your Goal***
 - You will build a budget (plan) that will cover what you spend and have enough left over to put in your savings account.

Time to Rent an Apartment!

- You are moving to a major metropolitan area
- Mom and Dad can't help you
- You have no relatives living there
- An inexpensive apartment is hard to find.
- After a short search you settle for a one bedroom apartment that is only 10 miles from work and is in a nice well kept apartment building.
 - Your rent will be \$1,000 per month.
 - Your security deposit is \$1,000.
 - Totaled, your first rent payment and security deposit are \$2,000. You take this from your savings.
 - How much is left in your savings?

You Need a Car

You have visited various auto dealerships and have settled on three cars you like. You will use \$4,000 as a down payment from your savings account.

Your car choices are:

- **Deal #1 – Used Honda Civic = \$14,000**
\$10,000 loan = **\$207 per month**
- **Deal #2 – Used Ford Mustang = \$20,000**
\$16,000 loan = **\$332 per month**
- **Deal #3 – Used Chevy Suburban = \$25,000**
\$21,000 loan = **\$435 per month**
- Which would you select to be your first car after college? Why?
- How much is left in your savings?

You must Furnish Your Apartment

- You have a car and an empty apartment. You can't sit and sleep on the floor forever. You need furniture. Here are some questions you might ask?
- Where will you buy your furniture? Will you go to a major department store or a discount store?
- How much does it cost? Well, lucky you! You got a deal on some nice furniture for your place. You intend to spend no more than \$1,250 on furnishing your place.
 - Here is your furnishing budget
 - \$500 for a sofa, coffee and end table set.
 - \$500 for a bed, dresser, and night table.
 - \$250 for a kitchen table and chairs and some cooking pots, pans and utensils.
- Remember, if you don't use the entire budget, you keep more in your savings.

- What are ways you might save money when setting up your house?

Let's Furnish our House Bedroom

- **Spring Mattress \$250**
- Bed A = \$100
- Bed B = \$175
- Bed C = \$250
- Or can your mattress go on the floor?



Let's Furnish our House Bedroom – Dresser

- 8 Drawer = \$200



- 6 Drawer = \$150



- 4 Drawer = \$100



Let's Furnish our House Bedroom – Nightstands

- \$200



- \$150



- \$100



- Or will you use a milk crate?

Let's Furnish our House

Kitchen – Table and 4 chairs

- \$100



- \$175



- \$250



- Or will you eat at the couch and coffee table?

Let's Furnish our House Kitchen – Pots and Pans

- \$ 75



- \$100



- \$150



Let's Furnish our House

Living Room - Sofa

- \$250



- \$500



- \$650



Let's Furnish our House Living Room



Coffee Tables

\$50



\$100



\$50



\$150



Entertainment Centers

\$250

- How much to you want to spend out of your savings account?

Let's Build a Budget!

Get out your budget worksheets.



Item	Cost	Item	Cost
Rent	\$ 1,000	Telephone	\$ 25
Car	\$ 207	Cable/Internet	\$ 65
Car Insurance	\$ 233	Gas/Transportation	\$ 81
Savings Account	\$ 250	Gas and Electric	\$ 50
Groceries	\$ 280	Laundry/Dry Clean	\$ 40
Household Cleaning	\$ 25	Auto Maintenance	\$ 50
Eating Out	\$ 100	Hobbies-Misc.	\$ 40
Personal Hygiene	\$ 60		\$
Entertainment	\$ 60		\$
Clothing	\$ 25	Total Monthly Costs	\$ 2,661
Cell Phone Bill	\$ 70	Monthly Income	\$ 2,500
		Total	\$ - 161

In Closing



The screenshot shows the Meriwest Credit Union website. At the top left is the Meriwest logo. To its right is the text 'Meriwest Credit Union | 877-MERIWEST (877) 637-4937' and a search bar with an 'Ask' button. Below this is a navigation menu with links for 'Home', 'Join Meriwest', 'Contact Us', 'Locations', 'Quick Links', and 'Live Chat'. A 'Got Mobile? Download the App' link is also present. The main content area is titled 'Meriwest In the Community' and features a sidebar with categories like 'Community Relations', 'Team Volunteering and Giving', 'Youth Initiatives', 'Supporting Housing in our Community', 'Economic Development', 'Community Outreach', and 'Financial Education'. The main content area is titled 'Personal Finance Links' and contains the following text: 'Understanding our finances is a first step toward financial independence.' It lists two bullet points: 'Personal Finance and Education - With the support from the U.S. Treasury Department's Office of Financial Education, 22 federal entities joined together to build a website to bring financial literacy and education and to provide free, reliable financial information to the American public through the MyMoney.gov Website, and the toll-free 1-888-MyMoney hotline. The Financial Literacy and Education Commission (FLEC) was created by Congress in 2003 through the passage of the Financial Literacy and Education Improvement Act under Title V of the Fair and Accurate Credit Transactions Act of 2003 (P.L. 108-159). Congress designated the U.S. Department of Treasury's Office of Financial Education to lend its expertise and provide primary support to the FLEC, which is chaired by the Secretary of the U.S. Department of the Treasury and composed of 22 other Federal entities.' and 'Preparing a Budget - A budget is an important financial planning tool. It serves as a roadmap for you either to avoid debt or get out of debt. It is hard to plan your finances if you don't know where your money goes.' A second bullet point reads: 'Budget and Taxes - U.S. Financial Literacy and Education Commission - Providing financial education resources for all Americans.' To the right of the text is a large image of the Meriwest Credit Union logo.

- Today, you have learned about how to manage your money. In the future, you will also need to learn about investments, saving for retirement, credit and lending.
- If you wish to learn more about managing your finances, ask your Meriwest Credit Union Representative or you can check the following websites for information:

From the Meriwest Credit Union Community Web Page, you can access the following financial education sites:

- **MyMoney.gov** - Several federal entities joined together to build a website to bring financial literacy and education together and to provide free, reliable financial information to the American public.

Thank You!



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