



PERSONAL FINANCE BUDGETING PROJECT OVERVIEW

The Objective

The objective of this course-long project is two-fold:

1. To place the content of each unit of study into comprehensive context
2. To personalize the content of each unit of study for each student

The Setup

On the very first day of the course, students will be asked to imagine a 30 year-old version of themselves living in today's world. High school is behind them and they've successfully completed a post-secondary education or training to gain employment in the field of their choosing. Each student will choose a part of the country to live in, and whether or not they have started a family. Throughout the course, each student will make decisions that will impact their income-and-expenses scenario, which will take the form of a budget spreadsheet.

The Spreadsheet

A budget spreadsheet template has been created to serve as the centerpiece product for our course-long personal finance project. Within each unit, students will research and/or calculate amounts for their 30-year old scenario and update their budget spreadsheet. By the end of the course, each student will have developed a complete personal finance picture on their own spreadsheet. Student-specific tasks from throughout the course that will result in amounts to be entered on the spreadsheet are as follows:

Paychecks Unit: Income tax withholdings and voluntary deduction amounts

Paying for College Unit: Student loan payment amounts

Credit and Credit Cards Unit: Credit card debt payment amounts

Buying a Car Unit: Monthly auto loan payment, registration and insurance amounts

Buying a House Unit: Monthly mortgage payment amounts, including escrowed items

Income Taxes Unit: Expenses or circumstances resulting in tax deductions or credits

Retirement Planning Unit: 401(k) contributions and secondary nestegg accounts.

Organization/Layout

Sheet 1: Income and Expenses – To manage monthly and annual/misc. expenses

Sheet 2: Evidence for \$ Values – To post screenshot evidence for entered values

Sheet 3: Combined W-2 Form – For use in the income taxes unit


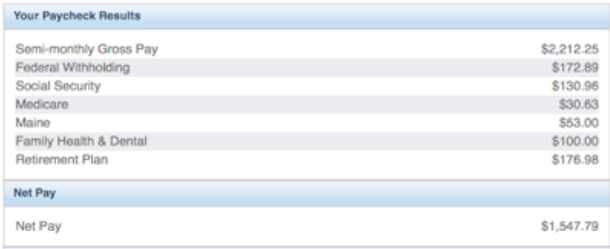
Spreadsheet Particulars

Sheet 1: Income and Expenses

| Name | | | Monthly Expenses | | Savings and Investments | |
|------------------------------|--|--|-----------------------------|--|---------------------------------|--|
| Sample McSampleton | | | | | | |
| City, State | | | Description / Details | | Description of Account | |
| Berwick, ME | | | Amount | | Annual Total | |
| Occupation | | | Mortgage | | Savings for Annual/Misc. | |
| Accountant | | | 1250 | | \$8,160.00 | |
| Education | | | Student loan payments | | Savings Account #2 | |
| Bachelor's Degree | | | 240 | | \$3,360.00 | |
| Family | | | Credit card paydown payment | | | |
| Wife, 1 kid (age 3) | | | 140 | | | |
| | | | St. Jude donation | | | |
| | | | 25 | | | |
| INCOME | | | Daycare for Abby | | Annual/Misc. Expenses | |
| YOU | | | 800 | | Description / Details | |
| SPOUSE | | | Car payment | | Amount | |
| Annual Salary | | | 250 | | Holiday shopping | |
| \$53,094.00 | | | 130 | | 800 | |
| Semi-Monthly Gross Pay | | | Gas | | Birthdays and Anniversaries | |
| \$2,212.25 | | | 200 | | 400 | |
| \$1,500.00 | | | Car insurance premiums | | Repair/Replace Need for Home | |
| | | | 500 | | 1000 | |
| | | | Monthly meal out | | Clothing, Shoes, Gear | |
| | | | 80 | | 800 | |
| DEDUCTIONS | | | High Speed Internet | | Car Maintenance/Repair | |
| Description | | | 70 | | 1000 | |
| Amount | | | Cell phones | | Car Registration, Inspection | |
| Savings for Annual/Misc. | | | 80 | | 400 | |
| 170.00 | | | Electricity | | 300 | |
| Savings Account #2 | | | Life insurance premiums | | Gift Giving, Donations, Charity | |
| 70.00 | | | 40 | | 250 | |
| Federal | | | Wholesale club trip | | Heating Oil (800 gal @ 2.50) | |
| 172.89 | | | 175 | | 2000 | |
| Social Security | | | Netflix, hulu | | Annual Boiler/Burner Service | |
| 130.96 | | | 20 | | 175 | |
| Medicare | | | Date night | | Short Trips/Getaways | |
| 30.63 | | | 100 | | 500 | |
| ME | | | College savings plan | | AAA memberships | |
| 53.00 | | | 125 | | 70 | |
| Health and Dental | | | Gym membership | | amazon prime membership | |
| 100.00 | | | 45 | | 100 | |
| Retirement Plan | | | | | | |
| 176.98 | | | | | | |
| | | | TOTAL: | | TOTAL: | |
| Semi-Monthly Net Pay: | | | \$4,370.00 | | \$7,795.00 | |
| \$1,307.79 | | | | | | |
| \$914.65 | | | | | | |
| Combined Net Monthly Income: | | | Monthly Funds Remaining: | | Annual Funds Remaining: | |
| \$4,444.88 | | | \$74.88 | | \$365.00 | |

- An identification block at the top-left provides students with a space to enter the particulars about the life they've chosen for themselves as 30 year-olds.
- The income block provides students with a space to enter their researched salary amount, and if married for the project, their spouse's salary (fixed at \$36,000). The spreadsheet will automatically calculate their semi-monthly gross pay.
- The deductions block provides students with a space to enter their researched income tax and paycheck withholding amounts. The resulting semi-monthly net pay will calculate automatically, along with the household combined net monthly income.
- The monthly expenses block in the middle of the sheet provides students with a space to enter descriptions for all routine expenses that would be paid for through their checking account. Expenses are automatically totalled, then subtracted from the combined net monthly income to arrive at a *monthly-funds-remaining* amount.
- The right side of the spreadsheet contains a block for savings and investments, which are linked to the first two lines of the *deductions* section on the left-hand side. The *savings for annuals/misc.* account is intended to be drawn from over the course of the year in order to pay for the non-routine expenses that will/could occur. A second savings account, which is intended to be savings-for-the-sake-of-savings, is also direct-deposited into from the *deductions* section.
- A block for *annual/misc. expenses* provides students with a space to enter the non-routine expenses that will, or may, occur throughout the year. These annual/misc. expenses are totalled and then subtracted from the *savings-for-annuals/misc.* account in order to arrive at an *annual-funds-remaining* amount.

Sheet 2: Evidence for \$ Values

| | A | B | C | D | E | F | G | H | I | J | K |
|----|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Use this space to post screenshot evidence for researched/calculated values that you used in your spreadsheet budget: | | | | | | | | | | |
| 2 | | | | | | | | | | | |
| 3 | My Income | | | | | | | | | | |
| 4 |  | | | | | | | | | | |
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| 16 | | | | | | | | | | | |
| 17 | | | | | | | | | | | |
| 18 | | | | | | | | | | | |
| 19 | My Paycheck | | | | | | | | | | |
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| 34 | | | | | | | | | | | |
| 35 | | | | | | | | | | | |

This sheet is intended to be a bulletin-board for screenshot evidence gathered throughout the course. Unit-by-unit, students will be researching and/or calculating certain dollar values that will be entered into their spreadsheet. Shown above is an example of the salary data for our accountant in Maine, along with online paycheck calculator results to substantiate the income tax and paycheck withholding amounts for both the accountant and their spouse. These values have been entered in the *deductions* section on the income-and-expenses sheet, and would be adequate for the first unit of study: Managing a Paycheck. As the course progresses, this sheet should fill up with screenshot evidence gathered by the student to substantiate the values that they enter on the income-and-expenses sheet. For example:

- Student Loan payment amounts from the Paying-for-College unit
- Credit card debt payoff amounts from the Credit-and-Credit-Cards unit
- The listing for the vehicle that was purchased from the Buying-a-Car unit
- Car payment, insurance and registration costs from the Buying-a-Car unit
- The listing for the home that was purchased from the Buying-a-House unit
- Home-related expenses from the Buying-a-House unit
- Unique expenses relating to hobbies, subscriptions, etc. that can be researched

NOTE: The screenshots posted in the above example are from www.salary.com and www.paycheckcity.com, but there are endless free resources on the internet suitable for determining the values needed for this project.

Sheet 3: Combined W-2 Form

| | | |
|--|---|---|
| COPY C - For EMPLOYEE'S RECORDS (See Notice to Employee on the back of Copy B.) | | 41-0855144 OMB No. 1555-0000 |
| a) Employees Social Sec. No. 000 - 00 - 0000 | 1. Wages, Tips, Other Comp. \$79,566.48 | 2. Federal Income Tax Withheld \$6,299.76 |
| b) Employer ID No. (EIN) 01 - 00000000 | 3. Social Security Wages \$86,694.00 | 4. Social Security Tax Withheld \$5,375.04 |
| | 5. Medicare Wages and Tips \$86,694.00 | 6. Medicare Tax Withheld \$1,257.12 |
| c) Employer's Name, Address ABC Incorporated 123 ABC Drive Berwick, ME | | |
| d) Control No. | 999 | |
| e) Employee's Name, Address Sample McSampleton 456 Weliveonthis Street Berwick, ME | | |
| 7. Social Security Tips | 8. Allocated Tips | 9. // |
| 10. Dependent Care Benefits | 11. Nonqualified Plans | 12a. Code D \$7,127.52 |
| 13. Statutory Employee | 14. Other | 12b. Code |
| Retirement Plan | | 12c. Code |
| Third-Party Sick Pay | | 12d. Code |
| 15. State ME | 16. State Wages, Tips, etc. \$79,566.48 | 17. State Income Tax Withheld \$1,776.00 |
| Form W-2 Wage and Tax Statement !!! For educational purposes only !!! | 2016 | Dept. of the Treasury - IRS 4.2.YE.M |

As part of the income-taxes unit, each student will complete a federal tax return. In order to align our personal budgeting project with this activity, a third sheet has been created to provide for a “mock W-2” form for the household. This sheet serves the purpose of the employer delivering the W-2 form to the employee at the start of the year so that a tax return can be prepared and submitted. The cells from the *deductions* block of the income-and-expenses sheet have been referenced in order to automatically tabulate the amounts that show up on the student's W-2 form.