Money, money, money

Choosing your career can be tough, but living with your career can sometimes be tougher. This not only means choosing a career to fit your talents, but also means creating and maintaining a monthly budget based on your monthly income. You may use a calculator to check your answers, and you may also ask your parents to help you.

1. For your chosen career, what is your monthly income?
*Take your average salary and divide by 12. If you are paid by the hour, take the average hourly wage, multiply by 40 (hours in a work week) and multiply by 4 (weeks in a month)*
2. Another key part in your monthly expenses is savings. Savings accounts earn interest and can be a great resource when hard times come, or when big purchases (or university) come into play. It’s a good rule of thumb to save about 10% each month to build up a good savings account. How much will you be putting into a savings account each month?
3. Whether you decide to live in a flat or a house, you will have a monthly housing expense. About 25% of your monthly income should be put towards your housing. How much do you have to spend on housing each month?
4. Having a mode of transportation is almost as important as having a place to live. About 5% of your monthly income should be put towards a mode of transportation. This might include a car/truck/SUV payment, bus fare, metro fare, or train fare for the month. This also includes your insurance if you own a vehicle. About how much can you spend on transportation?
5. Hungry? Eating out all the time can really add up. Those £5 meals twice a day can really break the bank. (*£3650 a year or more!)* But eating at home every day can also become monotonous for some people. An average of 15% of monthly income should be spent on food. About how much is your monthly budget?
6. As you grow and are on your own, unfortunately there come bills that **have** to be paid too. From electricity, water, gas, and sometimes trash pick-up; these bills may vary but are necessary. These bills are called “utilities” and may often include TV/cable and internet. It’s a good idea to set aside about 20% of your monthly budget for these items. Calculate your monthly utility cost.
7. A career usually means new clothes - or different clothes than you would “normally” wear out with friends. Some careers require you to wear a uniform, some require dry cleaning, and some require a “business type” attire. Regardless of the type of work, you will need clothes. 5% of your monthly income needs to be set aside for this. How much is 5% of your monthly income?
8. Personal expenses always come up. Personal expenses might consist of wanting to download from iTunes, getting the latest and greatest electronics device, or maybe a favourite “midnight snack”. You can set 5% of your income aside for personal expenses. How much is this per month?
9. Entertainment seems to be more and more a part of our society. We are surrounded by movies, TV, and electronic devices that let us stream media constantly. Setting aside 3% each month in indulge your “media fix” gives you how much to spend?
10. No matter how well you plan, something always seems to come up to “rain on your parade” and a little “rearranging” sometimes need to happen as well. Maybe you are saving up for something that is out of your **monthly** budget, but you want to set aside for it to get it. 2% of your monthly income should be set aside for “extra” or miscellaneous expenditures. About how much money is this each month?
11. How much money (and what percentage of your income) do you have left at the end of the month, if you were to use this as a budget plan?

EXTENSION:

1. Income Tax is a tax you pay on your income. You don’t have to pay tax on all types of income.

You pay tax on things like:

* 1. money you earn from employment
	2. profits you make if you’re self-employed
	3. some state benefits
	4. most pensions, including state pensions, company and personal pensions and retirement annuities
	5. interest on savings and pensioner bonds
	6. rental income (unless you’re a live-in landlord and get £4,250 or less)
	7. benefits you get from your job
	8. income from a trust
	9. dividends from company shares



How much would you have to pay in income tax?

1. National Insurance

You pay National Insurance contributions to qualify for [certain benefits](https://www.gov.uk/national-insurance/what-national-insurance-is-for), including the State Pension.

You pay National Insurance if you’re:
- 16 or over
- an employee earning above £155 a week
- self-employed and making a profit of £5,965 or more a year



How much would you have to pay in national insurance?

1. Considering these additional deductions from your income, how could you adjust your monthly budget to stay within your 100%? Create an alternative budget plan, taking income tax and national insurance contributions into account.