Economics Personal Finance MYP Project

You are required to put together a single household unit. You will choose an occupation along with a median pay scale. You and possibly a pet are the only ones in your household. Based on this information you will be responsible for setting up the household and for putting together the budget. **You cannot go bankrupt.**

This project is worth a 100 point test grade. It will be graded on the how well you meet the requirements in this document. **Be sure to look closely at the grade sheet.** You will not be able to complete this is class. You will need to put this together outside of class. **The due date for the project is Monday, December 7th.** Late projects will be accepted deducting 10 points per day.

All work must be presented to me in **a three ring binder.** Dividers are fine but NO plastic sleeves. No content from the notebook will be returned, but you are welcome to have your binder back.

# Requirements

**Household – one paragraph summary** *(you will write this paragraph last)***:**

* You must include a description of your household and a picture of those involved.
* Be sure to include such things as:
	+ Occupation
	+ Salary
	+ Housing information – how much it costs
	+ Car information – make, model, and cost
	+ How much you save each month (if you have money left over after expenses).
	+ With this include how much you expect to have when you are to retire – **your final total from stock market.**
	+ Determine if your savings are adequate for retirement (should you reduce expenses or find a better paying job?)

**Occupation:**

* You must provide a job description from an actual job in your field.
* Be sure to include the amount of education, special training, and pay scales.
* Be sure to use the **median pay** for your income – base your income level in your budget from the median pay for your budget.

**Home:**

* Each student will be required to purchase a house. In so doing, you must choose a house in the price range you can afford (2-3 times your gross combined salary)
* The monthly mortgage cost should be around 25% of your net monthly income - Be sure to include this in the notebook.
* The interest rate you get is one **you find from current published information on rates** – **you must use a 30-year fixed mortgage**. You will use these to calculate your payments – get rates from [**www.google.com/advisor/mortgages**](http://www.google.com/advisor/mortgages)
	+ You can use [www.bankrate.com](http://www.bankrate.com) to calculate your monthly mortgage payment **– no down payment**. **PRINT THIS OUT!**
* **When you turn in the final project, you must have a write up of what you looked at when choosing your house. (Size, cost, location, school district….)**

**Car:**

* Each student must own a car of some sort - you must do research on what type of car you are going to buy and print out the information.
* You must provide a write up on why you chose the car you did.
* Like the house, your payments will be based on the best current interest rate that you can find (**will be APR**).
	+ The monthly car payment should be around 15% of your net monthly income. Be sure to include this with the notebook.
		- Car payment calculators are all over the internet.
	+ **You must also provide proof of insurance quote – you can get this from** [**www.progressiveinsurance.com**](http://www.progressiveinsurance.com)**.**

**Insurance:**

* You must get the following insurance quotes (try to get them from one source as you may achieve a better rate):
	+ Health
	+ Life
	+ Homeowners (see guidelines below)
	+ Car (already addressed)

**The following items are not included in the budget**. They should be in your project under separate tabs. Each person must do these.

**\* Comparison Grocery Shopping:**

Complete the comparison grocery-shopping sheet that is attached.

\* **Banking**

Select a local bank. Visit the branch and collect a schedule of fees for the services and types of accounts that they offer. Prepare a report explaining the type of accounts and services that they offer.

**\* Vacation**

Plan a three to seven day family vacation. Be sure to plan the costs for lodging, food, and travel. Include the cost of activities along with money for any souvenirs. You may want to use the internet or a travel agent to get information. You need to include brochures and pictures. **Describe your vacation and show your budget (what you plan to spend on transportation, hotel, food, and activities)**

This is not part of your actual notebook budget. This is so that you will know how expensive vacations are in the real world. You may find other households to go with you to share expenses.

**\* Credit**

Gather at least two blank credit applications from department stores (such as Wal-Mart and Best Buy) and one revolving credit card from a bank. **Prepare a report** comparing the cards by interest rate, grace period, and number of merchants who accept the card.

\* Not included in the budget.

**Budget:**

Each household must prepare a budget (based on one month) in spreadsheet form (**the form is attached**). Be sure to show all of your calculations so you can see what you have left over after expenses. The following items must be included in your budget. The following are the categories you must have.

* Gross and net pay
* Taxes (These must be taken out of gross pay first thing.)

Federal, state (both based on income tax tables), local and FICA (7% of gross)

* Housing:
* Mortgage payment (monthly)
* Utilities (gas, water, electricity, garbage collection, sewage, phone, cable)
* Maintenance of property
* Transportation:
* Monthly car payment
* Gas (based on where you work)
* Maintenance
* Car insurance
* Food:
* Groceries
* Eating out (show these separately in budget)
* Clothing: New purchases, dry cleaning, (Show these separately in budget)
* Insurance (health, life, car, home)
* Personal: entertainment, vacation, recreation (they must all be addressed)
* Savings: retirement
* Miscellaneous: Break this down!

At the end of your budget you must include a write up about each major section of your budget. Outline why you used the numbers you used. Also, describe what you expected about that item before you started the project. This should be reflective (think about your thoughts).

Once you have completed the project, you are expected to take the project grade sheet and grade your project. This needs to be the last page in your project.

Finally, the overall appearance of the project of the project will be graded. For example tabs, color, extra thought on some things….

**Useful Websites:**

Bank Loans

[www.Eloan.com](http://www.Eloan.com)

Auto insurance

[www.Allstate.com](http://www.Allstate.com)

[www.progressive.com](http://www.progressive.com)

Housing

[www.bankrate.com/calculators/mortgages/amortization-calculator.aspx](http://www.bankrate.com/calculators/mortgages/amortization-calculator.aspx)

[www.amortization-calc.com/](http://www.amortization-calc.com/)

Taxes

[www.taxact.com](http://www.taxact.com)

[www.Fed-Tax.com](http://www.Fed-Tax.com)

Miscellaneous information

[www.hughchou.org](http://www.hughchou.org)

Retirement planning

[www.bloomberg.com/invest/calculators/retire.html](http://www.bloomberg.com/invest/calculators/retire.html)

Order of Events

Week 1

Choose occupation

Research Occupation

 Search for a house and select with interest rate and determine your monthly payment

 Complete one of the \* items

Week 2

 Search for a car

 Complete second and third of the \* items.

Week 3

Complete write up on house

 Calculate property taxes

 Use budget to check affordability of house and car

 Begin calculating utilities cost for budget

Complete a 4th \* item

Week 4

 Research insurance for house, car, life and health

 Complete write up on car

 Complete remaining budget items

 Complete a 5th \* item

Week 5

 Complete write up on family

 Complete write up on your budget

 Complete grade sheet checklist

 Organize project

**Use the following cost guidelines**

**Utilities**

Gas and electricity combined: $110 (+ $10 for every $20,000 that your house is over $100,000)

Water: $25 (+$5 for every $25,000 that your house is over $100,000)

P**hone**: must research local, long distance and cell costs.

**Cell Phones**: If you have one now you will have one when you are on your own.

**Cable**: research

**Homeowners insurance:**

House Cost Insurance Amount

Under $100,000 $360 per year

$100,000 - $200,000 $480 per year

$200,000 - $300,000 $540 per year

$300,000 and above $540 plus $5 per $100,000 above $300,000

**Property tax:**

Add $1000 per month for each $100,000 in home price

For example, a $200,000 house should have property taxes of $2000 per month

**Food:**

Household: $200 per month incomes less than $100,000. $230 for incomes over $100,000.

Eating out: Minimum of $25 per month

**Clothes:**

What do you want to wear?

**Transportation Costs:**

Gas and Oil: $100 per month per car + $15 for houses over $150,000

**Personal Costs:**

You can determine this but it must be realistic.

**Saving:**

How much are you going to have left over to save for a rainy day?

Some of these numbers may appear too large. However, they are like this to offset the many, many things in our lives that we spend money on that we do not think about. Food includes all the other various things that we purchase such as cleaning supplies and personal hygiene stuff.

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Period \_\_\_\_\_\_\_\_\_\_\_

Economics Personal Finance Project Grade Sheet

The project should be presented in the numerical order below.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Pts** |  | **Pts** |
| **1.** Family |  | **4.** House |  |
|  Description of household | 1 |  Explanation of why choose house (location, schools, price…) | 1 |
|  Picture of household | 1 |  Was House Approved | 1 |
|  Retirement (projected age and money expected at retirement with proof (realistic) | 3 |  Amt. Schedule (correct amount?)  | 3 |
|  |  | **5.** Car |  |
| **2.** Occupation |  |  Explanation of why choose car | 2 |
|  Salary | 2 |  Was Car Approved | 2 |
|  Description | 2 |  Description | 2 |
|  Education and special training | 2 |  | 3 |
|  |  |  Proof of Insurance (deductable and premium) | 1 |
|  |  |  |  |

|  |
| --- |
| The following items should have their own sections. |
| **6**. Comparison Shopping | 8 | **9.** Planning a Vacation (made up) | 6 |
| **7.** Bank schedule of fees | 4 | **10.** Credit Card Applications  | 6 |
|  |  |  | 6 |

**12.** Budget

|  |  |  |  |
| --- | --- | --- | --- |
| Gross and net pay (both yearly and monthly) | 1 | Car Payment | 1 |
| Taxes |  |  Gas and Oil | 1 |
|  Monthly Federal | 2 |  Car Maintenance | 1 |
|  Monthly State | 2 |  Car Insurance | 1 |
|  Monthly FICA | 2 | Health Insurance | 1 |
|  Monthly Local (also called property)  | 2 | Life Insurance | 1 |
| Mortgage payment | 1 | Groceries | 1 |
| Maintenance of Property | 1 |  Lunches | 1 |
| Homeowners Insurance | 1 |  Eating Out | 1 |
| Utilities (Realistic?) |  | Clothes | 2 |
|  Gas/Electricity | 2 |   |  |
|  Water | 1 |  |  |
|  Sewage | 1 |   |  |
|  Phone | 1 |  |  |
|  Cable | 1 | Vacation (based on finances) | 1 |
|  Garbage | 1 | Entertainment | 1 |
|  Cell Phone? | 1 | Savings/Retirement | 1 |

|  |  |  |  |
| --- | --- | --- | --- |
| Realistic Approach | 4 | Overall appearance of time and effort, Organization, Tabs and in order required, Write ups with thought, Color, three ring binder | 7 |
| **13.** Explanation of things that surprised you in budget done completely independent of each other. | 6 | **14.** Completed Grade Sheet | 2 |