

## MONEY 101

### 3.11a EXERCISE – Prepare Maria’s Personal Budget

Maria knows her earnings are decent, and she does not think she spends a lot, but somehow her money evaporates.

Her ultimate goal is to quit her day job as a Customer Service Representative and become a full-time exercise instructor – perhaps even with her studio. She is trying to save \$15,000 as a cushion to leave her job, but by the end of the month, after paying her bills, there seems to be nothing left to put into savings. She has a bad feeling that her credit card debt keeps increasing.

Her friend suggested she prepare a budget reviewing all her **sources and uses of cash for the year**. Can you help her? To assist her, read below and

- In Column A – indicate "Yes" or "No" if the items should be listed on her budget. HINT: If an item does not impact her "cash in" or "cash-out" for this year, it is NOT part of the budget.
- In Column B, enter the **ANNUAL** dollar impact if it is part of her budget.

There are 32 questions - WHEN DOING EXERCISE IN CLASS BREAKOUT GROUPS – take turns doing the calculations (each person should answer 3-5 questions depending on the size of the group)

- Transfer the annual dollar impact (cash source or cash use) to form 3.01a -Annual Budget Long Form.
- Total the Sources and Uses of Cash and find the difference – THEN answer.
  1. Is Maria's annual "cash flow" positive or negative?
  2. How long will it take her to reach her savings goal at this rate?
  3. What suggestions do you have for Maria?

Interestingly, the 3.01 Annual Budget Long form is based on a "Case Information Statement" used by courts to help get the big picture of household finances so the Court can appropriately determine alimony and child support. The form has more categories than is practical, but it is a helpful reminder of items to include in a Budget.

If you are in a household where two people contribute to the total household expenses, Column #1 can be used to track one person's finances and Column #2 the other person's finances. It is essential to recognize how much each person contributes to the household.

Since Maria is single, enter her annual numbers in the TOTAL column.

The form also has a % column where you can enter how much a line item contributes to the total cash source or total cash use. Knowing the percentage, a category item contributes towards the total can be helpful to focus on more significant items and not sweat the small stuff.

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Updated 1-15-2024

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		A Part of budget Yes or No	B \$ Amount
1	Her earnings from the customer service job include a base salary of \$38,480 and commissions of \$427, and in December, she received a \$ 500 bonus.		
2	As a part-time exercise instructor, she anticipates earning <b>Brooklyn Athletic Club</b> –\$37.50 per class and she will teach 20 classes during the year as follows: January - 2 classes, February – 8 classes, March – 6 classes, April – 4 classes.  <b>Gleason's Gym</b> - \$40.00 per class, and she teaches 81 classes per year as she teaches 9 classes a month except for June, July, and August when she does not work.		
3	She has a savings account with a \$3,200 balance. This year she will earn \$44 in interest		
4	Every September, her grandmother gives her a cash birthday gift related to her age. This year she received \$2500 for her 25th birthday.		
5	She lives with two roommates, and her share of the rent is \$825 per month. When she signed her lease for the apartment two years ago, she gave the landlord one-month security of \$ 1025. However, that is not an ongoing expense.		
6	For Utilities – Heat, Water and Sewer and Garbage removal are included in the rent, but she pays <ul style="list-style-type: none"> <li>• 1/3 of the total Electric bill; her share is \$ 45 a month for 9 months, but in June, July and August, her share rises to \$75 per month.</li> <li>• 1/3 of the total Gas bill; her share is \$ 23 a month throughout the year.</li> </ul>		
7	Twice a month, her roommates and she split the \$ 120 cost of a housekeeper. Her share is \$40 a visit		
8	She does not have a landline phone, but her and her roommates have triple plan covering cable, and internet. Her share is \$ 45.00 per month.		
9	Her cell phone costs \$95 per month.		
10	She pays \$ 127 per month for her transit card. She heard she could buy it through her employer, tax-free, but she has not done that as of yet.		
11	She spends \$110 a week on groceries on average.		

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12	She eats out once a month and knows her average restaurant bill is \$60. (that includes what she spends on alcohol as she tries not to drink too much.)		
13	She spends on average \$ 45 a month on household supplies, such as paper towels, shampoos, etc.		
14	She spends \$80 a month on clothes, but in June, she ALSO needs to buy a \$250 bridesmaid outfit, and in January and October, she always buys new sneakers, which cost her \$125 each time.		
15	Her fitness club membership is \$85 a month.		
16	In December, Maria gave \$50 to the NY Times Neediest cases and donated some clothes worth \$150 to the salvation army.		
17	In February, she took a \$100 class and in July, a \$400 course to get further certifications she needs for her exercise instruction work.		
18	Once a month, she goes out on the town with friends; between club entry fees, some drinks, and transportation, it costs her \$75 for the night – she considers this all an entertainment expense.		
19	She gave her boyfriend a \$300 watch for his birthday in April. In November, she spent \$450 on holiday gifts.		
20	She has a haircut in February, May, August, and November. Each time it costs \$75 plus a \$10 tip. Plus she has her nails done every other week, for \$35 plus \$5 for a tip.		
21	She subscribes to two fitness magazines. \$28 is paid in March and \$44 in November.		
22	Maria is involved with a softball team. Each April she spends \$100 on new sports equipment, plus \$250 for sports team membership, and she considers this as her sports expense.		
23	She budgets one big vacation a year. In March, she went to Mexico and got a packaged deal for \$1200. During June, July and August, she'll visit go once a month upstate for camping. The cost of the bus ticket, food, and site fees totals \$125 a visit. She considers this part of her travel budget.		
24	She had an emergency dental issue in October, which cost her \$400. She usually pays \$100 for a cleaning in January and June		

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25	She contributes \$ 35 per week to her health insurance plan premium, and her employer pays an additional \$ 85 per week towards the premium.		
26	In her opinion, she pays far too much in taxes. She figured out that this year her employer is going to deduct the following taxes from her paycheck:		
	Social Security	\$ 2,443.23	
	Medicare	\$ 571.40	
	Federal Withholding	\$ 3,561.67	
	New York State Withholding	\$ 2,137.00	
	New York City Withholding	\$ 1,424.67	
	New York State Disability	\$ 31.20	
	New York State FML	\$ 60.29	
	TOTAL	\$ 10,229.46	
27	In April of this year, she had to pay an additional \$340 in taxes for the prior year's taxes. H & R Block explained this occurred partly due to being self-employed as an exercise instructor.		
28	She contributes 5% of her gross earnings to her 401K plan retirement plan – she chose a ROTH plan, so she does not get a tax deduction now, but when she retires, she will be able to take out her money, her employers match and the growth tax free.		
29	Her 401K grew in value last year from \$ 17,400 to \$ 19,800 because the stock market went up, but this is money that she can't touch until retirement.		
30	Her primary concern is her credit card debt. Her current balance is \$4140. The required minimum payment is \$85. However, she tries to add \$50 and thus pays \$ 135 a month so she can get the balance down.		
31	H&R Block charged her \$139 to complete her tax return in April. Next year she hopes to do it herself.		
32	Her brother asked her for a loan two years ago, and she gave him \$500. He has not paid any of the money back, and she is not counting on seeing the money this year.		