Budgeting and Saving

GOAL: Your goal in this computer exercise is to prepare a budget and determine if you will be able to save any money.

YOUR SITUATION: You have an apartment and a job. You take the bus to work. You pay for rent, electricity, and renters insurance each month. You also need to buy food and bus tokens.

Part A

1) Review the **Pay & Tax Records, Pay Bills, Buy Bus Tokens, Shop for Food** and **Bank Statements** sections of the tutorial.

2) Open the **Budgeting and Saving** lesson.

3) Your current job as a fast-food cashier pays $7.25 per hour and you work 40 hours per week. Assume your monthly deductions are 18% of your gross income and you are paid four times during the month. Use this information to fill in the income portion of **Worksheet 1**.

4) Click on **Actions->Money Management->Pay Bills**. Look at your bills for rent, electricity, and renters insurance for the month. Fill in those expenses on **Worksheet 1**.

5) You need to eat two meals per day and you need two bus tokens for every day that you go to work. Assuming 30 days in a month, fill in the food and transportation expenses for a month on your worksheet.

HINT: To find the cost of food, go to the City View and click on the supermarket. To find the cost of bus tokens, go to the City View and click on the bus stop. Click the Legend button to see what each building represents.

WORKSHEET 1

	Monthly Budget	
	Budgeted Amount	**Actual Amount**
Income Monthly Gross Income Less 18% Deductions Monthly Net Income	_____ _____	_____ _____
Fixed Expenses Rent Electricity Renters Insurance	_____ _____	_____ _____
Flexible Expenses Food Bus Tokens	_____	_____
Total Expenses		
Surplus/Deficit		

QUESTION 1: Do you estimate a surplus or deficit in your monthly budget?

Continued

6) Using **Options->Run To**, run the simulation to March 1, 2010. Be sure to buy food and bus tokens along the way as needed. Pay your rent, electricity, and renters insurance bills with your debit card.

7) Click **Reports->Pay & Tax Records** and view your last pay stub. Fill in your actual income on **Worksheet 1**. Click **Reports->Bank Statements** and view the statement for your checking account ending 2/28/2010. Fill in the actual amounts spent on **Worksheet 1** and calculate the difference between the beginning and ending balance.

Use the beginning balance and the ending balance to calculate your monthly expenditures.

HSN BANK

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Jane Doe
Account Number: 2044
Statement Date: 3/28/2010

Beginning Balance	Credits (+)	Debits (-)	Ending Balance
$5,491.56	$950.96	$1,113.00	$5,329.53

Your bank statement will show all the activity from your bank account for the month.

Description	Debits	Credits	Date	Balance
SuperMarket, Inc.	370.00		3/2	5,121.56
Wages Direct Deposit		237.74	3/6	5,359.30
City Bus	60.00		3/6	5,299.30
Wages Direct Deposit		237.74	3/13	5,537.04
City Property Mgt	552.00		3/19	4,985.04
NRG Electric	95.00		3/19	4,890.04
S&W Insurance	36.00		3/19	4,854.04
Wages Direct Deposit		237.74	3/20	5,091.78
Wages Direct Deposit		237.74	3/27	5,329.53

QUESTION 2: Did your actual amounts match your budgeted amounts? If no, what caused the difference?

Part B

8) Click on a bank in the City View and open a savings account at HSN Bank. Use an initial deposit of $300 to avoid fees.

9) Using **Options->Run To**, run the simulation to January 1, 2011. Each month, transfer any amount over $5,000 in your checking account into your savings account. Pay all bills that you receive and don't forget to buy food and bus tokens. For this lesson, pay by debit card.

QUESTION 3: Did you encounter any surprises during the year? How did this affect your savings?

QUESTION 4: Why might someone want to have an "emergency fund"?

QUESTION 5: How much were you able to save, above your initial $300 deposit, in your savings account by the end of the year?