

# **Age 22 Financial Model Insights**

## **Introduction**

It was interesting to do my age 22 budget because it showed me that I needed to start saving now in order to live the life style that I wanted once I was out of college.

## **Income**

At first I thought that if I was making \$48,000 a year I wouldn't have to be so cautionary with expenses but by the time you divided the money per month, I only had \$4,000 a month to spend and that was before taxes.

## **Taxes & Take-Home-Pay**

My taxes turned out to be a whopping total of \$968 that left me with \$3,032 for take home pay. That means that I would have to budget my expenses around about a \$1,000 less than my monthly salary.

## **Lodging**

By searching for houses in Boston, I am able to see that the average apartment is about \$4,000 and if you share it with three other roommates, about \$1,000 yourself. I also wanted to pay for renters insurance since I did not want to risk my apartment getting broken into and getting left with no money to pay for the damages.

## **Expenses in General**

I had to cut down a lot on expenses compared to my age 30 budget when I was making \$298,000 including my spouses income. It was frustrating that I couldn't spend as much money as I wanted to but also a reality check to see that I have to budget money in order to not go into debt.

## **Discretionary Expenses**

My discretionary expenses were about \$200 more than my non-discretionary expenses which shows that I like to spend money on more fun things like going out and events.

## **Non-Discretionary Expenses**

My non-discretionary expenses were about \$200 less then my discretionary expenses which shows that I don't like to invest as much money as being safe, such as having life insurance.

## **Summary**

Overall, it was a little shocking to see that I couldn't really afford that many things even though I was almost making \$50,000 a year. Living in Boston for rent and other things can be expensive though, but that is just a price that I had to pay to live in a fun city.