

Insights Summary

Introduction

This Assignment really cast the bright light of reality on my Vision. I had never done a budget.

Budgeting is not easy

Once I got past the mechanics of the Excel model, which wasn't hard to do, I discovered creating believable estimates of the various inputs was not easy:

- Income: it was very hard to predict, both the Age 30 and Age 22 incomes. It was even harder to predict the Age 22, without a Professional job, income
- Lodging: it is clear it will be very hard to buy a house by Age 30 in the Los Angeles area. I am not sure I can find apartments there within the amount I budgeted for rent
- Discretionary Expenses: I tended to put too much money in these categories because you really want to take a vacation, eat out, etc.
- Non-Discretionary Expenses: It was a challenge to get reasonable numbers for rent and utilities.

The exercise to figure out if a house is affordable was great. It gave me the tools to refine this. But the biggest thing I got from that analysis was I have to start saving money for a down payment right now.

Like Financial Analysis

While budgeting is not easy I actually enjoyed the process. I guess it is not hard to imagine someone in engineering school would be analytical. Working with Excel was fascinating.

Using all the different Web sites to get estimates and insights was great. I even found a calculation of my idea weight.

I can see how being a Financial Analyst would be a natural fit for me. I can clearly be My Best at it because I have the analytical skills and the personality for it. I discovered I had some passion for this activity. My salary research showed there is good income in this field.

Living in LA area not cheap

While doing the Age 30 exercise I was shocked to find how expensive LA lodging costs are - Manhattan Beach is even more expensive.

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Living on \$20,000/year would be hard

It is not feasible to live with my parents because they live in a small town that is not close to any possible professional jobs. I also really want to live in California and they live in Illinois. Thus I have to bear all the costs of living in California.

Meeting Budget will be hard

The first challenge is getting jobs that earn the amount of money I have assumed (Age 30, Age 26, Age 22 and Age 22 – Non Professional Job).

Even if I am actually earning my assumed income it will be a challenge to control the expenses so they don't go over the amount I make.

Need a way to track & Review quarterly

Now that I have a budget for my first year out of college I think I need some way to record the actuals. I also think I need a quarterly review process, instead of just running out of money when I have been spending too much.

Summary

I really enjoyed this Assignment.

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