**Econo – Me Project**

Part 1: Cost of Living

Research as many possible future careers as you can. Don’t limit yourself to ones you know about. Ask your teachers, yours friends, your parents, and other people in the community. For instance, if you really like Biology, you might consider asking Ms. Barger what careers she knows of in that area. Include the list of all careers that you looked into in your project.

Once you have spent some time researching, narrow down your list to three to five careers. Research what the average starting salary is for each career. If you are considering living in a state other than California, make sure you look for careers in that specific state. Record your results.

Now figure out your “net income.” This is the money you actually get to take home once taxes and social security have been accounted for. The amount of taxes and social security you pay varies by income bracket, but 30% is a good rough estimate. Multiply your salary by 70% to find your annual net income. Then figure out what you will make in a month by dividing your net income by 12. Record your findings.

Now that you have a good estimate of what you are hoping to make in a month, choose one career. Create a spreadsheet of your monthly budget. Build a spreadsheet in Excel or in Google Spreadsheet (part of Google Docs) so it will automatically calculate the balance of money you have left at the end of the month. If you need help on this, try googling it, and if that doesn’t work, see me! You will share this with me or attach it in an email when you are finished. Research costs such as food, rent, electricity, etc. Make sure you look specifically in the city you are planning on living in. Every entry should have an explanation telling me how you got the number. Your table should include the following:

|  |  |
| --- | --- |
| Income Per Month |  |
| Net Income (after taxes, etc) |  |
| Things you must have: |  |
| Rent or mortgage |  |
| Utilities (gas, electric, water) |  |
| Groceries (food and toiletries) |  |
| Telephone |  |
| Cable |  |
| Internet |  |
| Cell phone |  |
| Medical insurance |  |
| Car payment (or public transportation cost) |  |
| Car insurance |  |
| Car maintenance |  |
| Gas for car |  |
| Clothing |  |
| Entertainment |  |
| Savings |  |
| Things to consider: |  |
| Pets |  |
| Hobbies |  |
| Services |  |
| Family |  |
| Memberships |  |
| Electronics |  |
| Student loan payments |  |
| Other? |  |

The following website has a lot of useful links:

<http://www.mdmproofing.com/iym/weblog/2005/06/how-much-grocery-spending.html>

You should also check other sites and sources, and ask parents, relatives and friends to gather your information.

Make sure that your final budget is within means of your salary. This means that you might need to adjust your expenses or your career a few times.

Part 2: Money Money Money!

We have already talked about the math behind credit card debt and exponential functions. Most forms of money exhibit some sort of exponential growth or decay. Now you will choose another topic to explore in depth (or alternatively you can further explore credit cards). Here are some topic ideas:

Mortgages

Student loans

Roth IRA’s

Savings accounts

Inflation

Other?

Choose a topic that is interesting to you. Come up with what specifically you are most interested in exploring within that topic. These are very broad topics, so pick something specific. It might be helpful to think of this as coming up with an essential question to answer. An example of an essential question: is it better to borrow money to purchase a car (choose a specific car) or lease one? You might want to consider different types of people, and ask which people would be better off buying and which would be better off leasing.

The most important thing will be narrowing your research topic. Examples of appropriate essential questions:

* What is the difference between a variable rate and a fixed rate mortgage? What is the potential difference in the total cost of a house?
* What is the financial impact of getting a 15-year mortgage versus a 30-year mortgage? What happens if you repay your mortgage early?
* If you pay 15% of your credit card balance every month vs. 3% of the balance each month, what are the consequences?
* Which of these three (you find three to compare) credit cards should I apply for when I go to college?

Create some type of educational material about your topic. It can be a brochure, an essay, a poster, the sky is the limit. It should state your essential question, consider several scenarios, and make a conclusion.