

NAME:

**Economics of Life Project**  
**Phase II Financial Statement ~ Budget**

**YOUR JOB:** \_\_\_\_\_

**Income Information**

<b>A</b>	<b>GROSS INCOME</b> (per year)	
<b>B</b>	<b>Income Tax Percentage</b> (see info sheet)	
<b>C</b>	<b>Yearly Taxes Paid</b> = GROSS INCOME × Tax % (A × B) =	
<b>D</b>	<b>Net Income</b> = GROSS INCOME - Yearly Taxes (A - C) =	
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<b>E</b>	<b>Monthly Net Income</b> = Net Income ÷ 12 (D ÷ 12) =	

**Fixed Costs**

<b>1</b>	Monthly Mortgage Payment	
<b>2</b>	Monthly Property Taxes & Home Owners Insurance	<b>\$300</b>
<b>3</b>	Utilities (electricity & gas)	<b>\$220</b>
<b>4</b>	Water Bill (typical for this area)	<b>\$35</b>
<b>5</b>	Cable/Satellite	
<b>6</b>	Telephone/Cell Phone	
<b>7</b>	Internet Access	
<b>8</b>	Car Payment	
<b>9</b>	Car Insurance	<b>\$120</b>
<b>10</b>	Student Loan	
<b>11</b>	Health Insurance	<b>\$57.39</b>
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<b>F</b>	<b>Total Monthly Fixed Costs</b> (add up 1 through 11) =	
<b>G</b>	<b>Disposable Income</b> = Net Monthly - Monthly Fixed Costs (line E - line F) =	

**Disposable income** is what you have left over after your fixed costs are removed from you income/revenue to satisfy the rest of your wants and needs.

## Variable Costs

Note: Variable costs are costs that can change from month to month, but you should try to get an average in order to be able to make sound economic decisions.

<b>1</b>	Monthly Grocery List (complete separate sheet)	<i>\$300</i>
<b>2</b>	Clothing Costs (daily, suits &/or uniforms)	
<b>3</b>	Gasoline for Car (see attached sheet for mpg help)	
<b>4</b>	Recreation Activities: List Three Below & Prices	-----
	a)	
	b)	
	c)	
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<b>H</b>	<b>Total Monthly Variable Costs</b> (add up 1 through 4c)	
<b>I</b>	<b>Income Leftover to Save/Invest:</b> Disposable - Variable Costs (G - H) =	

How many times did you have to readjust these numbers to make them work?  
What did you think about creating this budget?

Do you understand now how so many Americans get sucked into credit card debt? Explain!!