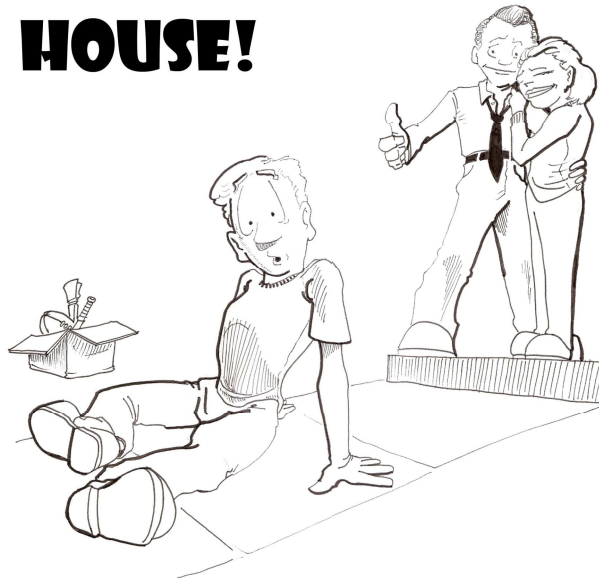


Chapter Six: Getting Out Of Your Parents' House

GETTING OUT OF YOUR PARENTS' HOUSE!



Lesson Plan

Materials

1. Amount of car payment from last class
2. Enough calculators for all students
3. Preparing to Move Out List
4. Bowl for Unexpected Expenses
5. Whiteboard or Flip Chart
6. Markers
7. Student materials packets

Outline

1. Review
2. Moving Out
3. On Your Own
4. Apartment
5. Car Insurance
6. Spending Plans
7. No Fun
8. How Long?
9. Unexpected

Lesson Objectives

1. The student will be able to research costs of living on their own.
2. The student will be able to create a spending plan to reflect those costs.
3. The student will be able to analyze their budget to see if all costs can be covered with their salary
4. The student will be able to modify their budget due to an unexpected expense
5. The student will be able to calculate how long it will take them to save up enough money to move out.

REVIEW (3 min.)

1. *How many of you could afford to make the payment that we made for the car in the last class? Just to remind you it was \$267 a month.*
2. *That's just one of the expenses we will try to deal with in class today. We are going to examine how much it will cost us to move out of our parents' house. If any of you are living on your own now you can help us understand how difficult it can be.*
3. *Why do people want to leave their parents' house?* Lots of possible answers, but the essential point to make to the students through a short discussion is that living at your parents' house is a pretty sweet deal: no rent, no utility bills, no grocery bills, etc. They need to understand that their reasons for wanting to leave are valid, but leaving doesn't come cheap. Some students may help their parents with money for the bills from their jobs; this is great opportunity for students with more experience to come forward to teach other students.

WHAT YOU NEED TO MOVE OUT (10 min.)

4. Ask students to write down how much they think it would cost for them to live in an apartment on their own for one month. Encourage them to discuss what costs they will incur.
5. Break out categories on the board like this...

Furniture	Personal	Entertainment	Kitchen	Cleaning

6. *I want you to brainstorm lists of items needed for your own place.*
7. Discuss ways to bring down your costs, such as buying at thrift shops, garbage picking, getting stuff from parents and friends.
8. Using the Preparing to Move Out List, put a total cost at the bottom of each category and ask students to open their packets to the Living On Your Own Worksheet.

LIVING ON YOUR OWN (8 min.)

9. Look at the box labeled "Gross Annual Salary." *This is your salary for one year before taxes are taken out if you work 40 hours every week: no vacations, no sick days, nothing. This number is based on the average salary of a person who has no high school diploma or general equivalency diploma (GED).*
10. *The next box is the taxes taken out of your check. To find out what taxes are taken out, let's look at your pay stub.*
11. Ask students to flip to the **Price Chopper Pay Stub** and discuss the taxes withheld from the check. Price Chopper is a local supermarket in Syracuse.
12. *Take out the **Living on your Own Worksheet** and we will work on it as a class.*
13. Discuss the difference between **gross** and **net**, **annual** and **monthly**.
14. *Calculate your monthly salary and write it down. Why do you think we are translating this into a monthly salary? Because most bills come by the month.*
15. *Next I want you to choose the place you would like to live.*

CHOOSING AN APARTMENT (6 min.)

16. Give students 5 minutes to choose a place. Explain that the cost of utilities would be higher in the winter. Also discuss leases as binding contracts and visiting an apartment before you rent. Then have them fill in the costs in the boxes and continue with the worksheet, filling in the costs from the board where appropriate.
17. When you get to car insurance, go over the difference between collision and liability insurance.

CAR INSURANCE (5 min.)

18. *Does anyone have a car and pay for car insurance?*
19. *There are many types of car insurance, but they break down into two major categories, collision and liability. Liability covers the damage you do to another person's property, whether that is a car or something else. If you hit something, your liability insurance helps pay for the damage.*
20. *Collision covers damage to your own car in the event of an accident. If you have an older car that isn't worth much money and you would replace it if it got damaged, you probably need only liability insurance. If you have a newer car that you are hoping will last you for a few more years and is worth more money, you probably want both. Together they are often called full coverage.*
21. Have students continue to fill in all the expenses. The last series of expenses are the costs that we listed on the board for buying all the stuff we need to outfit our new apartment. Many of these costs are one-time expenses, and they are things that could be purchased before the student moves out of their parent's house. When we move to the spending plans, we will make one **Spending Plan** for the things we need before we move out and one for our monthly expenses once we move out.
22. When students get to the **car payment box** use the car payment from the last class which was **\$267.23**. Ask if anyone remembers what we paid before you tell them.

TWO SPENDING PLANS (20 min.)

23. *After you finish, the next two pages are spending plans just like the one we used to make our class budget. Why do you think that there are two spending plans? One is for planning before we move out and the other is for planning for regular monthly expenses.*
24. *Write Monthly Expenses at the top of one of the sheets and write Preparing to Move Out on top of the other. Let's start with **Preparing to Move Out** first.*
25. They will use the same income for both of the sheets only the expenses will change.
26. *Enter the income from the top of the **Living on Your Own Worksheet** across from Wages under Monthly. If that is all the money you have coming in, then put that same number in your Total Monthly Income box.*
27. *Now imagine you are making this much money but you are still living at home. We want to save up a big chunk of money so that we can get all of the stuff we need to outfit our new apartment.*
28. *Under Expenses choose any of the things that we have listed on the **Living on you Own** worksheet that you are paying for while living at your parents' house(in your real life) and list the names in the left hand box and the amounts in the right hand box.*

29. **For Example:** If a student pays for their own phone but nothing else they would list Phone under Expenses and put the amount from the Living on Your Own Worksheet next to it, even if in real life they pay less for their phone.
30. Have students list a category and amount under Expenses for their entertainment and ask them to think about how much they spend on CDs, movies, snacks etc in a month. You can use the amount from their spending records.
31. After students list their current expenses, then have them subtract their Expenses from their income. Whatever is left over is what they can save every month to buy all the stuff they need to move out. (The stuff from the **Preparing to Move Out List**.)
32. Then switch to the **Monthly Expenses Spending Plan** and have the students use the same income, but this time they have to pay for **all** the **monthly** expenses on the Living on Your Own Worksheet. (Leave off the Furniture, Kitchen, Cleaning, Entertainment, Personal, and Security Deposit because these are mostly one-time expenses.)
33. Discuss the difference between Committed and Discretionary Expenses. Committed expenses are those that are always the same like rent, discretionary expenses are those that change from month to month.
34. Total the Expenses and then subtract from Income to see what is left over.

NO FUN (5 min.)

35. *Notice that this budget does not include buying CDs, eating out, going to the movies, or any other form of entertainment. All you have to spend on these things is what is left over when you subtract your expenses from your income. The \$17,000 you get every year may seem like a lot, but it really isn't when you are living on your own.*
36. Have students brainstorm ways to cut back on expenses to save more money and possible have more for entertainment.

HOW LONG UNTIL I CAN MOVE OUT (5 min.)

37. *Let's take a quick look at how long it will take for us to get the stuff we need to move out. Take a look at the **How Long Until I Can Move Out Worksheet**.*
38. *Add up the cost of Security Deposit, First Month's Rent, Furniture, Personal, Entertainment, Kitchen, and Cleaning. Divide that number by the Income minus Expenses number from the **Preparing to Move Out** Spending Plan. The number you get is how many months it will take you to save enough money to buy all the things you need to move out at this wage.*

UNEXPECTED EXPENSES (10 min.)

39. Have the cut out Unexpected Expenses in a bowl and ask each student to take one. Using their Monthly Spending Plan have them come up with a realistic way of dealing with this new expense. Tell them that one of the unexpected expenses is something they shouldn't have to pay extra for because it is covered by their health insurance.
40. Give them a few minutes to do this then call on students to come up and tell the class what they have come up with.

Note to instructor:

We have calculated this at 72 minutes of teaching time. This is the minimum, it can take much longer. Feel free to adjust time according to students needs.

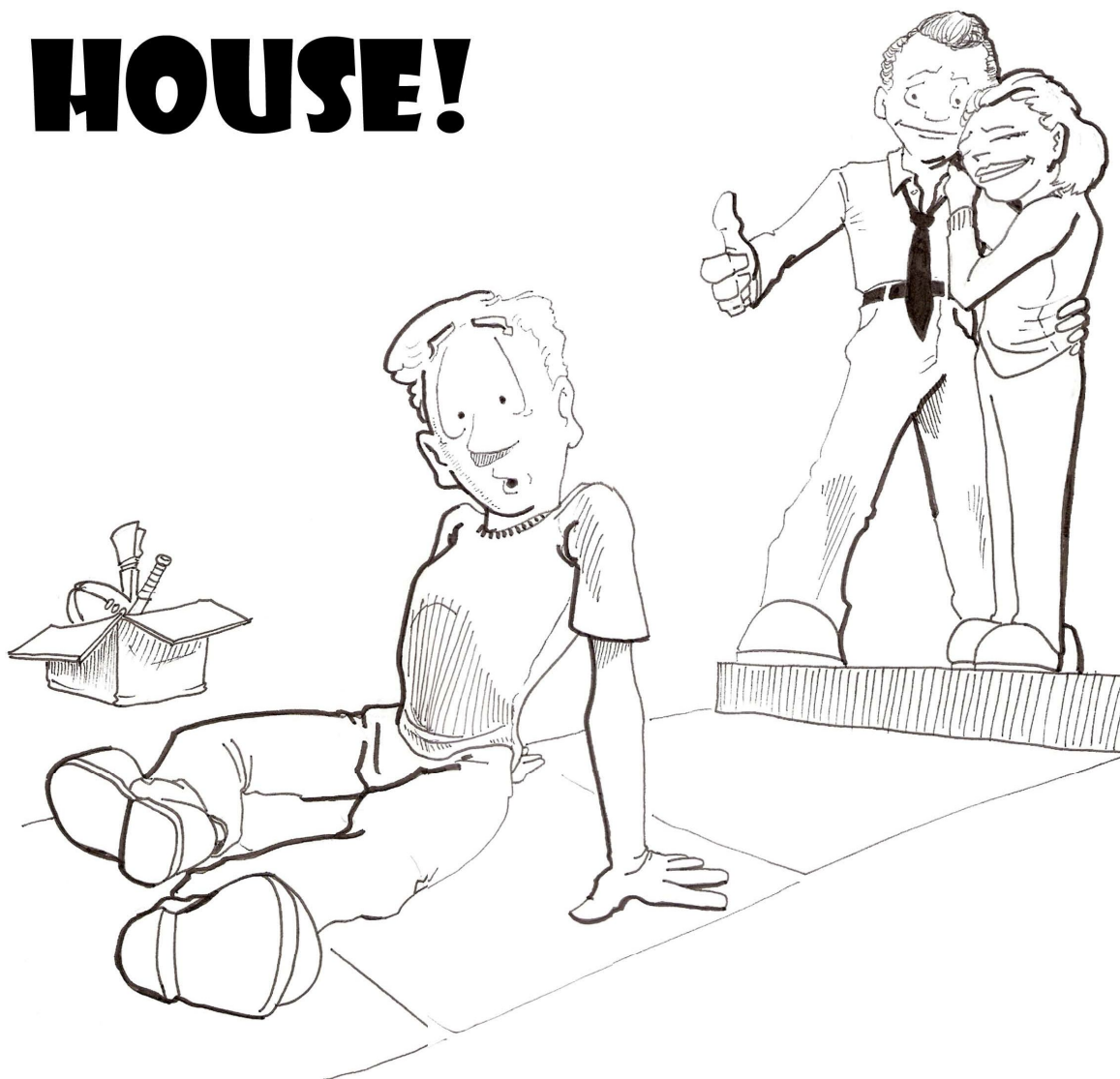
Preparing To Move Out List

Furniture	Personal	Entertainment	Kitchen	Cleaning
Desk \$150.00	Towels \$30.00	Computer \$500.00	Cookware \$100.00	Vacuum Cleaner \$60.00
Bookshelf \$40.00	Toiletries \$15.00	TV \$150.00	Table and Chairs \$200.00	Cleaning products \$10.00
Chair \$50.00	Sheets \$20.00	DVD \$40.00	Dishes \$20.00	Paper towels \$2.00
Couch \$160.00	Blankets \$25.00	Stereo \$200.00	Microwave \$60.00	Mop and Bucket \$20.00
TV stand \$60.00	Pillows \$20.00		Coffee maker \$25.00	Broom and Dust Pan \$15.00
Bed \$250.00			Silverware \$20.00	
Dresser \$50.00				
Lamp \$15.00				
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total \$775	Total \$110	Total \$890	Total \$425	Total \$107

Unexpected Expenses

Hospital bill for broken arm \$350	Car breaks down: tow truck and repair \$ 200	Cavity: dental bill \$200	Bounced a check: \$30 fee from bank; \$30 fee from merchant	Gift for a friend's birthday \$40
Lost your car keys: new key \$50	The Prom \$500	Computer crashes repairs- \$200	Lost library book \$40	Concert tickets \$60
New CD player that you have to have \$50	Somebody steals your wallet \$50	Shoes get a hole in them: new pair \$50	Your friend is getting married: rent a tux \$150	Parking tickets \$125
New tire for car \$135	Landlord charges fee for late rent \$50	Supplies needed for School \$100	Drop your cell phone new phone- \$60	Friend borrows money; won't pay it back \$60

GETTING OUT OF YOUR PARENTS' HOUSE!



Pay Stub



Cashier

Your Pay Check

Weekly Gross Pay	\$396.00
Federal Withholding	\$17.19
Social Security/FICA	\$24.55
Medicare	\$5.74
New York	\$8.42
NY SDI	\$0.60



Net Pay \$339.50

Calculation Based On

Gross Pay	\$20,592.00
Pay Frequency	Weekly
Federal Filing Status	Single
# of Federal Exemptions	3
Additional Federal W/H	\$0.00
State	New York
Filing status	Single
Allowances	3
NY SDI	Yes
NYC Allowances	0

Living On Your Own

Name _____


Date _____


Job Title: Cashier


Location: Price Chopper Erie Blvd.


Gross Annual Salary: - Taxes: = Net Salary: /12 = Monthly Wages:

Housing Options: Choose one of the options below based on your needs...

<p>(1) Clinton Square Lofts</p> <p>Located right in the heart of downtown Syracuse. </p>										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">1 Bedroom Lofts</td> <td style="text-align: right;">\$700 per month</td> </tr> <tr> <td>Avg. heat/electric bill</td> <td style="text-align: right;">\$250.00/month</td> </tr> <tr> <td>Parking</td> <td style="text-align: right;">\$15 per month</td> </tr> <tr> <td>Security Deposit</td> <td style="text-align: right;">\$700.00</td> </tr> <tr> <td colspan="2">Coin operated laundry machines</td> </tr> </table>	1 Bedroom Lofts	\$700 per month	Avg. heat/electric bill	\$250.00/month	Parking	\$15 per month	Security Deposit	\$700.00	Coin operated laundry machines	
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Coin operated laundry machines										

<p>(2) Jefferson Towers</p> <p>Central location with breathtaking views 50 Presidential Plaza </p>										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Efficiencies -</td> <td style="text-align: right;">\$540 per month</td> </tr> <tr> <td>Avg. heat/electric bill</td> <td style="text-align: right;">\$106.00/month</td> </tr> <tr> <td>Parking</td> <td style="text-align: right;">\$7.00 per month</td> </tr> <tr> <td>Security Deposit</td> <td style="text-align: right;">\$540.00</td> </tr> <tr> <td colspan="2">Coin operated laundry machines</td> </tr> </table>	Efficiencies -	\$540 per month	Avg. heat/electric bill	\$106.00/month	Parking	\$7.00 per month	Security Deposit	\$540.00	Coin operated laundry machines	
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<p>(3) Rolling Greens Estates</p> <p>Convenient and affordable 2005 E. Fayette St. </p>										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">1 Bedroom/1 Bath</td> <td style="text-align: right;">\$350.00 per month</td> </tr> <tr> <td>Avg. heat/electric bill</td> <td style="text-align: right;">\$120.00 per month</td> </tr> <tr> <td>Parking</td> <td style="text-align: right;">\$5.00 per month</td> </tr> <tr> <td>Security Deposit</td> <td style="text-align: right;">\$100.00</td> </tr> <tr> <td colspan="2">Coin operated laundry machines</td> </tr> </table>	1 Bedroom/1 Bath	\$350.00 per month	Avg. heat/electric bill	\$120.00 per month	Parking	\$5.00 per month	Security Deposit	\$100.00	Coin operated laundry machines	
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Parking	\$5.00 per month									
Security Deposit	\$100.00									
Coin operated laundry machines										

<p>(4) Townhouse</p> <p>Townhouse Apartment Close to Schools 222 Hawley Ave. Apt 4 </p>										
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">2 Bedroom/ 2 bath</td> <td style="text-align: right;">\$500 per month</td> </tr> <tr> <td>Avg. heat/electric bill</td> <td style="text-align: right;">250.00 per month</td> </tr> <tr> <td>Pets</td> <td style="text-align: right;">\$30.00/month</td> </tr> <tr> <td>Security Deposit</td> <td style="text-align: right;">\$500</td> </tr> <tr> <td colspan="2">No onsite laundry</td> </tr> </table>	2 Bedroom/ 2 bath	\$500 per month	Avg. heat/electric bill	250.00 per month	Pets	\$30.00/month	Security Deposit	\$500	No onsite laundry	
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Pets	\$30.00/month									
Security Deposit	\$500									
No onsite laundry										

Choice Rent: Utility (Heat and Electric):

Things to keep in mind when choosing a place:

- | | |
|--|---|
| <ul style="list-style-type: none"> <input type="checkbox"/> Always go and visit before you rent <input type="checkbox"/> Efficiency means very small | <ul style="list-style-type: none"> <input type="checkbox"/> Security Dep. is paid with 1st month rent <input type="checkbox"/> The landlord may check your background before renting through credit bureau if you authorize it on the lease. |
|--|---|

Car Insurance Calculations

This is your annual cost for car insurance you must divide by twelve to get the monthly cost. This is for full coverage insurance which includes **collision** and **liability**. Most financial institutions require you to get full coverage insurance for the car they loan you money to buy.

Annual Cost: /12 = Monthly Cost:

There are many types of car insurance Bodily Injury Liability, Medical Payments or Personal Injury Protection (PIP), Property Damage Liability, Collision, Comprehensive, Uninsured and Underinsured Motorist Coverage. You need to do a lot of research to know what you need and this is just an example. Many things are taken into account by insurance companies everything from your driving history and your age to the neighborhood where you park your car at night! This example we are using is a low estimate.

Other Expenses

Fixed Costs:

- Health Insurance: \$253.79/month
- Car payment:
- Savings: = 10% of your income
- Cable TV/High Speed Internet (optional): \$65.00/month

Variable Costs:

- Entertainment:
- Personal:
- Telephone Bill: \$50.00/month
- Groceries: \$250.00/month
- Furniture:
- Kitchen:
- Cleaning:
- Gas: \$45.00/month (depending on how far you live from your work and gas prices this number could be more or less)

Spending Plan

Name _____

Date _____

INCOME +	Weekly	Monthly
Wages		
Other _____		
Other _____		
TOTAL INCOME		

EXPENSES -	Weekly	Monthly
Committed Expenses		
<i>Subtotal</i>		
Discretionary Expenses		
TOTAL EXPENSE		

Total Income	
Total Expense	
Balance	

Spending Plan

Name _____

Date _____

INCOME +	Weekly	Monthly	EXPENSES -	Weekly	Monthly	Total Income	
Wages			Committed Expenses			Total Expense	
Other _____						Balance	
Other _____							
TOTAL INCOME							
			<i>Subtotal</i>				
			Discretionary Expenses				
			TOTAL EXPENSE				

How Long Until I Can Move Out!!!

**Total for Furniture, Kitchen, Cleaning, Entertainment, Personal, and Security
Deposit**

Divided by (/)

**Total amount left over after you subtracted Income – Expenses on the
Preparing to Move Out Spending Plan**

=

**This is how many months it will take you to save enough money to buy all the stuff
you need to move out of your parents' house.**

Pay Your Utility Bill

Name _____

Date _____

Directions

Make this check out to your local utility company for the amount of your average monthly utility payment for the apartment you chose. Then record the payment in the check register below to make sure you always know how much money you have in your checking account.

	102
Date _____	
PAY TO THE ORDER OF _____	\$
	DOLLARS
Syracuse Cooperative Federal Credit Union	Eastside Office 723 Westcott Street Syracuse, NY 13210 Southside Office 401 South Avenue Syracuse, NY 13204
For _____	Signature _____
057383645 65 7495 4207	

Check Number	Date	Description of Transaction	Payment/ Debit (-)	Fee	Deposit/ Credit (+)	Balance
						0 00
	5/11	Paycheck			339 50	+339 50
						339 50
100	5/14	Groceries	50 00			-50 00
						289 50
101	5/15	Car Payment	285 16			-285 16
						4 34
	5/19	Paycheck			339 50	+339 50
						334 84

