

Personal Monthly Budget

In this activity, you will create a personal budget.

Personal Monthly Budget			
	Estimate	Actual Jan.	Actual Feb.
Income			
Earnings	1,800	1,795	
Expenses			
Savings	200	215	
Fixed Expenses			
Rent	500	500	
Car payment	200	200	
Car insurance	100	100	
Variable Expenses			
Food	200	180	
Utilities (heat, phone, electricity)	100	110	
Gasoline	70	75	
Entertainment	100	95	
Clothing	100	80	
Health care	25	25	
Household (furniture, supplies)	75	65	
Contributions/gifts	30	40	
Emergency expenses/miscellaneous	100	110	
Total Monthly Expenses	1,800	1,795	

Figure 1 *Personal Monthly Budget*

Fixed and Variable Expenses

- Fixed expenses are the same every month, such as rent and car payments.
- Variable expenses can be different every month, such as food and clothing expenses.

Step 1 Plan a Personal Budget

To help you plan a personal budget, you will interview a person who is employed. Use spreadsheet software to record your monthly budget plan.

- 1 Open a file in your spreadsheet software.
- 2 Enter the row and column headings as in Figure 1, Monthly Personal Budget, page 1.
- 3 Set up and save a worksheet and name it *Your Name Budget*.
- 4 Talk to a family friend, older relative, or someone else you know who has recently started working at his or her first full-time job. Find out the information you need to fill out your budget items in *Your Name Budget*. As an alternative, you may be able to find this information from sources such as the Internet or classified advertisements in the local newspaper.
- 5 Does the person you are interviewing save money regularly? If so, how much per month? Choose an amount for savings to add to your budget.
- 6 Include an amount for emergency or unexpected expenses, such as car repairs or medical treatment not covered by health insurance.
- 7 Enter the information you find into your personal budget spreadsheet, *Your Name Budget*. Remember to enter all amounts per month. For example, if you know you want to save \$240 a year, this will be 240 divided by 12, or \$20 per month.

Step 2 Determine Total Personal Budget Expenses

- 1 Use the SUM function of the spreadsheet software to determine your total monthly expenses.
- 2 Enter the SUM function appropriate for your spreadsheet. See the example below.

	A	B	C	D
16	Clothing	100	80	
17	Health care	25	25	
18	Household (furniture, supplies)	75	65	
19	Contributions/gifts	30	40	
20	Emergency expenses/miscellaneous	100	110	
21	Total Monthly Expenses	=SUM(B6:B20)	1,795	

Step 3 Determine Take-Home Pay You Need to Cover Your Expenses

- 1 The monthly take-home pay you need is the same as your total monthly expenses. What take-home pay will you need to earn to cover all the expenses in your budget?
- 2 Enter the take-home pay in your spreadsheet.

Step 4 Calculate the Monthly Gross Pay You Need

Take-home pay is gross pay minus deductions. Deductions can be estimated at 30 percent of gross pay, so take-home pay is 70 percent of gross pay.

- 1 In your spreadsheet, calculate the monthly gross pay you need using the following calculation:
$$\text{Monthly Gross Pay} = \text{Monthly Take-Home Pay} \div 0.7$$
- 2 Enter the formula in the appropriate cell of your spreadsheet. An example is shown below.

	C	D	E	F	G	H
3	Income					
4	1,795			Monthly Gross Pay=	=(B4/0.7)	
5	Expenses					

Step 5 Find the Annual Salary

To calculate the annual salary equivalent to this monthly gross pay, simply multiply the monthly gross pay by 12.

- 1 In your spreadsheet, enter the following calculation in the cell of monthly gross pay:
$$\text{Monthly Gross Pay} \times 12 = \text{Annual Salary}$$
- 2 Enter the formula in the appropriate cell of your spreadsheet. An example is shown below. In this activity, you will create a personal budget.

	C	D	E	F	G	H
3	Income					
4	1,795			Monthly Gross Pay=	\$2,571.43	
5	Expenses					
6	215			Annual Salary=	=(H4*12)	