**AFM Financial Literacy Unit Project**

**Name:**

[**www.afmfinance.weebly.com**](http://www.afmfinance.weebly.com)



http://www.unboxedthoughts.com/wp-content/uploads/Personal-Finance.jpg

**Use this table of contents page to navigate to different sections of your project. Hover your mouse over the blue writing and click the link that pops up below.**

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#

# Module 1: Occupation

You will be taking a career assessment. Once complete, select a career that you believe you would enjoy after college graduation.

**Using the box below, write a paragraph (at least 5 complete sentences) about why you chose this specific career.**

|  |
| --- |
| **I chose my career because…** |

**Review:** If 15 people are applying for 3 identical positions of your chosen career, how many different ways can those three people be selected for that position?

|  |
| --- |
| **Answer (and explain how you got your answer):** |

Using your results from the career assessment, research the starting salary of your chosen career. Complete the table below. You can use this website the help you in your salary search.

<http://www1.salary.com/Entry-Level-Salaries.html>

Make sure you indicate a STARTING SALARY not a median or upper level salary.

|  |  |
| --- | --- |
| **Chosen Career** |  |
| **Starting Income/ Gross Pay** |  |

Calculating Taxes

Using the link below, read about the current federal income tax. Then you will write a piecewise function to represent the 2015 federal income tax.

<http://www.irs.com/articles/2015-federal-tax-rates-personal-exemptions-and-standard-deductions>

To write the function, use the link <https://awwapp.com/> to access a white board. Do your best to write neatly. Then, using the “Snipping Tool” (under programs in the microsoft button on the bottom left of your screen) to take a picture of your equation. Copy and paste it below. \*\*Your piecewise function must contain entire tax bracket.

|  |
| --- |
| **Paste piecewise function here (delete the picture below and insert yours)** |

Now, using your piecewise function, determine your federal income tax below. North Carolina has a flat tax rate of 5.75%. Medicare and Social Security are also taxed at a flat rate. Complete the table below. All taxes are calculated off your total annual salary.

|  |  |
| --- | --- |
| **Type of Tax** | **Amount** |
| Federal Income Tax (from piecewise function above) |  |
| North Carolina Income Tax- 5.75% |  |
| Social Security Tax- 6.2% |  |
| Medicare- 1.45% |  |
| **Total Taxes Paid** |  |

Using these tax rates, and what you learned using the IRS application, calculate your **Net Pay**. Remember, net pay is your take-home pay (gross-pay less all taxes).You will use your net pay later when calculating your living expenses.

|  |  |  |  |
| --- | --- | --- | --- |
| **Yearly Gross Salary** | **Total Yearly Taxes** | **Yearly Net Pay** | **Monthly Net Pay** |
|  |  |  |  |

After calculating your net pay, are you surprised by how much your actual “take-home” pay will be? In 2-3 sentences, explain why or why not.

|  |
| --- |
| **I was/was not surprised by my take-home pay because…** |

# Module 2: College

For your career, you must attend college to earn either an associates, bachelors or master’s degree.

**College Major**

|  |  |
| --- | --- |
| **What is going to be your major at college?** |  |
| **How many years of associates/undergraduate do you need for this major?**  |  |
| **How many years will you need to attend post-graduate (masters/doctoral) schooling for your degree?** |  |
| **Total years will you need to go to college?** |  |

**College Choices**

You will look at two different colleges that have the major you have chosen. Use [www.collegeboard.com](http://www.collegeboard.com) to search for your school and find the information in the table below. It may be necessary for you to use any other search engine to find missing information that is not available on the College Board website. **At least one of the colleges you research must be in the state of North Carolina.**

|  |  |  |
| --- | --- | --- |
| **College/University Name** |  |  |
| **“At a Glance” Tab** |
| **Total Undergrads** |  |  |
| **Average financial aid package** |  |  |
| **In-State Tuition** |  |  |
| **Out-of-State Tuition** |  |  |
| **Type of School (summary of school)** |  |  |
| **“Majors and Learning” Tab** |
| **Student to Faculty Ratio** |  |  |
| **3 most popular majors** |  |  |
| **Is a master's program offered at this school** |  |  |
| **“Campus Life” Tab (Under “Student Body” tab)** |
| **Top 3 race/ethnicity** |  |  |
| **Gender Ratio** |  |  |
| **“Applying” Tab (Under “What’s Important” tab)** |
| **List 3 things that the college finds most important in applicants** |  |  |
| **List 3 things that the college finds less important in applicants** |  |  |
| **“Applying” Tab (Under “Academics and GPA” tab) Part 1** |
| **Total Applicants** |  |  |
| **Admitted** |  |  |
| **Enrolled** |  |  |
| **“Applying” Tab (Under “Academics and GPA” tab) Part 2** |
| **What is your class rank?** |  |
| **Compare your high school coursework to that of the colleges. Are you on track?** |  |  |
| **Compare your high school rank to those of incoming freshman. How do you fair?** |  |  |
| **Top 10%** |  |  |
| **Top Quarter** |  |  |
| **Top Half** |  |  |
| **Bottom Half** |  |  |
| **What is your current GPA?** |  |
| **Does your current GPA get you into this college?** |  |  |
| **GPA of 3.75** |  |  |
| **GPA of 3.5-3.74** |  |  |
| **GPA of 3.25-3.49** |  |  |
| **GPA of 3.0-3.24** |  |  |
| **GPA of 2.5-2.9** |  |  |
| **GPA of 2.0-2.49** |  |  |
| **“Applying” Tab (Under “SAT and ACT Scores” Tab)** |
| **What did you score on the SAT/ACT? (If you have not taken it yet, indicate that in the box on the right)** |  |
| **Percentage of students in the same ACT score range as you** |  |  |
| **Percentage of students in the same SAT score range as you** |  |  |
| **“Paying” Tab (Under Cost of Attendance)****\*Make sure you look at the appropriate in-state vs. out-of-state tab** |
| **Tuition and Fees (On Campus)** |  |  |
| **Tuition and Fees (Off Campus)** |  |  |
| **Room and Board (On Campus)** |  |  |
| **Room and Board (Off Campus)** |  |  |
| **Books and Supplies (On Campus)** |  |  |
| **Books and Supplies (Off Campus)** |  |  |
| **On Campus Total for one year (only from the categories above)** |  |  |
| **Off Campus Total for one year (only from the categories above)** |  |  |

Based on the information that you have found, which college will you pick to attend. Write a paragraph of at least five complete sentences explaining why you chose this college.

|  |
| --- |
| **The college I chose and why…** |

# Module 3: Paying for College

After reading the article "Congratulations, Class of 2015 you're the most indebted ever for now", what new perspectives do you have on college loans and paying for college? Write a paragraph of at least five complete sentences.

|  |
| --- |
| **Write your paragraph here** |

Refer back to modules 1 and 2 to fill in the chart below. You will use this chart to determine the amount of debt you will have upon graduation and what your monthly payment will be.

|  |  |
| --- | --- |
| **Starting Income/Gross Pay for your chosen career** |  |
| **Total cost to attend your chosen college ON CAMPUS for one year** |  |
| **Total cost to attend your chosen college OFF CAMPUS for one year** |  |
| **Do you need graduate school? If so, how many years?** |  |
| **How much does each year of graduate school cost at your chosen university?** |  |

Next, you will calculate your total debt for college. **We will assume years 1-2 you will be living ON CAMPUS and years 3-4 you are living OFF CAMPUS. Use the tuition you calculated in the table above accordingly.** Each of you will have a different situation when paying for college. For the purpose of this project, we will all assume that we will be using unsubsidized loan for 50% of each year's tuition. The MAXIMUM you will finance for each 4 years of school is $24,000. If 50% of your tuition is less than $24,000 use that number. If 50% of your tuition is more than $24,000, cap the amount you finance each year to be $6,000 (to make a max of $24,000 for 4 years). If you go to graduate school, you should restart and could finance up to another $24,000 in tuition following the guidelines above. We will assume the other 50% of tuition is covered by subsidized loans, family contributions, part-time job, scholarship etc. The loan repayment you will use is for 10 years (or 120 months) post graduation. Keep that in mind.

We will use the College Board loan repayment calculator to help us determine the total debt and monthly payment. Make sure you follow these directions carefully:

* Go to <https://bigfuture.collegeboard.org/pay-for-college/loans/student-loan-calculator> to access the calculator
* Enter the year you intend to graduate from college (enter the year you plan to graduate from grad school if this applies to you and your chosen career)
* Enter your starting annual salary after graduation
* Scroll down to “Other Loans”. We will be using this section because we are assuming 50% of our loans will be unsubsidized.
* Enter the amounts you found for years 1-2 assuming ON CAMPUS expenses
* Enter the amounts you found for years 3-4 assuming OFF CAMPUS expenses
* Enter graduate schools amounts as needed
* DO NOT change the rate listed
* Press Calculate

You may be surprised at what you will be paying to attend college. Fill in the chart below with your calculations.

|  |  |
| --- | --- |
| **Principle you have borrowed or expect to borrow** |  |
| **Total interest to be repaid** |  |
| **Total amount of principal to be repaid** |  |
| **Monthly repayment** |  |

You may be shocked to see how much you will have to repay each month. Keep that in mind, you only calculated how much you would have to repay if you only had to get a loan for 50% of your college tuition or up to $24,000. Does this make you want to start saving some, or applying for scholarships and grants, or thanking your parents or family members for any generous contributions they may make to your college fund? We will be using your monthly repayment when calculating a budget later. You also should know that this loan repayment option is for 10 years post-graduation; or 120 months. That means many of you may be repaying your college loans well into your 30’s.

In the box below, share your thoughts about paying for college. Include any thoughts you had before doing this part of the project, and any feelings you may be having now about paying for college. Write a paragraph using at least 5 complete sentences.

|  |
| --- |
| **My thoughts about paying for college…** |

# Module 4: Credit Cards

After completing the “It Cost What?” activity, write a paragraph summary of anything you found interesting in the investigation. Include one take-away that you learned that will help you in choosing a credit card to use and how you will use it.

|  |
| --- |
| **Write your summary here.** |

Do you remember calculating compound interest in Unit 4: Logarithms and Exponents? Use what you learned in that unit to answer the following question.

**Problem:** You’ve just graduated from high school and the first credit card that you got charges 12.49% interest to its customers and compounds that interest monthly. Within one day of getting your first credit card, you max out the credit limit by spending $1,200.00. If you do not buy anything else on the card and you do not make any payments, how much money would you owe the company after 6 months?

I would like you to show your work in completing this problem. To do so, use the link <https://awwapp.com/> to acces a white board. Do your best to write neatly. Then, using the “Snipping Tool” (under programs in the microsoft button on the bottom left of your screen) to take a picture of your work. Copy and paste it below.

|  |
| --- |
| **Paste work for completing the problem here** |

Now, it’s time for you to make a big purchase using a credit card! Your purchase must be at least $2000 or more. We will assume you make this purchase your first day of college. Take a few minutes to research what you want to you would like to purchase. In detail, describe your purchase below. Make sure to include total cost.

|  |  |
| --- | --- |
| **My purchase was… (describe)** |  |
| **Total cost** |  |

Now, you need to research two different credit cards and different aspects of each card. Complete the chart below.

|  |  |  |
| --- | --- | --- |
|  | **Card 1** | **Card 2** |
| **Card Name** |  |  |
| **Company Name** |  |  |
| **Website used to find information** |  |  |
| **Annual fee (if any)** |  |  |
| **Annual Percentage Rate (APR)** |  |  |
| **Minimum Payment (If applicable)** |  |  |
| **Other fees: (Late payment etc.)** |  |  |
| **Any other important features? (i.e. cash back, rewards, etc)** |  |  |

Now, using what you’ve learned about credit cards, pick which card you will use to make your $2000+ purchase. Explain why you chose this card.

|  |  |
| --- | --- |
| **Card Chosen** |  |
| **Explain (3 or more complete sentences)** |  |

Now, go back to [www.afmfinance.weebly.com](http://www.afmfinance.weebly.com) and in Module 4: Credit Cards you will find a link to a credit card payoff calculator. Download it and use your specific information to complete the table below.

|  |  |
| --- | --- |
| **First payment** |  |
| **Months to payoff**  |  |
| **Total Interest** |  |
| **Total Cost (total interest + initial cost)** |  |

***If your credit card is not paid off by the time you graduate, you must add in your monthly payment to your budget in module 6.***

Now that you have done some calculating, how do you feel about credit cards? In the box below, share your thoughts and feelings. Also share decisions you could make to prevent the extra cost of interest. You should write at least 4 complete sentences.

|  |
| --- |
| **My thoughts on credit cards…** |

After watching the video on ways to build credit, fill in the box below with three ways that are good for you to use to build your credit in college.

|  |
| --- |
| **Three healthy ways I can build my credit in college…** |

# Module 5: Cars and Insurance

**Choose your (dream? practical?) car…**

Using the internet, search for a car (in the Raleigh area) that you would like to purchase. The car can be new or used, but it must be listed on a website.

|  |  |
| --- | --- |
| **Car Make, Model and Year** |  |
| **Cost of Car** |  |
| **Website where car was found** |  |
| **New or Used?** |  |
| **Why did you choose new or used? (Complete sentence here)** |  |
| **Miles on Car (if used)** |  |
| **City MPG** |  |
| **Highway MPG** |  |
| **Average MPG** |  |
| **Manual or Automatic** |  |
| **Other Specific Features of your car** |  |
| **Paste picture of car below** |
|  |

Explain why you chose this car below (at least 3 complete sentences)

|  |
| --- |
| **I chose this car because…** |

**Monthly Car Payments**

Since this is the very first car you will ever own you do not have a car to trade in. You do know that if you put a down payment of 10% of your car, then you will get an interest rate of 4%, but if you do not put a down payment down on your car you will get a 5.3% interest rate for your loan. You will determine the monthly cost and total cost using both scenarios. You will be able to change the amount of your monthly payment based on the length of your loan (the length of the loan must be in whole years, converted to months). So using the price for your car, determine the amount of your monthly payment based on the length of the loan, the total amount that you will pay for the car and the total amount of interest that you will have to pay.

After you have done this you must choose the payment plan that you believe would be best for you remembering you have other bills throughout the month to still pay for other than your car payments.

[Loan Payment Calculator](http://www.bankrate.com/calculators/managing-debt/annual-percentage-rate-calculator.aspx)

|  |  |  |
| --- | --- | --- |
|  | **Car payments with a 10% down payment (4% Interest)** | **Car payments with no down payment (5.3% interest)** |
| **Original cost of the car** |   |   |
| **Down payment amount** |   |   |
| **Monthly car payment over 3 years** |   |   |
| **Monthly car payment over 4 years** |  |  |
| **Monthly car payment over 5 years** |   |   |
| **Monthly car payment over 6 years** |   |   |
| **Total amount you will eventually pay for your car on a 6 year loan** |   |   |
| **Total amount of interest you will pay on your loan (6 year loan)** |   |   |

Now, since you will be a new college graduate, you will NOT have a down payment available to use. So, chose the number of years you will finance your car for and complete the table below. You may need to go back to the calculator to see your total amount paid.

|  |  |
| --- | --- |
| **Years you will finance for** |  |
| **Monthly car payment** |  |
| **Total amount you will pay for the car** |  |
| **Total amount of interest you will pay on your loan (Total amount-original price of car)** |  |

Did you expect to be paying that much over time? This is why saving money for down payments is so important. Reflect of this activity and the changes in cost when you change the number of years financed. In the box below, write at least three complete sentences on your reflection.

|  |
| --- |
| **My reflection on financing a car…** |

**Car Insurance**

Now it’s time to find car insurance. Pick any two insurance companies that offer free quotes.

|  |  |  |
| --- | --- | --- |
| **Insurance Company** |  |  |
| **Total Amount for one month** |  |  |
| **Total Amount for six months** |  |  |
| **Total Amount for one year** |  |  |
| **Deductible amount** |  |  |

Which company will you choose?

|  |  |
| --- | --- |
| **Company Name** |  |
| **Monthly Cost** |  |
| **Why you chose this company (at least one complete sentence)** |  |

#

# Module 6: Budgeting

You will be creating a budget after researching different parts of your future life. Make sure to be thorough in this section. **You cannot simply create a cost that you think you will spend. You need to research each category to come up with a legitimate cost that you can expect to pay.** For instance, if you plan to rent an apartment, you should research the cost online or call the complex to find out monthly rent. Does your complex include any of your utility payments? Make sure you are detailed in your research. You will be sharing where or how you found the information and numbers you used in your tables. You may not leave out any categories in the fixed expenses part of your budget, but you may add extra categories you may need (for instance, pets, travel etc). Complete all the information below and then transfer your information to the budget below.

**Apartment/Home Rental Information**

Research an apartment or rental home in an area in which you would like to live. You cannot live with your parents, but you can have at most one roommate to split the rent. You may need to call complexes or landlords to get the information you need. Complete the table below with the necessary information.

|  |  |
| --- | --- |
| **Name** |  |
| **Address** |  |
| **Will you have a roommate?** |  |
| **Total Monthly Rent** |  |
| **Individual Monthly Rent (if you have a roommate)** |  |
| **Square Feet** |  |
| **Bedrooms/Bathrooms** |  |
| **Utilities Included** |  |
| **Community Amenities** |  |
| **Other information** |  |
| **Paste at least 3 pictures of the apartment below** |
|  |

**Food (Groceries)**

The table below uses information compiled by the USDA on average costs of monthly groceries. Pick which type of grocery shopping you will do (low cost, moderate cost or liberal plan) based on your normal food intake now. **You cannot use the Thrifty Plan as that plan is based off of a food stamp type program for low income families.** Choose your appropriate age group and gender as well.



http://www.loweryourspending.com/image/averagecostoffoodfor1monthlyMar15.png

|  |  |
| --- | --- |
| **Food plan I chose** |  |
| **Cost per month** |  |

**Electricity**

To calculate your monthly electric bill, you will be using an electric bill calculator found on the project website [www.afmfinance.weebly.com](http://www.afmfinance.weebly.com) under Module 6: Budgeting. Only fill in the highlighted column with the number of each item you will have. Transfer your information into the table below.

|  |  |  |
| --- | --- | --- |
| **Item** | **Quantity** | **Cost/Month** |
| **Refrigerator** |  |  |
| **Freezer** |  |  |
| **Dishwasher** |  |  |
| **Oven** |  |  |
| **Microwave** |  |  |
| **Coffee Maker** |  |  |
| **Stereo** |  |  |
| **TV 19"** |  |  |
| **TV 25"** |  |  |
| **TV 35"** |  |  |
| **Laundry (in quantity put loads/week)** |  |  |
| **Lighting (in quantity put # of rooms in your home)** |  |  |
| **Ceiling Fan** |  |  |
| **Computer** |  |  |
| **Basic Facilities Charges** | $20.82 | $20.82 |
| **Total Monthly Bill** |  |  |

**Cell Phone Payment**

Monthly phone payments can be expensive. Explore different providers and find a plan that best suits you. You must have data and text messages included in your plan.

|  |
| --- |
| **Cell Phone Payment** |
| **Company** |  |
| **Type of Plan** |  |
| **Total monthly data allowance** |  |
| **Total monthly minutes** |  |
| **Total monthly text messages** |  |
| **Cost of plan monthly** |  |

**Cable and Internet**

Internet will be an essential expense needed for a variety of reasons in your home. Most of you will also feel like you NEED to have cable. Research several cable and internet providers in the area where your home is located and decide which one you will use and add it to your monthly budget.

|  |
| --- |
| **Cable and Internet** |
| **Provider** |  |
| **What is included? (Speed of internet, type of cable package, do you have DVR? How many receivers?...be specific!)** |  |
| **Total Monthly Cost** |  |

**Fuel and Car Maintenance**

Cars cost more than monthly payments and insurance. You will need to calculate your monthly cost to own a car. Since you do not know your place of employment, we will assume you drive 15 miles one way to work each day.

|  |  |
| --- | --- |
|  | **Fuel Cost** |
| **1** | **Round Trip Miles to work per day** | 30 |
| **2** | **Days worked in a month** | 20 |
| **3** | **Extra “weekend” miles per month** | 300 |
| **4** | **Total Miles in a month driven (row 1 multiplied by row 2; add row 3)** |  |
| **5** | **Average cost per gallon of gas** | $2.75 |
| **6** | **Your car’s average mpg** |  |
| **7** | **Cost to drive your car per mile (row 5 divided by row 6)** |  |
| **8** | **Cost for fuel monthly (row 4 multiplied by row 7)** |  |

You also need to consider the cost to maintain your car. Every year you will pay taxes on your vehicle to the state you live in. Using the calculator below, calculate your yearly car tax based on the purchase price of your car.

[Car Tax Estimator](https://edmv.ncdot.gov/TaxEstimator)

We will also assume that your car needs the average amount of maintenance each year. You will need to budget for this monthly. Assume that your car needs 0.78% of your gross income in maintenance each year. Once you calculate this amount, you will need to find the monthly amount by dividing by 12.

|  |
| --- |
| **Extra Car Costs** |
| **Car Tax Per Year (From link above)** |  |
| **Car Tax Per Month** |  |
| **Annual Car Maintenance (0.78% of gross income)** |  |
| **Monthly Car Maintenance** |  |
| **Total Monthly Car Maintenance Cost (monthly car tax plus monthly car maintenance)** |  |

**Compiling your Monthly Budget**

|  |
| --- |
| **Monthly Budget (all numbers should be monthly amounts)** |
| **Category** | **Cost** | **Notes** |
| **Monthly Net Pay** |  |  |
| **Fixed Expenses** |
| **Rent** |  | Remember this is half of the total if you have a roommate |
| **College Loan Repayment** |  |  |
| **Credit Card Payment** |  |  |
| **Car Payment** |  |  |
| **Car Insurance** |  |  |
| **Food (Groceries)** |  |  |
| **Phone** |  |  |
| **Cable and Internet** |  | Remember this is half of the total if you have a roommate |
| **Electricity** |  | Remember this is half of the total if you have a roommate. If your rent includes this put $0.00 |
| **Water** |  | If your rent does not include water put $40.00 here (or half if you have a roommate) If your rent does include water, put $0.00 here |
| **Fuel** |  |  |
| **Extra Car Costs** |  |  |
| **Remaining Amount for Discretionary Expenses** |  | You must have enough money to complete all categories in this section |
| **Discretionary Expenses**In the notes column here, explain how you came up with the numbers you used in each expense. One to two sentences are necessary for each item. You should use information you researched to find average costs. Include any websites used to help you come up with an amount. |
| **Entertainment** |  |  |
| **Clothing** |  |  |
| **Vacation** |  |  |
| **Extra (pets, hobbies, etc)** |  | If you list anything in this section, use this spot to explain what you will use the money for. |
| **Remaining amount for Savings** |  |  |
| **Savings** |
| **Emergency Fund** |  | At least $100 here |
| **Retirement** |  |  |
| **House Down Payment** |  |  |
| **Final Remaining Amount** |  | Good budgets do not leave any money unaccounted for. Distribute all of your monthly budget in the categories above. Any extra may be best used in anything in the savings section. |

# Final Essay

So, what does this all mean to you? In this final section you will write about what you’ve learned and experienced in this unit. You should include thoughts you had about finance before you began, thoughts you had during the project, and thoughts you had after completing the project. I want this to be an opportunity for you to be honest with yourself about what you may need to be considering now as you near graduation from high school. **The essay must be at least 1.5 pages typed in the box below, single spaced, 11 point Arial font**. Check your spelling and grammar errors when you are done.

|  |
| --- |
| **Final Essay** |