

# Budget Dilemma—Max

**Directions:** Review Max’s budget with your group. Consider the following when preparing your analysis and recommendations:

- Does your client have enough income to pay for his expenses?
- Are both the income and expenses realistic? Which expenses are fixed? Variable? Are any expenses missing?
- What concerns do you have about the budget Max is proposing?
- What questions will you ask him?
- What advice will you provide?

**Client Profile:** Max spends much of his free time playing the drums in a band and going to see other musicians perform live. He’s developed a following on social media from the concert reviews he shares. While he dreams of becoming a famous musician someday, he knows that won’t pay the bills for now. Max recently graduated from vocational school where he studied plumbing. He’s landed a job as an apprentice with a local plumbing company where he will start working at a rate of \$13 per hour. Max will need his own transportation to get to the homes of his customers. He found a good deal on a used truck that he thinks will work well for him. He’s planning to live with a roommate to reduce his housing expenses and is confident he can keep his budget balanced.

## Monthly Budget:

<b>Income:</b> Job (40 hours a week; \$13/hour; after taxes) <sup>2</sup>	\$1,531
<b>Expenses:</b>	
Rent (half of rent on a 2 bedroom apartment)	\$600
Utilities	\$120
Car payment	\$323
Gas	\$150
Car insurance	\$125
Groceries	\$150
Entertainment	\$63
<b>Total Expenses:</b>	<b>\$1,531</b>

<sup>2</sup><https://www.adp.com/tools-and-resources/calculators-and-tools/payroll-calculators/salary-paycheck-calculator.aspx>

# Budget Dilemma—Chloe

**Directions:** Review Chloe’s budget with your group. Consider the following when preparing your analysis and recommendations:

- Does your client have enough income to pay for his expenses?
- Are both the income and expenses realistic? Which expenses are fixed? Variable? Are any expenses missing?
- What concerns do you have about the budget Max is proposing?
- What questions will you ask him?
- What advice will you provide?

**Client Profile:** Chloe is 22 and recently graduated from college. She’s excited about her new job and moving out on her own. After interviews at seven schools, she’s been offered a position teaching second grade with a starting salary of \$36,141<sup>3</sup> a year. She’s confident she’ll be able to get her own apartment but expects her student loan payment to be the next largest bill she has each month. She’s worried because her initial budget already has her spending more than she makes.

## Monthly Budget:

<b>Income:</b> Salary (after taxes)	\$2,270
<b>Expenses:</b>	
Rent	\$1,250
Utilities	\$175
Gas	\$75
Car insurance	\$90
Student loan repayment	\$550
Cell phone	\$73
Groceries	\$115
Entertainment	\$63
<b>Total Expenses:</b>	<b>\$2,391</b>

<sup>3</sup><https://articles.niche.com/teacher-salaries-in-america/>

# Fernando's Budget

**Directions:** Review Fernando's budget with your group. Consider the following when preparing your analysis and recommendations:

- Does your client have enough income to pay for his expenses?
- Are both the income and expenses realistic? Which expenses are fixed? Variable? Are any expenses missing?
- What concerns do you have about the budget Max is proposing?
- What questions will you ask him?
- What advice will you provide?

**Client Profile:** Fernando is starting his senior year of college in the fall. He will be living off-campus for the first time and hopes to save money by making most of his own meals. The manager at the restaurant where he waited tables last year has promised him better shifts this year. He's hoping that means more tips. His parents will be paying his rent and helping with groceries, but they said the rest is up to him. Fernando is already starting to pay down his student loans. His parents also want him to learn what it is like paying bills so he'll be ready when he graduates.

## Monthly Budget:

### Income:

Wage (15 hours a week; \$2.13/hour; after taxes) <sup>4</sup>	\$115
Tips (after taxes)	\$350
Gifts (money from parents)	\$600
<b>Total Income:</b>	<b>\$1,065</b>

### Expenses:

Rent (includes utilities)	\$550
Student loan repayment	\$250
Cell phone	\$25
Groceries	\$175
Textbooks and school supplies	\$50
<b>Total Expenses:</b>	<b>\$1,065</b>

<sup>4</sup><https://www.dol.gov/whd/state/tipped.htm#foot1>

# Via's Budget

**Directions:** Review Via's budget with your group. Consider the following when preparing your analysis and recommendations:

- Does your client have enough income to pay for his expenses?
- Are both the income and expenses realistic? Which expenses are fixed? Variable? Are any expenses missing?
- What concerns do you have about the budget Max is proposing?
- What questions will you ask him?
- What advice will you provide?

**Client Profile:** Via has turned her passion for animals into a career as a veterinarian. Between her undergraduate and veterinary degrees, she has amassed significant student loan debt—more than \$250,000! Her student loan repayment is more than what some people pay for rent or a mortgage for a house. For now, she's moved back in with her parents, but she wants to buy her own place as soon as she can afford it. She wants to have multiple pets and none of the places she's looked at to rent will allow that. She wants to set aside money each month toward a down payment on her own home.

## Monthly Budget:

<b>Income:</b> Salary (after taxes)	\$4,464
<b>Expenses:</b>	
Rent (charged by parents)	\$300
Saving for down payment on a house	\$1,000
Car payment	\$727
Gas, maintenance, and car insurance	\$245
Student loan repayment	\$1,600
Cell phone	\$74
Groceries	\$80
Clothes	\$100
Entertainment	\$100
Emergency/general savings fund	\$200
<b>Total Expenses:</b>	<b>\$4,426</b>

<p><b>Max</b> <i>Miniature of Max's Budget</i></p> <p>What is Max's biggest budgeting challenge?</p> <p>What additional information is needed from Max?</p> <p>What is the best advice Max received?</p>	<p><b>Chloe</b> <i>Miniature of Chloe's Budget</i></p> <p>What is Chloe's biggest budgeting challenge?</p> <p>What additional information is needed from Chloe?</p> <p>What is the best advice Chloe received?</p>
<p><b>Fernando</b> <i>Miniature of Fernando's Budget</i></p> <p>What is Fernando's biggest budgeting challenge?</p> <p>What additional information is needed from Fernando?</p> <p>What is the best advice Fernando received?</p>	<p><b>Via</b> <i>Miniature of Via's Budget</i></p> <p>What is Via's biggest budgeting challenge?</p> <p>What additional information is needed from Via?</p> <p>What is the best advice Via received?</p>