

## **Building Your Life**

We are going to build a life. You need to pick a city, a job, a house, a car. You are going to put together a budget based on reasonable income for your chosen profession. Then you are going to choose a reasonable car and house that is affordable on that wage in your chosen city. Then you are going to calculate how much the total paid on your loans is, how much interest, how much your monthly payments are, and some other things. You will then present to the class your life, budget, and loan terms. We will spend about a week on this.

### **City**

This is arbitrary. Just pick something based on where you want to be. Hopefully they have jobs there.

### **Career**

This is your choice. Just pick something and stick with it for the project. You should have city and career picked first day.

### **Income**

The Bureau of Labor Statistics has good income figures and requirements for just about any job. Glass ceiling has income figures for every job and city out there reported from people working there.

### **Budget**

Your budget needs to include all reasonable expenses. Your home needs to be under 30%, but will be based on what you find, your total car costs need to be under 20%, also based on what you find. You need to include all other reasonable stuff in your budget, so food, electric, insurance, cable, internet, phone, clothes, and whatever else you feel the need to spend your money on. Budget must be complete and reasonable.

## **House**

Your piti payment is principle, interest, taxes, and insurance. Mortgage companies require that your total piti payment is under 30% of your monthly income. You will have to figure out what that is, how much your taxes and insurance are, how much home you can buy, how much interest you will pay over the life of the loan, the total you will repay, and your monthly payments. I want to see the actual calculations for this, so you are making your own amortization schedule. Realtor.com or Zillow.com have information on homes for sale, taxes, and insurance. We will assume your credit is moderately not awful, so you have a credit score of 680, find appropriate mortgage interest rates for your score. It will be a 30 year mortgage. Mortgages are compounded daily.

## **Car**

Your car payment and car insurance should be less than 20% of your total monthly income. For a car loan, you must have full coverage insurance. The car loan will be five years, your credit score is still 680. Find an appropriate interest rate based on your credit, car, and income.

## **Retirement**

You need money, so you don't have to eat raw ramen noodles on the streets when you're old. For this part, you can use a retirement calculator, this one is pretty good <http://www.bankrate.com/calculators/retirement/retirement-plan-calculator.aspx> . Vanguard has one also. Your return on retirement should be 5-8%, higher percent means riskier, lower percent means safer. Use the age you will be after you have done all the school you need for your job. I want to know how much you are contributing, how much it is worth total at retirement, how much you are spending per

month in retirement, and whether or not you are a homeless old person.

## **Presentation**

Your presentation needs to be interesting to look at. It must have each of the following:

- Pictures
- Tables
- Graphs
- Details on job
- Details on salary
- Details on budget
- Details on house and mortgage
- Details on car and car loan
- Details on retirement contributions, final amounts, monthly spending in retirement

**I want full details for every mortgage and car loan. That includes interest rate, years of the note, monthly payment, total amount to be repaid, total interest, principle, compounding details, and the calculations for these.**