

# AFTER RECEIVING YOUR UPDATE:

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- 1) STOP and think about what the update is. Is it a monthly gain or expense? Is this a one-time cost or gain? Monthly becomes part of your budget/monthly expenses. A one-time cost or gain is taken (or added) to your savings account.
- 2) If your salary increases or decreases, that number is added (or subtracted) from your ANNUAL salary. Recalculate your tax rate (see Appendix at end of this document) and monthly net income. You then complete a new budget based on your new salary.
- 3) If you decide to keep your existing budget, you do not need to recalculate the projected amounts (unless your salary or Monthly income has changed--then you must recalculate your budget--get a new budget sheet).
- 4) Each new year, you have the choice of reworking your budget. You will need a new budget sheet for each year. Each year you must make sure to cover your loan payments in FULL, outside of that, you may budget towards each category any percentage of your net monthly income that you want. Don't forget, the percents must add to 100%!  
  
For Years 2-5, any amount leftover in your account will be presumed to be spent, not rolled over into your savings account like year 1. So be sure to budget precisely so that you are budgeting an amount that correlates with your spending.
- 5) Don't forget to budget for and cover expenses that relate to changes in household like getting married or having children (requires Child Care! See appendix at end of document). See specific notes below for each life change.
- 6) Calculate your actual expenses (from choices) and subtract the projected amounts (from budget) for the new year's update. A couple things not to forget--your loan has been paid off for a year. Your new loan amount should be different. Also be sure to calculate your savings amount changes and update your savings account, as well as the Year 2 Spending page. Any monies not accounted for in the savings account, and labeled properly will not count towards your total.

# SPECIFIC LIFE UPDATES:

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- 1) If you got a marriage card, you need to go find someone else in the class who got a marriage update and POOF you are married! When you get married, you combine your income, combine your debt (and recalculate a new loan payment) and combine your savings. You will also have a new tax rate! (See Appendix at end of this document). Make sure both people update their packets to reflect all of this for Year 2. Then work together to complete a new budget for your new family (taking both adults and kids into consideration if you have them). Marriage, and marriage finances are of course, much more complex than this. If you want to discuss some other ways to work things out, let me know.
- 2) When you have a baby, if you are married, you only need to account for the extra mouth to feed and bottom to diaper (see Child Care info in attached Appendix--if both of you continue to work--and Child expenses like food and diapers).
- 3) If you have a baby, and you are not married, one of three possibilities exists:
  - 1) Paying child support: A predetermined child support amount is on the card. If you OWE child support, simply pay that amount each month (don't forget to budget for it!) You do not need to adjust any other expenses, because the child does not live with you.
  - 2) Receiving child support: If it says you are receiving child support, the child lives with you and you are responsible for all of the associated expenses of a child (including Child Care). Child support is neither taxable income nor tax deductible. Just add the amount of child support to your NET monthly income.
  - 3) No child support: There is a shared custody situation where each parent needs to accommodate housing needs for a child, but the costs of food and diapers would be half instead of the full amount, along with Child Care expenses.
- 4) If a couple both receives a divorce card, you are officially divorced. You will need to pay the amount of the divorce and then split the savings and debt in half. In the case of children, you must decide on a custody arrangement that includes child support. If a decision cannot be reached, the teacher will assign custody.
- 5) If you LOSE your job, you have the option of going on Unemployment (See Appendix at end of this document). You will only be getting 25 hours of work, so you will need to calculate your new Annual salary with new Tax Rate AND subtract the health insurance costs.
- 6) In the event that you lose all of your savings due to an update and your savings becomes negative, you must add that money to your debt and refinance with a new loan.

# APPENDIX:



## Child Care (if Applicable)

		Choose <input checked="" type="checkbox"/>
\$0	One parent quits their job	<input type="checkbox"/>
\$300 per child	Child Support (if applicable)	<input type="checkbox"/>
\$450 per child	Babysitter	<input type="checkbox"/>
\$675 per child	Daycare with some Preschool	<input type="checkbox"/>
\$1800	Full-Time Nanny. Assists with Housework.	<input type="checkbox"/>

## Unemployment

If you have lost your job for any reason, it's time to find a new one. It turns out there isn't much available. Choose from the list and record your new hourly wage. The worse part is that you are only getting 25 hours per week so you'll need to calculate your annual salary AND...



...since you are not getting 30 hours, you will also have to pay for your own health insurance.

Job Board	Hourly Wage
Unemployment Service	\$8.00 / hr
Fast Food	\$7.75 / hr
Child Care	\$8.25 / hr
Neighborhood Handyman	\$8.40 / hr
Driver (Cab or Commercial)	\$8.10 / hr
Telemarketer	\$7.80 / hr
Department Store	\$7.90 / hr

Health Insurance Single	\$350 / mo
Health Insurance Family	\$750 / mo

# Appendix: Tax Rates



Single or Family	Taxable Income	Approximate Federal & State Tax Rate
<b>Single</b>	\$0 to \$8,925	12%
	\$8,925 to \$36,250	18%
	\$36,250 to \$87,850	28%
	\$87,850 to \$183,250	34%
	\$183,250 to \$398,350	38%
	\$398,350 to \$400,000	40%
	\$400,000 +	42%
<b>Family</b>	\$0 to \$17,850	12%
	\$17,850 to \$72,500	18%
	\$72,500 to \$146,400	28%
	\$146,400 to \$223,050	34%
	\$223,050 to \$398,350	38%
	\$398,350 to \$450,000	40%
	\$450,000 +	42%