

Creating a Personal Budget and Calculating a “Living Wage”

The goal of this assignment is to calculate the hourly wage you would need to earn in order to enjoy an “acceptable” lifestyle here in Sonoma County. Please follow these steps to complete this assignment.

1. Create a Personal Budget and Estimate Your Monthly Expenses.

Include these items (all are mandatory):

- a. **Housing:** Attach a copy of a housing advertisement from an online source or the newspaper; be sure to describe your living situation (e.g., 2 housemates sharing a 3 bedroom condo.)
- b. **Utilities:** water, gas and electricity, garbage, telephone (landline &/or cell), cable, and internet.
- c. **Groceries & Cosmetics.** Visit a grocery store and a drug store. Use the reverse side to itemize your weekly and monthly expenses. Include estimated sales tax (8.5% on non-food items.)
- d. **Transportation:** gasoline, auto insurance, car payments, or bus fare.
- e. **Clothing:** laundry (\$4.00 per load); also, estimate the monthly share of your annual clothing purchases.
- f. **Health Insurance:** a basic Kaiser policy costs \$200 per month.
- g. **Entertainment.**

2. Calculate the minimum hourly wage required to meet your monthly expenses.

- Assume that you are working full-time (40 hours per week/170 hours per month).
- Assume that you receive no outside financial support (from your family or the government).
- Assume a 27.5% tax rate (consisting of 15% Federal income tax; 5% State income tax; 6.2% Social Security tax and 1.45% Medicare tax.)

Sample Calculation:

- Monthly Expenses: \$2,000
- Required Monthly Gross (before tax) Earnings: $\$2,000 \times 1.275$ (tax rate) = \$2,550
- Monthly Gross Earnings/170 hours per month = Hourly “Living Wage”
 $\$2,550 \text{ per month} / 170 \text{ hours per month} = \mathbf{\$15.00 \text{ per hour}}$

Due Dates: Your responses and calculations must be typed or handwritten neatly and are due on **Wednesday, March 13th.**

Weekly/Monthly Shopping List

Use this worksheet to calculate your monthly expenses for groceries, cosmetics, and other personal items. **Visit a local supermarket and drugstore**, create a list of the items you will purchase on a weekly or monthly basis, and record their cost. Use the space at the bottom to calculate your **total monthly expenses for all of these items**.

Item/Expense	Price
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	
22.	

Monthly Totals: