



## Activity Sheet 7.2

### Exploring Careers and Budgets

Budgets depend on many factors, but all budgets include the following:

- Figuring your take home pay after taxes (Income)
- Adding in what you NEED (Expenses)
- Creating a plan for what is left (Paying for what you WANT or saving it)

1. Read your Career Card. You are going to set up a budget for this person. Name two things that your person might need to consider in setting up a budget.

Table 1. Federal tax rates for 2013

\$0 to \$8,925	10%
\$8,925 to \$36,250	15%
\$36,250 to \$87,850	25%
\$87,850 to \$183,250	28%

2. Use table 1 to determine what this person's pay is after paying federal taxes. Show your work. How much will be deducted for federal taxes?

3. Beyond federal taxes, you pay state and city taxes. These vary, but for the purpose of this activity, we will estimate these taxes at 10% of your income. How much will be deducted for other taxes?

4. After taxes, what is your take-home pay?

5. Write an equation that describes how the relationship between salary and take home pay for a person in the same income bracket as your person:

6a. Using Oprah’s Spending Plan as a guide, prepare a table that illustrates how much your person would spend in each category, according to Oprah.

6b. Using what you know about your person (from the card), adapt the budget to fit his or her needs.

Oprah’s Spending Plan	Budget based on “Oprah’s Plan”	Your “Adapted” Budget Plan
Housing – 35%		
Debt – 15%		
Transportation – 15%		
Savings – 10%		
Other Living Expenses-25%		

7. Write an expression to show what the total expenses will be.

8. Write an inequality to show the expenses as it relates to your salary. (*Hint: Should the expenses be more than your salary?*)

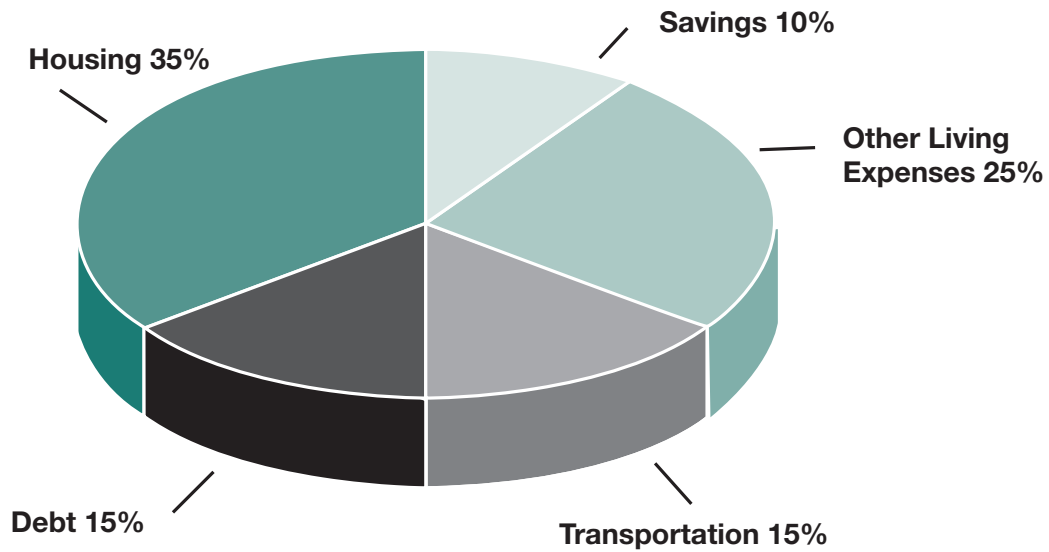
9. Create your own scenario! What do you think you want to do (Career). Create your own inequality that describes your income, expenses (what you NEED), entertainment (what you WANT, and savings (what you may want later)). Explain why this budget suits your future situation.

Inequality: \_\_\_\_\_

Explanation:

# Oprah's Spending Plan Graph

**Oprah's Spending Plan Pie Chart**



- 
- Housing 35%**
    - Mortgage/Rent
    - Repairs
    - Taxes
    - Utilities
    - Insurance
  - Debt 15%**
    - Student Loans
    - Credit Cards
    - Personal Loans
  - Transportation 15%**
    - Car Payments
    - Gas
    - Insurance
    - Repairs
    - Parking/Tolls
    - Train/Bus Fees
  - Other Living Expenses 25%**
    - Eating Out
    - Vacations
    - Entertainment
    - Clothing
  - Savings 10%**

Source: Oprah.com. "Oprah's Debt Diet Step 5: Create a Monthly Spending Plan" (no date).  
<http://www.oprah.com/money/Oprahs-Debt-Diet-Step-5>.