

MOVING OUT PROJECT

Name: _____

Roommate: (if you have one) _____

The first assignment will be by writing down a few of the things you want to accomplish in your 20's; where you PLAN to be and what you HOPE to be doing.

Then....the simulation begins!

- You are in your early twenties and it is time to move out of your parents' home.
- You move out, rent an apartment, buy a car, food, clothes, etc.
- If you want, you may choose to live with a roommate.
- You work 40 hours per week and your wage is \$15 per hour gross income (before deductions)
- You will be required to calculate your net income, buy a car, food, clothing, etc. and rent accommodation.
- The purpose of this project is to help you learn how to budget and manage financial resources effectively.
- If you choose to live with a roommate and share rent, you must each complete and hand in a separate booklet with a separate budget. Many of the calculations are specific to each individual so read carefully!
- You will utilize the internet for all of your information required to complete this project. However, you may want to refer to grocery fliers to find prices for the food.

Have fun!

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MY PERSONAL PROFILE – AGE TWENTY-SOMETHING

(Complete this page based on what you HOPE/PLAN to do with your life!)

1. My educational path will be:
2. I will move out of my parent's home when I am _____ years old.
3. My occupation or job at that time will be: _____
4. I will be taking home \$_____ each month.
5. I will be married sometime in my twenties YES NO
6. How many children will I have by the time I am 30? _____
7. I will be driving a _____
8. I will buy a home sometime in my twenties YES NO
9. My home or living accommodations will be described as:
 - a.
 - b.
 - c.
10. I will be living in/near what city or town? _____
11. Other things I will own are:
 - a.
 - b.
 - c.
12. My major accomplishments in my twenties will be :
 - a.
 - b.
 - c.
13. I will take a yearly vacation YES NO
14. Some of my vacations will be:
 - a.
 - b.
 - c.

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PAYCHEQUE DEFINITIONS

Gross Income (pay/earnings)

The amount of income/earnings, for any pay period, before deductions

Net income (pay/earnings)

The amount of income/earnings, for any pay period, after deductions (Take home pay)

CPP – Canada Pension Plan

2.3% of gross income deducted for insurance in case of unemployment

Income Tax

A deduction paid to the Federal and Provincial government for taxes

LTD

A deduction for Long Term Disability insurance

Union Dues

Fees paid for membership in a union

Bonds

An investment in which a business or government pays a set interest rate

Advance Earnings

Deducted money that was received in advance of the pay cheque

Overtime Earnings

Pay received for working over 8 hours a day or 44 hours a week, whichever is greater

Now calculate your net monthly income:

\$15 per hour X 8 hours per day X 21 days per month = **Gross Income** \$ _____

Gross Income \$ _____ X 15% = Income Tax Deduction \$ _____

Gross Income \$ _____ X 4.95% = CPP – Canada Pensions Plan \$ _____

Gross Income \$ _____ X 1.88% = EI – Employment Insurance \$ _____

Gross Income \$ _____ X 1% = Union Dues \$ _____

Income Tax + CPP + EI + Union Dues = **Paycheque Deductions** \$ _____

Gross Income \$ _____ - Paycheque Deductions \$ _____ = Net Income \$ _____
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MAKING THE DECISION TO HAVE A ROOMMATE.....OR NOT?

Determine the advantages and disadvantages of living on your own or having a roommate. **For the purpose of this project, you may NOT choose more than ONE roommate.**

	Advantages	Disadvantages
LIVE ON MY OWN	1. 2. 3. 4.	1. 2. 3. 4.
LIVE WITH A ROOMMATE	1. 2. 3. 4.	1. 2. 3. 4.

My decision is to (circle one): **LIVE ON MY OWN** **HAVE A ROOMMATE**

I believe this is the best choice because:

What characteristics would be essential in a roommate?

- 1.
- 2.
- 3.
- 4.

ACCOMODATION OPTIONS

(Go on the internet and research each of the following rental options to complete the following chart.)

Type of Rental Accommodation	Advantages	Disadvantages	Rental Cost
Townhouse or Duplex	<ol style="list-style-type: none"> 1. 2. 3. 	<ol style="list-style-type: none"> 1. 2. 3. 	
Apartment	<ol style="list-style-type: none"> 1. 2. 3. 	<ol style="list-style-type: none"> 1. 2. 3. 	
Single Detached House	<ol style="list-style-type: none"> 1. 2. 3. 	<ol style="list-style-type: none"> 1. 2. 3. 	

DECISIONS FOR CONSUMERS

For each of the following situation, decide which kind of housing would be best. Give reasons for your decisions.

A retired couple with no children who do not want to cut grass or do other maintenance.

A middle aged couple with two small children who desire room for children and friends to visit.

A young couple with a small child.

A young, single person who travels frequently for work.

RENTAL ACCOMMODATION

What type of home or apartment do you picture yourself in when you decide to move out? Be descriptive!

- For the purpose of this project you will consider rental properties only.
- Find a place to rent by looking on the internet. You will be looking for a suitable apartment, townhouse, basement suite or house.

YOU MUST PRINT THE AD AND PASTE IT IN THE SPACE BELOW OR STAPLE IT TO THE BACK OF THIS BOOKLET!

NOTE: If you are sharing accommodations with a roommate you EACH have to provide a copy of the advertisement.

(Read the ad carefully to see if any utilities are included as well as what the damage deposit is because you will need that information to answer questions on the following pages.)

MONTHLY COST OF RENT: \$ _____

Tenant Insurance (Each individual must have their own tenant insurance to cover their own belongings.)

When you rent a home or apartment you must also have tenant insurance in case of fire, theft, flooding or natural disaster. Your landlord will have insurance on the building, but not on your personal possessions. On the following chart, find the cost per year that is closest to the replacement value of what you hope to own when you are 27. Beside it is an example of the yearly insurance premium you might need to pay.

Replacement Coverage		Annual Premiums
\$10,000	-	\$92 per year
\$20,000	-	\$159 per year
\$30,000	-	\$208 per year
\$40,000	-	\$268 per year
\$50,000	-	\$305 per year
\$60,000	-	\$367 per year

Locate the yearly premium you might have to pay. Divide this by 12 to calculate the monthly payment.

\$ _____ divided by 12 = \$ _____
Yearly Premium Monthly Premium

MONTHLY COST OF TENANT INSURANCE: \$ _____

Cable TV (If you have a roommate you can split this cost 50/50.)

In Alberta cable TV costs \$35 for a very basic package and \$85 if you want all the extra channels. You would need to add another \$15 if you wanted access to movies as well. (ie. Netflix)

MONTHLY COST OF CABLE TELEVISION: \$ _____

Internet Access (If you have a roommate you can split this cost 50/50.)

The basic starting rate for internet access is \$30 per month.

MONTHLY COST OF INTERNET ACCESS: \$ _____
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Telephone (If you have a roommate you can split all the costs except the cell phone.)

To rent a landline in Alberta is \$30 per month. This does not include the price of the phone. Other services you may want include such things as voice mail, call waiting, caller ID, call answer, call forward, etc. You can purchase these individually for an additional \$5 each or get a package deal (bundle) for approximately \$15 extra.

Also, long distance charges are extra and can be any amount. If you plan on making a lot of long distance calls consider purchasing a plan for an extra \$30 per month.

Cell phones cost approximately \$35 per month if you are a student and closer to \$80 a month if you aren't. For this assignment you are NOT a student therefore, your cell phone will cost you \$80 per month.

Basic landline rent _____
Extra services _____
Long distance _____
Cell phone _____

TOTAL MONTHLY PHONE COST: \$ _____

Utilities

(If you have a roommate you can split all of your utilities 50/50.)

Natural gas, water and sewage are usually included in the rent if you are in an apartment. However, if you are renting a townhouse, house or duplex you will need to pay for these separately. READ YOUR RENTAL ADVERTISEMENT CAREFULLY TO SEE WHAT YOU NEED TO PAY FOR AND WHAT IS ALREADY INCLUDED.

Water and Sewer

For a small home, water and sewer cost approximately \$60 per month. For a large home allow for \$100.

MONTHLY COST OF WATER/SEWER: \$ _____

Natural Gas

It is hard to estimate utilities because they vary so much depending on different circumstances. Here are some very rough guidelines of how much they might cost in Alberta.

Average 1200 sq. ft. house - \$94 per month

New energy efficient average home (1200 sq. ft.) - \$67 per month

Large new home (1800 sq. ft.) - \$90 per month

Larger older home with heated garage - \$128 per month

Based on these rough guidelines, how much do you think the gas for the furnace and water heater for your house might cost? (If you are renting an apartment they are most likely included – CHECK YOUR RENTAL AD!)

MONTHLY COST OF NATURAL GAS: \$ _____

Electricity

An average two-bedroom apartment in Alberta with two people living in it will cost about \$50 per month for electricity.

A small 1100 square foot home with the usual appliances will cost \$75 per month for electricity.

A large executive-type home with many appliances, a hot tub, and air conditioning, will cost over \$120 per month.

MONTHLY COST OF ELECTRICITY: \$ _____

ADDING IT ALL UP.....

Complete the following chart based on all your calculations from the previous pages.

Your share of the monthly cost of renting the house/apartment	\$ _____
Tenant insurance (each individual needs their own tenant insurance)	\$ _____
Your share of the electricity	\$ _____
Your share of the cable TV	\$ _____
Your share of the Internet access	\$ _____
Your share of the telephone (you must each pay for your own cellphone)	\$ _____
Your share of the water and sewage	\$ _____
Your share of the natural gas	\$ _____
TOTAL	

TOTAL MONTHLY COST (YOUR SHARE) OF RENTING HOUSE/APARTMENT: \$ _____

STOP!!! Answer the following questions:

Can you afford this house/apartment? (You should not spend more than 35% of your net income on rent and utilities.)

Why did you choose this place to live? How does your choice reflect your values?

MOVING IN EXPENSES

As well as the monthly expenses there are one-time moving-in expenses to consider:

SECURITY/DAMAMGE DEPOSIT (check your ad to see if the amount is identified for you otherwise consider it to be one month's rent)	\$ _____
HOOK UP COSTS:	
Phone/Cable/Internet (<u>TELUS</u> has a flat rate of \$50 unless you commit to a 3 yr. contract in which case hook ups would be free.)	\$50
Power (<u>EPCOR</u> has a \$10 fee if the power is still on and they are just transferring the account/\$45 if the power is off and they have 3 days' notice. \$110 if less than 3 days' notice!!!)	\$45
Water (<u>EPCOR</u> has a \$25 hook up fee.)	\$25
Natural Gas (<u>Direct Energy</u> has a \$10 fee plus a \$90 fee they apply for the distributor.)	\$100
Purchase of home telephones (\$50 - \$200)	\$ _____
Purchase of cell phone if required (\$0 - \$300 depending on contract)	\$ _____
New furniture/appliances (\$500 - \$5000)	\$ _____
Moving costs (\$50 - \$300)	\$ _____
TOTAL COST OF MOVING IN	\$ _____

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TRANSPORTATION OPERATING COSTS

What about operating costs for your vehicle? You will need to calculate how many kilometers you might drive in a week when you move out. Included are driving to work, shopping, recreation, visiting, etc. For the purpose of this assignment, allow an average 250 km per week. Multiplied by 4 and you will be driving 1000 km per month.

The approximate cost of operating an average car is \$0.60 per kilometre. This covers fuel, maintenance, tires, insurance, license and registration and depreciation. However, if you have chosen to drive a truck, sport utility vehicle or a sports car you can anticipate this price going up. You would estimate a cost of \$0.80 per kilometre. Circle the appropriate amount below and calculate your monthly operating cost for the vehicle you have chosen.

$$\frac{1000 \text{ kilometres}}{\text{Kilometres driven per month}} \times \$0.60 \text{ or } \$0.80 = \text{Monthly Operating Cost}$$

Now calculate the total monthly cost for your vehicle:

Monthly Loan Payments plus	\$ _____
Monthly Operating Cost	\$ _____
TOTAL TRANSPORTATION EXPENSES	\$ _____

Compare this to the cost of public transportation....a city bus/LRT pass for an adult in Edmonton is \$89 per month.

TRANSPORTATION DECISIONS

According to your income, determine the method of transportation you will be using. Would you use your own car? Public transportation? Try to commute with your roommate or a coworker? What decision would you choose and why?

SHOPPING FOR FOOD AND HOUSEHOLD SUPPLIES

(Each individual must purchase their own food and household supplies.)

The following is a shopping list of food to prepare three meals a day for one week. Research the price of these food items either by going on line to different grocery store websites or using the grocery fliers provided in the classroom. Be sure to choose the **smallest quantities** possible to buy. You only require enough for one week!

You MUST purchase each of the listed items OR replace unwanted items with something from the same food group.

Item	Size	Brand	Price
Spaghetti			
Spaghetti sauce			
Potatoes			
Eggs			
Milk			
Bread			
Butter/Margarine			
Orange Juice			
Chicken			
Lean hamburger			
Pork chops			
Sandwich meat			
Apples			
Oranges			
Bananas			
Lettuce			
Instant dinners			
Frozen vegetables			
Canned corn/peas			
Solid white tuna			
Cheese			
Ice cream			
Coffee/Tea			
Toilet paper			
Kleenex			
Paper towel/napkins			
Total food expenses for one week			\$
TOTAL FOOD EXPENSES FOR ONE MONTH (Weekly multiplied by 4)			\$

CLOTHING PURCHASES

(Complete separately from roommate.)

When calculating the cost of clothing for yourself, consider the type of work you plan to be doing and how important clothing is to you. Consider how many of each item of clothing you will purchase in a year and multiply this by the cost per item. **BE REALISTIC!**

Item	Quantity required	Average Cost	Total
Shirts		\$	\$
Jeans		\$	\$
Cotton/Dress Pants/Skirts		\$	\$
Outdoor coats		\$	\$
Swimsuits		\$	\$
Shorts		\$	\$
T-shirts/Tops		\$	\$
Suits/Sports Jackets/Dresses		\$	\$
Pajamas		\$	\$
Underwear/Socks/Ties		\$	\$
Runners/casual shoes		\$	\$
Dress shoes/boots		\$	\$
Sports clothing		\$	\$
Total for one year			\$
Divided by 12 for Monthly Total Cost of Clothing =			\$

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HOUSEHOLD MAINTENANCE AND FURNISHINGS

Be sure to allow some money for routine maintenance and repairs, approximately \$150 per month for an average household.

TOTAL MONTHLY COST OF HOUSEHOLD MAINTENANCE: \$ _____
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CHARITIES AND GIFTS (Complete separately from roommate.)

How much would you donate per month to your church, synagogue, mosque and charities? What about gifts to your family and friends? How much do you spend on birthday gifts and Christmas gifts? Think honestly about it, add it all up and divide it by 12 to determine a monthly amount you would need to set aside in order to afford to continue to do this.

TOTAL MONTHLY COST OF DONATIONS AND GIFTS: \$ _____
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OTHER INSURANCE (Complete separately from roommate.)

Tenant and vehicle insurance are included with previous calculations but Life, Health and Disability Insurance must be considered as well (\$20 - \$40 per month).

TOTAL MONTHLY COST OF OTHER INSURANCE: \$ _____
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HEALTH CARE AND HYGIENE

(Complete separately from roommate.)

Most people living and working in Alberta get universal access to hospital and medical services under the Alberta Health Care Insurance Plan (AHCIP). Currently, (as of Feb. 1, 2013) your Alberta Health Care is paid for by the government. Depending on where you work, your employer may pay or offer benefit packages such as Blue Cross and flex accounts that allow for a certain amount of money to be put into an account for you to access for dental or medical expenses. However, if you do not have a good benefits package from your employer, you will have to pay for all your medical expenses yourself.

Be sure to allow money in your budget for prescription and over the counter medications. If you are on a monthly prescription, don't forget to add this amount.

Also allow a budget for the dentist and optometrist. One visit to the dentist including a check-up x-rays and teeth cleaning is approximately \$330. You should see your dentist yearly! One visit to the optometrist is approximately \$120. You should see your optometrist once every 2 years normally or once a year if you're wearing contact lenses.

Divide the annual total by 12 to determine the month totals.

	Annual Total	Monthly Total
Dental		
Medications (prescription and over the counter ie. Advil)		
Toiletries (shampoo, deodorant, toothpaste, etc.)		
Make-up, haircuts and hair products (ie. Gel, hairspray)		
Dry-cleaning (if you have suits or dress pants they need to be dry-cleaned)		
Optical (eye exams, glasses, contacts, solutions)		
TOTAL MONTHLY COST OF HEALTH CARE AND HYGIENE: \$ _____		

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RECREATION AND ENTERTAINMENT

Recreation is a highly personal item, which reflects personal values. It is important to budget for all non-work activities. In this section, plan for such things as concerts, athletics or social club memberships, skiing, travelling, hobbies, buying a boat or other recreational equipment, music lessons, movies, videos, parties, etc.

For this section, try thinking about what you spend on an average month for some of the areas listed and then multiply it by 12 to see how much it adds up to in a year! (You may find that you get a more accurate and honest result doing it this way.)

	Annual Total	Monthly Total
Movies, videos, concerts (What do you spend on an average month? Multiple that by 12 to see how much that would that be for the year?)		
Restaurants (eating out, food court, cafeteria, Starbucks, Tim Hortons) (What do you spend on an average month? Multiple that by 12 to see how much that would that be for the year? Surprised?!!!)		
Memberships (These are usually paid monthly. Do you belong to a gym or having a monthly membership at a tanning salon? Multiple this amount by 12 to see what it is costly you yearly.)		
Magazine or newspaper subscriptions (Paid yearly usually so divide by 12 to get a monthly amount.)		
Travel (Do you take an annual holiday? How much would it cost? Put the total amount under annual total and then divide it by 12 to see how much you'd need to set aside each month.)		
Hobbies (Do you have any hobbies that you need to buy supplies for or you need to get additional training?)		
Pets (Pets are expensive, especially if you are considering a dog or cat. A yearly trip to the vet with vaccinations is approximately \$150 - \$200 depending on the animal. If you have an average size dog, you can plan on spending \$50 per month on food, bones, toys, etc.)		
Sports activities and equipment (Do you plan on continuing to play soccer, hockey, basketball or another sport? Think about the cost to play and the necessary equipment you will need to calculate the costs.)		
TOTAL MONTHLY COST OF RECREATION: \$ _____		

As you can see, it costs a lot of money to have all the 'extras' in life! How does this section reflect your personal values?

SAVINGS

When you do move out, what do you think you will be saving money for? List three or four specific items and their approximate value:

1. _____
2. _____
3. _____
4. _____

Remember you should always save money for emergencies such as a car accident, death of a family member, loss of a job, unexpected medical bills, a different lifestyle, etc. Taking these things into consideration as well as the items you listed above that you would like to save up for, how much money would you need to save per year? Divide the total amount by 12 to determine how much you would need to set aside on a monthly basis. (NOTE: It is recommended that a person sets aside at least 10% of their income each month and puts it into a separate savings account.)

TOTAL MONTHLY SAVINGS: \$ _____

MISCELLANEOUS

What else do you spend your money on each month?

Smoking/Alcohol	\$ _____
Education	\$ _____
Books/Magazines	\$ _____
Household Cleaning Supplies	\$ _____
Tools/Repairs, etc.	\$ _____
Other	\$ _____
TOTAL MONTHLY COST MISCELLANEOUS: \$ _____	

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SUMMARY OF TOTAL MONTHLY EXPENSES

Using the preceding sheets, complete the chart below to add up the total monthly cost for you to live in the lifestyle you would like.

*The MOVING IN cost from page_____ is only a one-time expense the first month you move out so we will not include it in this total.

Housing	Page 10	\$
Transportation	Page 12	\$
Food and Household Supplies	Page 13	\$
Clothing	Page 14	\$
Household Maintenance and Furnishings	Page 14	\$
Insurance	Page 14	\$
Charities and Gifts	Page 14	\$
Health Care and Hygiene	Page 15	\$
Recreation and Entertainment	Page 16	\$
Savings	Page 17	\$
Miscellaneous	Page 17	\$
Total Monthly Expenses		\$
Net Income (page 3)		\$
Difference		\$

If the difference is positive you can afford your lifestyle, if it is negative you will need to cut back!

Can you afford your lifestyle? YES NO

If no, what can you change in order to have a balanced budget?

If yes, what will you do with the excess money?

What have you learned from this project?
