



## Keeping Your Balance

After watching the *JA Economics for Success* Session 3 volunteer video, reflect on the lesson and review the concepts and vocabulary. Complete the following budget activity. You may also be assigned the math skills practice problem or choose to practice it on your own.

### Think About It:

- Why do taxes come out of a paycheck? How much is typically withheld in taxes?
- How much money can a teen expect to earn at a first job?
- How can you balance spending now and saving for the future?
- How do people stick to a budget?

### Try It:

Create a budget. Check off the boxes as you finish your work.

- Use a job search website or local want ads to find a job that you could do with your skills and experience. If there is nothing currently available, research the pay in your area for jobs you can do, such as babysitting, lawn care, tutoring, or bagging at a supermarket.
- Calculate your pay. If you worked 20 hours a week at that pay rate, how much would your pay be every month? That is your gross, or base, pay.
- Use an online tax calculator such as <https://www.bankrate.com/calculators/tax-planning/payroll-tax-deductions-calculator.aspx> to determine your net monthly income, or NMI. NMI is your gross pay minus tax deductions.
- On a clean piece of lined or graph paper, list your current expense categories. Use this list as a guide:
  - Savings
  - Phone and Internet
  - School supplies
  - Sports or club fees
  - Clothing
  - Personal care (hair products, grooming, medications)
  - Transportation
  - Entertainment and eating out
  - Donations, tithes, or charity
- Using the NMI you calculated, decide how much you might spend in each of these categories. You probably won't be able to afford everything. Think about what you value most and what you are willing to give up—that's the *opportunity cost*: choosing to spend more on some categories and less on others.



- If you need some help deciding how much is the right amount to budget for different expenses, ask an adult or check out an online budget calculator such as the one at <https://moneyfit.org/budget-calculator>.

### Practice Your Math Skills:

If you spend more than you earn and do not balance your budget, you have a deficit. Deficit spending is dangerous and can cost you a lot in the long run. Subtract all of your projected expenses from your net monthly income. Did you come out ahead or spend too much? What percentage of your income was left after budgeting? Calculate that percentage by dividing the remaining (unbudgeted) amount by your NMI.