

1.2 Living in a Global Economy

A budget is a means of tracking income (money that is received) and expenditures (money that is spent). After high school, students will either continue their education (at a university or technical school) or join the workforce (at a business or as part of the military).

What do you plan to do after graduation? _____

Conduct some research to find out what your income will be. If you plan to join the military, ask a recruiter or conduct an internet search. If you plan to attend college, how will you support yourself? Many college students receive grants and take out loans.

Next, calculate your expenses. Your expenses should be accurate. If you plan to have cable television, for example, call up your local cable company and ask for prices on various packages (and do not forget to ask for the total including tax).

Source of income:	Total monthly income (after taxes):
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Monthly Expenditure	Cost
Rent/Housing	
Electricity	
Gas	
Cable/Satellite Television	
Transportation	
Groceries	
Clothing	
Entertainment	
Other	
	Total:

Are you over or under budget?

It is important to save your money for retirement and emergencies. Even though you may pay your bills every month, if you do not save money, what will happen if an emergency occurs (e.g., your car breaks down, you are injured and cannot work, your job is terminated)? These possible emergencies are examples of *contingencies*—possible future circumstances (which can be good or bad). Many people find themselves in bad financial situations due to their failure to plan for contingencies. Given your circumstances, for what contingencies might you need to prepare? How do you plan to prepare yourself?