

Salary and Tax Summary- Part-Time Jobs

Directions for Station Manager for assigning a part-time job

- Teens pick a number between 1-16
- Assign the teen the job associated with that number
- Do not allow teens to see the salary information before choosing a number
- Salaries are based on working 10 hours a week

	Part-time Job	Yearly Salary	Monthly Salary	Total Tax (10% Deduction)	Monthly Net Pay
1	Fitness Instructor	\$9,600	\$800	\$80	\$720
2	Babysitter/Childcare	\$6,240	\$520	\$52	\$468
3	Cashier	\$6,720	\$560	\$56	\$504
4	Club & Youth Center Staff	\$6,780	\$565	\$56	\$508
5	Coach	\$4,608	\$384	\$38	\$345
6	Fast Food Worker	\$3,360	\$280	\$28	\$252
7	Musician	\$9,940	\$828	\$83	\$745
8	Lawn Care	\$4,800	\$400	\$40	\$360
9	Maintenance Engineers	\$7,700	\$642	\$64	\$578
10	Package Handler	\$6,240	\$520	\$52	\$468
11	Retail Sales Clerk	\$7,800	\$650	\$65	\$585
12	Ride Share Driver	\$7,680	\$640	\$64	\$576
13	Security Guard	\$13,200	\$1,100	\$110	\$990
14	Server	\$6,720	\$560	\$56	\$504
15	Tutor	\$14,400	\$1,200	\$120	\$1,080
16	Web Developer	\$15,840	\$1,320	\$132	\$1,188



BANKING AND INVESTING

Station Manager Guidelines

Banking and Investing

At your station, teens will open a checking and savings account, and have the opportunity to invest and make any student loan payments required for their chosen occupations.

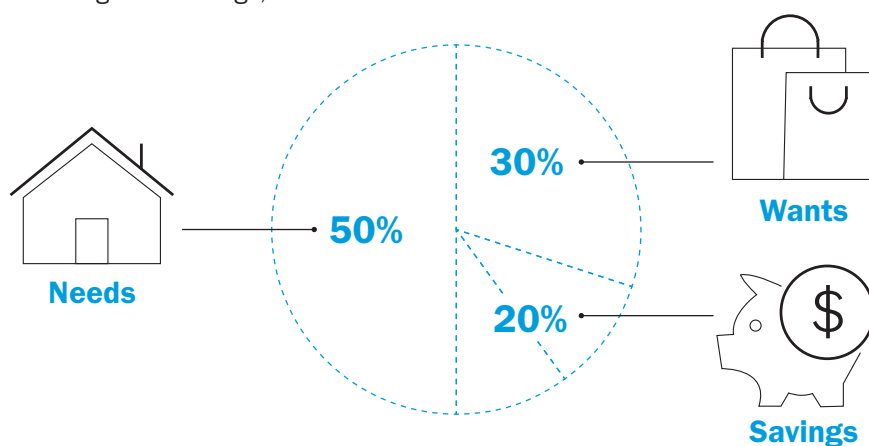
General Guidelines

- To make the experience as realistic as possible, allow each teen to complete their own Budget Tracking Form and do the math calculations using calculators or devices with calculators. Feel free to assist if teens need help with any of these tasks.
- If teens need to make a withdrawal from their savings accounts, they come to this station to have the transaction recorded.
- If a teen has little or no funds remaining and still has several stations to visit, encourage them to go to the Financial Counseling Station for advice.

Be sure to write your initials in the appropriate column of the Budget Tracking Form, confirming that the teen has visited this station.

Banking Guidelines

- Prior to the event, Personal Profiles and Budget Tracking Forms were distributed to all teens. Teens should have selected or been assigned occupations and made “deposits” in their Budget Tracking Forms equal to the amount of one-month’s income. The figure deposited should reflect the net (after-tax) amount. If taxes have not been withdrawn, please do so at this time, using the appropriate figures listed on the Salary and Tax Summary.
- Encourage teens to apply the 50/30/20 rule of thumb. This means that 50% of their net income (take-home amount) should be spent on needs, 30% should be spent on wants and 20% should go into a savings account for short and long-term savings. Half of the 20% savings is for short-term savings and the other half is for long-term savings, such as retirement.



- Explain that short-term savings should be used for things like emergencies, a vacation or a bigger expense they want to save for to purchase within the year. Long-term savings should not be used until the future for retirement, and should not be considered for meeting day-to-day expenses. Investments should be considered long-term savings where money can grow over time and create a nest egg for when they are ready to retire.
- Encourage teens to deposit 10% of their savings into a short-term savings account and the other 10% into an investment portfolio. Tell them although investing is optional in Reality Store, they will be able to see how much money they could earn from investing if they do choose to invest.
- If a teen has a working spouse, they may choose to deposit the spouse's salary as well. This teaches teens not to become dependent on a second salary in case it is not always available.
- Each teen's Personal Profile indicates the level of education (degree level) required for a chosen occupation. The chart on the Banking Expense Summary indicates the monthly student loan payment associated with the degree level. The Salary and Tax Summary also lists the education required for each occupation listed. Explain to teens why they may have student loans to be repaid and ask them to deduct the appropriate amount from their Budget Tracking Forms.
- If a participant is a single parent, and has children who do not attend school (age 5 or younger), direct them to the Childcare Station, since they will need childcare.
- If a participant is adding a spouse's income, check to see if the children are old enough to attend school (age 6 or older). If not, direct them to the Childcare Station, since they will now have to pay for childcare.
- Teens may return to the Banking and Investment Station for a variety of reasons during their Reality Store experience, so be prepared to give them advice. They may need to add a spouse's income, transfer money from their savings to checking accounts (or vice versa), record a raise in salary, or get a loan. Be prepared to assist them in recording these transactions.
- If teens receive a raise in salary or bonus, explain to them this is extra money, and encourage them to put this in their savings account for the future.
- If teens need to get a part-time job (they can have one part-time job in addition to their full-time job), direct them to the Careers and Salaries Station for information.

Banking and Expense Summary

Savings Account

- Single Person: 10% of net salary
- Married Person (with a non-working spouse)
- Married Person (with a working spouse): 10% of net salary (encourage teens to save most of the spouse's salary)

Student Loans

The following is a list of degrees and student loan payments for each. The teen's Personal Profile should list the education (degree level) required for the occupation. Identify the appropriate student loan cost on the chart. The interest rate is 4.53% to 6.08% (the maximum allowable).

Degree	Total Loan	Years to Pay	# of Payments	Interest Rate	Monthly Payment
HS - High School Diploma or GED	\$0	0	0	0	\$0
TECH—Technical Degree	\$10,000	20	240	4.53%	\$63
ASSOC—Associate's Degree	\$13,800	20	240	4.53%	\$88
BACH —Bachelor's Degree; B.A. or B.S.	\$28,500	20	240	4.53%	\$181
GRAD—Master's Degree (MA/MS), Professional Degree (JD), and/or PhD	\$66,000	20	240	6.08%	\$476
MED — Medical Degree or equivalent (medical, dental, veterinarian)	\$197,000	20	240	6.08%	\$1,420

Note: though most federal student loans have ten year repayment terms, the average time to pay them off is closer to 20 years due to income adjustments, extended/graduated repayment, refinancing or loan consolidation.

Investment Guidelines

- Be prepared to advise teens that investments are an important long-term saving plan that is associated with a level of risk. Investing can be used for the education of their children, for their retirement, and for financial security throughout their lives. In this case, they will invest for retirement.
- Remind teens that they should begin planning for retirement in their early years. Encourage them to contribute to a 401(k) or Retirement Account.
- Explain that investments should be considered long-term savings and provide limited accessibility to meet day-to-day expenses. Using the 50/30/20 rule, 20% of net income should go to short- and long-term savings--half of the 20% savings is for short term savings and the other half is for long term savings, such as retirement.
- Have teens who choose to invest record their investment amount and portfolio on their Budget Tracking Form. They will subtract the amount from their checking account on the Banking and Investment Station-Investment Portfolio line. Additionally they will record their type of investment portfolio in the section underneath their savings account.
- Tell teens who choose to invest that they will find out the amount of their nest egg at the end of 20 years for one years' worth of investing at the last station in Reality Store, The Teen Evaluation Station. Once they find out the amount they can record it under My Nest Egg Amount on the Budget Tracking Form.

Investments Expense Summary

Below are three hypothetical types of investments. The rate of return on the investments will vary with the degree of risk involved and length of time it is invested. In this case, all investments will be made for 20 years.

Generally the higher the risk, the higher the opportunity for gains or for losses. The lower the risk, the lower the opportunity for gains or losses. Teens may purchase one or more types of investment vehicle.

- Low Risk Portfolio-Cash in a low interest account
- Medium Risk Portfolio-Stocks, bonds and cash
- High Risk Portfolio-Stocks only

Teens can choose to invest or not invest. If they choose not to invest they will not have money for retirement that will grow with interest over time, and create a nest egg for them.

Investing Guidelines

Teens who choose to invest should invest approximately 10% of their net income into a retirement program. They will not have access to these funds for the rest of Reality Store. At the last station, the Teen Evaluation Station they will find out their nest egg for retirement. Have teens find 10% of their monthly net salary on the following table. Round down to the closest amount.

Net Monthly Salary	10% Suggested Amount for Long-Term Savings
\$1,000	\$100
\$2,000	\$200
\$3,000	\$300
\$4,000	\$400
\$5,000	\$500
\$6,000	\$600
\$7,000	\$700
\$8,000	\$800
\$9,000	\$900
\$10,000+	\$1,000

Investment Profiles

Teens will also need to pick a High, Medium or Low Risk Profile. Riskier options can provide higher returns but can also provide higher losses. Low risk options are generally safer, but don't offer the opportunity for bigger gains.