**Student Guide: I Am Gonna Move Out**

<Blog Post Date: November 21, 2019>

A Lesson in:

* Income
* Costs and Benefits
* Taxes
* Labor Changes

**Your Thoughts Before Reading:**

1. **Have you ever considered what it will be like to live on your own?** What kinds of things have you contemplated when envisioning living solo? Have you ever threatened moving out? Do you think that would work out in your favor financially- based on your income right now? Why or why not?

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1. **What types of expenses would you have living on your own?** What kinds of things would you have to give up in order to make ends meet? Would you have to sacrifice anything to ensure that all of your bills would be paid? How would your standard of living compare to that of what you experience right now, living with your financial guardian’s household?

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| **Expenses** |  |
| **Give up/ Sacrifice** |  |
| **Standard of Living** |  |

1. How much money would it take for you to live on your own? How do you know this?

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1. **Many teens today hope to move out of their parent’s home and into a comparable living environment, sacrificing no standard of living.** *Let’s take a moment and run some numbers.* At minimum wage- worst case scenario… how much will you make working 40 hours a week at the federal minimum wage of $7.25 an hour?

**Understand that working 40 hours a week is difficult to do going to school full time- especially in the state of Florida.** Use the guideline at the Department of Labor’s site (<https://www.dol.gov/whd/state/nonfarm.htm>) to look at “*Wage and Hour Division*” permitted for minors, and those in school full time. Have you considered that school takes away several hours a day for potential work time?

Now calculate your weekly wages at Florida’s minimum wage: $8.46. After finding your weekly pay, take time to calculate your monthly pay by multiplying your weekly wages by 52 weeks in the year. After, figure the monthly pay by dividing by 12 months in the year.

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|  | **Hourly Minimum Wage** | **x 40 hr work wk** | **x 52 weeks a year** | **/12 months a yr** |
| **Federal** | $7.25 |  |  |  |
| **State** | $8.46 |  |  |  |
|  | *Lowest legal wage an hour* | *Income per week* | *Annual Income* | *Monthly Pay* |

1. Do you realize these numbers represent working 40 hours a week, without time off. What if you get sick and cannot work? What if you want a vacation or some time off? When you are reliant upon that money, you do not have the flexibility to take time off work.

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| **Thoughts about vacation time, or time off from work:** |

1. **But wait…..** Did you know those figures represent your *gross income*? This means that you haven’t paid the government the required income taxes that all wage earners must pay. You must calculate and remove your taxes to find the *net income* that you are left with. If you earn an income in a state other than Florida, you may also have to pay state income tax. Use the site SmartAsset to find out how much of your hard earned “dough” goes to the government. <https://smartasset.com/taxes/florida-paycheck-calculator> Look for the **Florida Paycheck Calculator** to help you. Working at minimum wage, expect to keep about 87% of your income- if you work 40 hours a week- for the year.

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|  | Reported Number | Percent Remaining |
| Income: |  | 100% |
| Income After Taxes: |  | % |

**During the Reading with Newspaper in Education:**

1. Read the article, **“ ‘Modest’ Two-Bedroom Apartments Not Affordable”** from the *Tampa Bay Times*, and determine why minimum wage earners are struggling to pay for their own place.

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1. What does it mean when the article refers to a “modest apartment?” What does “modest” mean to you? How does your idea compare to the federal government?

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|  | *“Modest Two-Bedroom Apartment”* |
| **My thoughts** |  |
| **Federal Government** |  |

**After the Reading:**

1. Re-examine your answers to number 2 and 3 above and assign a dollar amount to each of your expected expenditures. Total up your costs and infer how much money you will have to earn at a minimum each month to keep this predetermined standard of living. Florida has set their state minimum wage at $8.46 an hour. How many hours would you have to work at this rate to pay your monthly bills? Don’t forget to remove taxes when anticipating your income. Any thoughts about these numbers?

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| **Total Monthly Expenditures:** |  |
| **Required *Minimum* Monthly Income:** |  |
| **Number of hours to work at $8.46 /hr** |  |
| **Thoughts:** |  |

1. **Share your expenditures list and your work findings with a partner.** Did you forget any expenses? Did either of you remember to take out taxes, FICA medicare, or social security? At 40 hours a week, working for a full 52 weeks of the year, the federal tax rate is 12%. Did you figure your income correctly? Swap papers and check your partner’s work.

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| **Write your opinion about your partner’s calculations. Would you recommend your classmate live on their own?** |

1. Did you know financial planners recommend that your household expenditures, stay at or below 30% of your income- after taxes. Calculate the 30% of your net income that will be used for housing. Find the additional 5-10% for your utility expenses. What can this amount of money buy in your town?

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|  | **Your Budget** | **In My Town:** |
| **Net income** |  |  |
| **Household Expenditures (30%)** |  |  |
| **Utilities (5-10%)** |  |  |

1. Would you consider what you *can afford* to be modest living? Why or why not?

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1. In conclusion, do you think it is a good idea to move out on your own while you are still in school? What about moving out upon graduation from high school? Why or why not? Support your ideas with your calculations from above.

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***Extension:*** Explore the apartments that are available for rent in your area by conducting a search online. How many can you find that meet the federal government’s idea of “modest housing?” Create a brochure designed to attract the attention of teens on how far their paycheck may take them without help from Mom and Dad.