

Cost of Living

Vince Shorb, a financial literacy advocate, writes:

What type of lifestyle do you want? How much is enough? That is entirely up to you and is determined by the lifestyle you want to live.

You may want to live like Diddy and have \$500,000 cars, the latest fashions, a couple of mansions, personal assistants, an airplane, and also throw lavish parties - that's chill. In that case, you will need a lot of money.

Many people just want to have enough money to be financially free... to do what they want, when they want, but not splurge on the excesses.

And yet other people want to live a simple life, content with working and having enough for basic necessities. The great thing is that you get to decide. There's no right or wrong answer. What type of lifestyle do you want?

Here are some options:

- **In the Poor House** – Broke, hungry, can't afford to pay bills, trying to get out of debt, worried that your car will be repossessed, forced to borrow money from family and friends to survive, can't afford to heat your home when its cold out...

- **Just getting by** – This is where most Americans are right now. They have enough to pay the bills now, but they are one paycheck away from the poor house.

- **Safe and Sound** – You have a solid budget that you can stick to, can afford to pay your bills and are not racking up debt. In fact being safe and sound means you do not have debt (besides debt used to purchase appreciating assets – real estate, businesses, other investments), paid off any student credit card debt. It's a good feeling knowing you have money set aside for a rainy day – job loss, medical expenses, car repairs. You're safe and sound as long as you maintain this lifestyle.

- **Financially Free** – This means you can do what you want, when you want. If you want to work, you can, but you don't need to since you have the freedom to take time off for yourself or family. You still have to live within a certain budget, but you can afford most of the things that you want. Financially responsible people can easily achieve '[financially free](#)' status. That will enable you to retire young, and fully enjoy life.

- **Master of Money** - Money is no object; you travel the world and buy anything you desire. Yet, some people that live this lifestyle are not happy with their lives. I know it's hard to believe, but it's true. That is why it is important to balance the art of achieving financial mastery with living a happy and healthy life.

When you have enough money that you're financially independent and your basic needs are met - your entire life improves. Money does not buy happiness however it is proven that people that [have enough money](#) to have their basic needs met have lower stress, better relationships and live a more rewarding life.

"Waste your money and you're only out of money, but waste your time and you've lost a part of your life." –Michael Leboeuf

Cost of Living cont...

There are a number of expenses you will have to account for as an adult. For example, you will need a place to live and that costs money. You can use public transportation to get around town, but you may want a car. In the following activities, you will see how quickly it all adds up. It's never too early to plan for the lifestyle you want.

A. Housing and Furnishings

Where do you want to live (city, town, state)? _____

Type of Housing (apartment, rental house, own house, luxury home, farm): _____

Monthly Payment or rent _____

Monthly property taxes _____

Monthly insurance _____

Utilities: Gas, Electricity, Water _____

Maintenance _____

Furnishings _____

Total Housing Costs _____

B. Transportation

How would you like to travel to and from work (walk, bike, bus, car)? _____

If you want to own your own car:

Monthly car payments _____

Insurance _____

Gasoline _____

Maintenance _____

If you prefer public transportation:

Public Transportation _____

Total Transportation Costs _____

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C. Clothing

Talk with your mentor to see how much they spend on clothing. Think about how much you spend on clothing each year. To determine your monthly clothing budget, take the total and divide by 12.

Monthly Clothing Costs _____

D. Food and Sundries

Sundries include personal items like soap, shampoo, deodorant, etc., as well as cleaning supplies, toilet paper, and paper towels.

Use the information below to determine your food budget:

For a male, **aged 19 - 50 years**, budget the following for food PER WEEK:

- Thrifty food plan = \$36.60,
- Low-cost food plan = \$47.30
- Moderate-cost food plan = \$58.50
- Liberal food plan = \$71.60

For a female, **aged 19 - 50 years**, budget the following for food PER WEEK:

- Thrifty food plan = \$32.90
- Low-cost food plan = \$41.20
- Moderate-cost food plan = \$50.30
- Liberal food plan = \$64.80

Monthly Food Costs _____

Monthly Sundries Costs _____

Total Food & Sundries Costs _____

E. Recreation and Entertainment

You need recreation and entertainment to make life fun. Things to consider when calculating your monthly budget are: dining out, entertaining friends, movies, concerts, sporting events, books, newspapers, magazines, music, videos, and hobbies.

Total Monthly Recreation and Entertainment Costs _____

Cost of Living Worksheet

How much money do you need to earn in a year to live your desired lifestyle?

Enter the monthly amounts from each of these categories:

Housing	_____
Transportation	_____
Clothing	_____
Food & Sundries	_____
Recreation & Entertainment	_____
Subtotal	_____
Taxes (add 30%)	_____
Total Monthly Living Costs	_____
Multiply by 12 Months	_____
Annual Income Needed	_____

Note: This does not include health, child care, savings and miscellaneous expenses.