

 **BUILDING BLOCKS STUDENT WORKSHEET**

Saving each payday

Saving money is a step toward financial well-being. No matter how much you earn, you can get into the habit of saving part of each paycheck. Doing this helps you steadily build your savings so you can afford big purchases or cover unexpected expenses.

Instructions

- 1 Read through the work scenario below.
- 2 Calculate how long it would take to save for a car if you were to save 20 percent of your net income.
- 3 Answer the reflection questions.

Work scenario

You've been hired as an assistant manager for a new movie theater. For this full-time job, you'll earn an annual salary of \$37,000. Your first day of work is January 1, and you're paid bimonthly, on the 14th and 28th of each month (or the Friday before, if those dates fall on the weekend). Deductions from your paycheck (for example, taxes and Social Security) are 30 percent of your gross (total) income.

You still live with your parents. The theater is a 45-minute commute by bus, so you want to buy a car once you can save enough money. You've seen several cars that meet your needs that cost \$4,500.

NOTE

While this activity uses 20 percent for savings, a rule to live by for many people is to save 10 percent of their net income. The important thing is to decide what savings amount works for you at different points in your life.



3. What might be a good savings rule to live by for your situation? How did you decide on that percentage?

4. What plan could you put in place to reach your savings goals? How could you keep yourself motivated to stick to your plan? List some ideas.

5. What are some things you can do to increase the percentage you're able to save? List some ideas.