
session 4--the cost of your life

Objective

- This session is designed to get youth thinking about what the life they want is going to cost when they move out on their own. For example: Have them consider how their career choices will affect the kind of life they want?

Verses

- Ezra 10:4, 2 Chronicles 1:12, Job 12:13, Psalms 49:3

Open in prayer

- Pray that your students begin to realize that life is full of responsibility, but it is also a lot of fun!

Review last week's lesson

- Ask your youth if their Emergency Fund is growing. Keep encouraging them to save, save, save! There are a few more discussion questions reviewing last week's lesson at the end of this session.

Session Overview

- The Cost of your Life takes a realistic look at life after living with their parents. It's a wake up call to rent, utilities, insurance, and other responsibilities they may not have thought about thus far. This session is great for your high school juniors and seniors heading out on their own.
- Have the youth use the chart on page 22 to get some quotes from different places to see what life might really cost them.
- You can consider bringing in newspapers for the students to thumb through to find apartment cost, job possibilities, and look for cars, too. Have them go home and actually call on some places to get some quotes to bring back with them the next week. If you prefer to have them search for these things during the session hour, go ahead and choose the second activity for this lesson in the 'Activity' folder.

THERE IS NO VIDEO FOR THIS SESSION

- This lesson is meant to be a 'thinking/discussion/activity' lesson for your students.

Discussion/Activity

- There are two activities for this session. One can be done at the beginning of the hour, and if you have time, one can be done at the end.
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ACTIVITY FOR THE COST OF YOUR LIFE

Which candy bar are you?

Length of time: 10 minutes

Materials: 5 types of candy bars: Payday, 100 Grand, Nestle Crunch, Zero, and Milk Duds.

Objective

- To give the kids a real-life view of what the typical American family faces in today's society.

What to do

- Prior to the class, determine the amount of candy bars you'll need by using the following example: multiply the total number of youth by the percentage below. For instance, if you have 10 kids in your class, Payday would be 2%, so you'd take 10 times 2% and get 1 candy bar. (just round up to the nearest whole number when you get a decimal). Add up all of the bars and that's how many you'll need for the group. You may need to get a few extra, just in case...

CANDY BAR	PERCENTAGE	EXAMPLE FOR 10 KIDS
Payday	2%	1
100 Grand	10%	1
Nestle Crunch	70%	5
Zero	16%	2
Milk Duds	2%	1

- Throw all the candy bars into a bag and allow the kids to reach into the bag and pull one out without looking. (If they don't like the kind they get, they can switch with someone else after the activity) They can eat the candy bars, but have them hold onto the wrappers.
- Use the following table to expose which 'people group' they are a part of.

KIND OF CANDY BAR WRAPPER	PEOPLE GROUP
Payday	Who wants to be a millionaire
100 Grand	Debt-Free, Livin' large
Nestle Crunch	Normal-broke, busted & disgusted
Zero	Bankrupt-zero, zilch, nada
Milk Duds	Financial Death

PAYDAY—You did it! You're a millionaire!

- Statistically speaking, you represent a portion of society that adheres to the game plan, avoids debt, invests early, and is wise with their resources.

100 GRAND—Debt Free and Livin' Large.

- You received a college scholarship, paid cash for your car, your house is paid off, and you have a fully funded Emergency Fund.
- You started saving for retirement a little late, but other than that, you're looking good.

NESTLE CRUNCH—Normal-broke, busted, and disgusted.

- 23 year old college graduate
- Total debt: \$30K
- Annual income: \$25K
- Monthly take home pay after tithe: \$1,575
- Total monthly expenses: \$1,170
- You'll have to save for 3 months to get over \$1,000 in your Emergency Fund.
- It will take you more than 70 months or 6 years to pay off your \$30K debt.
- If this is NORMAL, I'd rather be WEIRD!!!

ZERO—Bankrupt-zero, zilch, nada! This is the American Dream?

- Married, 26 years old, 2 kids, and a dog.
- Total combined debt: \$60K
- Car loan: \$32K (2 new cars); School loan: \$20K; Credit Card: \$8K
- Annual income: \$50K
- Monthly take home pay after tithe: \$3,150
- Total monthly expenses: \$2,840
- You'll have to save for 1 year to get over \$1,000 in your Emergency Fund.
- It will take you 193 months or 16 years to pay off your \$60K in debt.
- By the time your kids are ready to go to college, you are 42 years old, you're still paying off debt and you have no money left in the bank. You think you can't make it, so you file bankruptcy and possibly divorce (90% of divorces stem from financial disagreements).

MILK DUDS—Death by credit card

- Your life is a DUD at this point.
- The stats are the same as the ZERO—The American Dream—just add another \$100K to the credit card debt.
- Too much pressure, you've lost all hope.

Activity Questions

- Did you know that 70% of Americans live paycheck to paycheck?
 - What's the leading cause of divorce? (money-related problems)
 - Where do you want your life to be in the next few years? How will you get there?
-

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chew on this:

Looking towards the future is exciting, isn't it? Going to college, having a career you really enjoy, starting a family...life is full of opportunities right now. So, you have to be smart from the start.

The deal is this: most young adults, within the first five years of entering the workforce, try to achieve the same level of lifestyle as their parents. Lofty goals, but the reality of it is that it took their parents *30-40 years* to get there!!

Here are some things to think about and research before you pack up your stuff and move out on your own.

how will you pay the bills?

The objective in this lesson is to get you thinking about the kind of lifestyle you want and how much it will cost. If your dream job can't pay the bills, what adjustments will you make? Will you get a second job? Will you switch careers and do something else? How will you tweak your lifestyle? Will you change the car you drive, the neighborhood you live in or the size of your apartment, where you shop, and how often, or if, you eat out?

These are the kinds of things you'll need to be thinking about very seriously while considering the next few years of your life. The best way to start thinking about stuff like this is to research how much the life you want will really cost.

Hint: Seek wise counsel while researching. The Bible says there is wisdom in a multitude of counsel (Proverbs 11:14). That doesn't mean to go around asking every single friend you've ever known what they think...get advice from people you respect and trust and who really know you. Go talk to

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some gray-haired people, too--they have a unique perspective; they can look back on life and see much clearer the decisions they made that were wise and not-so-wise.

You can use the chart on page 20 to jot down the quotes you will collect in this section.

q & a

Of course, you'll need a **place to live**, hang out with your friends; watch TV, read a good book. So...

- ◆ Where will you live?
- ◆ Will you rent or live on a college campus? Will you have roommates?
- ◆ How will you pay for housing?
- ◆ Research some actual prices in places you think you'd like to live.

You'll also need to financially cover your property in case of fire, loss, or theft. So, for **renter's insurance**, you'll want to consider...

- ◆ Getting 2 or 3 quotes on replacement cost renter's insurance for \$15,000 worth of stuff.
- ◆ How will your stuff be insured if you're living in a dorm at college? How about your parents' homeowners policy?

Unless you are a full-time college student, many **health insurance** companies drop you from your parents' policy when you turn 18 (some are different, be sure to check this out carefully).

So, you'll need to shop around for your own inexpensive, quality health coverage.

**quick tip--check with your employer to see if you are eligible for a group plan through their company.*

- ◆ For how long will you be covered under your parents' policy?
- ◆ Have your parents sit down with you and explain your insurance before you head to college. You may want to take a copy of it with you, just in case you break a leg (literally).

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Car, truck, SUV, scooter, or whatever you drive, you'll need to insure it, too. If your parents are covering that now, great! But, when you move out on your own, your payments will move with you...like your health insurance, you'll want to shop around for the best rates/coverage for you and your car. Most states require **auto insurance**.

- ◆ What type of coverage will you have: full, minimal, uninsured motorist? Be sure you have money set aside to pay your deductible. This can either be part of your Emergency Fund or a separate car fund.

As long as you're living on your own, your payments will be your own responsibility, too. Your **utilities** will most likely include gas, electric, water, and phone. Some apartments and dorms will include gas and water in your rent, some don't. Be sure to know what's your responsibility to cover and what's not.

- ◆ Do you know what your bills will be when you move out? How will you budget for those?

If there's not a washer and dryer already in your apartment, you'll need somewhere to wash your gear. Doing **laundry** can get pretty pricey...if you don't put it in the budget. So, plan for washing those socks each week... (And don't buy new ones every week, either!!)

- ◆ Put laundry in the budget, if you don't have a washer and dryer near you.

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Heard this before: "The two things you can count on in life are death and taxes"? Your first dose of reality, among other things, is probably going to be **taxes**. If you've been working, you've already had a taste of it. It's a little bitter, but it's the way our country works. Since it's totally beyond the scope of this lesson to provide both state and local taxes, we'll deal only with federal taxes. These are just examples, mind you, so the taxes you'll be paying will probably be higher.

To determine how much you'll actually have to pay in taxes, seek the services of a qualified tax professional in your area.

2004 US Individual Federal Income Tax Rates

How to figure federal taxes

Personal exemption: (2004 projected) \$3,100

Single making \$30,000 gross/year

2004 (projected) US individual federal income tax rates

single		
taxable income	pay +	% (on excess)
\$0-7,150	\$0	10
\$7,151-29,050	\$715.00	15
\$29,051-70,350	\$4,000.00	25
\$70,351-146,750	\$14,325.00	28
\$146,751-319,100	\$35,717.00	33
\$319,101 or more	\$92,593.00	35

standard deductions for 2004 (projected)	
single	\$4,850
married filing jointly	\$9,700

tax table courtesy of tax alternatives

gross income	\$30,000
personal exemption	-\$3,100
standard deduction	-\$4,850
taxable income	\$22,050
$22,050 - 7,150 \times 15\% =$	\$2,950.00 taxes

so, if your salary is \$30,000, you'd pay \$2,950.00 in taxes, leaving you with \$27,050.00 take-home pay for the year.

Full written-out math on the tax table:

It's a little confusing (unless you're a CPA, so follow along closely. If you have questions, contact our office)

Ok, your gross income is \$30K. Subtract the personal exemption, which, for this year, the projected figure is \$3,100. Subtract the standard deduction for a single person, which is \$4,850. Your figure comes to \$22,050. Here's the tricky part: since our Federal taxes are on what's called a 'sliding scale,' the first \$7,150 of the \$22,050 will be taxed 10%, which is \$715. The rest of the \$22,050 left after you subtract out the \$7,150, which you've already taxed, is \$14,900. On this amount, you will be taxed 15%. So, \$14,900 times 15% equals \$2,235. Add the two tax amounts together; \$715 and \$2,235, and you get the total amount of taxes you will pay for that year, which is \$2,950. So, if your salary is \$30,000, you'd pay \$2,950.00 in taxes, leaving you with \$27,050.00 take-home pay for the year.

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	quote 1:	quote 2:	quote 3:
income:			
tithing			
giving			
saving			
rent			
renter's insurance			
furniture			
electric			
water			
gas			
phone			
garbage			
cable			
groceries			
eating out			
toiletries			
hair care			
cosmetics			
laundry			
clothes			
car			
gas/oil			
repairs/tires			
auto insurance			
license/tags			
health insurance			
disability insurance			
doctor/dentist			
optometrist			
life insurance			
miscellaneous			

comments:
