

Gather Information

Your financial situation affects your career decisions. Early in your job search you must figure out how much money you need to survive. You can do that by preparing a budget and calculating the hourly, monthly, and/or yearly wages you need. This will help you prevent financial disasters.

In gathering information, you should look at both short- and long-term financial needs. You should also look at your skills and how they relate to job requirements and pay scales. You should also think about how you will survive while attending school or getting training. By having this information, you will be able to compare your financial needs to the salaries of the jobs that interest you when you look at careers and jobs.

Prepare a Budget

To begin identifying your financial needs and setting salary goals, you should complete a monthly budget, recording your monthly expenses and the income you earn (but not income such as public assistance, disability, spouse's income, alimony, or student loans). Follow these steps to prepare your actual financial budget and the budget you have as a goal:

Steps for Preparing a Budget

- Step 1:** List every expense, such as eyeglasses, contact lenses, books, magazines, newspapers, public parking, vacations, cable TV, and spending money.
- Step 2:** Fill in the amount of money you need for each expense and add all the amounts together. This total is the amount of money you need just to get by before taxes and deductions.
- Step 3:** Multiply the preceding total by the tax rate of 17.7% to make a rough calculation of your taxes and deductions (such as payroll deductions, approximate federal and state tax, and retirement deductions). Note that tax amounts change with your income level.
- Step 4:** Fill in the "Goal" column. Total it. This amount is your financial goal.

Calculate Rates of Pay

To calculate income, use the following methods:

- * **Hourly Rate.** To find the hourly rate of pay needed, divide the amount of money you need each month by the number of working hours in the month (173). Using the example on the next page, divide \$891 (the amount of money needed each month) by 173 (the number of working hours in the month). This shows that you would need to make \$5.15 per hour.
- * **Weekly Rate.** To find out the weekly pay needed, multiply the hourly rate by the number of working hours in a week (40). In the example, the hourly rate needed to get by is \$5.15. When you multiply that amount by 40, you see that you need to make \$206 per week.
- * **Monthly Rate.** To find the monthly rate of pay needed, multiply the hourly rate by the number of working hours in a month (173). In the example, the hourly rate needed to get by is \$5.15. When you multiply that amount by 173, you see that you need to make \$891 per month.
- * **Yearly Rate.** To find yearly rate of pay needed, multiply the hourly rate by the number of working hours in a year (2,080). In the example, the hourly rate needed to get by is \$5.15. When you multiply that amount by 2,080, you see that you need to make \$10,712 per year.

An Actual Monthly Budget

Using the steps provided earlier, prepare your monthly budget and then calculate the rates of pay you will need for both your actual budget and your goal.

Actual Monthly Budget and Goal			
Expense		Expense Amount	
		Needed to Get By	Goal
Residence	Rent	\$ _____	\$ _____
	Utilities	_____	_____
Food	Phone	_____	_____
	Groceries	_____	_____
Transportation	Eating Out	_____	_____
	Public	_____	_____
Insurance	Health	_____	_____
	Household	_____	_____
Personal	Hair Salon	_____	_____
	Toiletries	_____	_____
Medical	Day Care	_____	_____
	Clothing, Including Laundry	_____	_____
Entertainment	Doctor	_____	_____
	Dentist	_____	_____
Savings	Pharmacy	_____	_____
	Movies, etc.	_____	_____
Other	_____	+ _____	+ _____
Total	Before Taxes and Deductions	\$ _____	\$ _____
Payroll Deduction	Federal and State Taxes, Retirement, Social Security, etc.	_____	_____
Total	Necessary Monthly Income	\$ _____	\$ _____

Remember that as your income goes up, so will the amount deducted from your check for taxes, retirement, Social Security, and Medicare. To find out exactly what percentage of your check will be deducted for taxes and other programs, ask your employer.

Rates of Pay

Hourly Rate: Amount you need, divided by 173 hours _____ ÷ 173 = \$ _____/hour

Weekly Rate: Hourly Rate x 40 hours _____ x 40 = \$ _____/week

Monthly Rate: Hourly Rate x 173 hours _____ x 173 = \$ _____/month

Yearly Rate: Hourly Rate x 2,080 hours _____ x 2,080 = \$ _____/year