

Developing a Budget



Created at California CareerZone for Humboldt County. To learn more, as well as take assessments and view detailed profiles of pathways, occupations, colleges, and more, please visit: <https://humboldt.cacareerzone.org>

Overview

Forming a budget is one of the most important parts of financial success. As you first enter the workforce, or even if you switch jobs, knowing how much money you will have available to spend on different aspects of your life will help you avoid debt and possibly even save some money for a rainy day.

California CareerZone for Humboldt County can help you start thinking about your financial choices by asking you a series of questions about the lifestyle you would like to lead. As you answer each question, the system will plug in the average costs for your choice based on your selected area. While your actual expenses may vary, you will start to get a sense of how much money you will need in the future. When you are finished answering all the question, you can find occupations which might pay enough to support your desired lifestyle.

If you already have an occupation, or know what you are going to be, you can choose to budget from that starting salary. Similar to what was described previously, you will be asked a series of questions about your desired lifestyle, however this time those costs will be subtracted from your monthly take home pay. This will give you an idea of whether your desired lifestyle is sustainable with your chosen occupation.

Think about your lifestyle

As you begin your budget, the first question you will be asked is what county you live in. California CareerZone for Humboldt County will use your response to determine costs in that area when it is possible to do so. You can also enter your zipcode and the system will automatically select the correct county. Once you select an area, you will be asked nine questions about various aspects of your desired lifestyle. Those questions will touch on a variety of items as detailed below.

Housing

The first aspect of the budget is what type of place you will want to live in? There are several options you can choose ranging from living with friends or family to owning a house. As you click on the various options, the cost will appear in the box on the right. The price displayed is the average cost for the area so your actual expense may be different. If you know how much you will pay each month, you can enter it in the Monthly Cost box.

Utilities

Once you've decided where you are going to live, you'll need to make some decisions about the services you will have in your place. Power, water, and telephone are some of the expenses that go along with having a place. On this page you will have the option to check off the boxes for the utilities you will want to have.

Food

This section will ask you to think about how you want to feed yourself. The options will ask you to choose from eating the basics at home to dining out regularly in nice restaurants. California CareerZone for Humboldt County will provide you the average costs, however since yours may be higher or lower, you can enter an adjusted amount in the Monthly Cost box if desired.

Entertainment

How do you want to spend your time? A lot of options for entertainment cost money, like concerts, movies and shows. How often you go out affects how much you spend. In this section you'll be asked to choose from several options about what type of activities you like and how often you do them. If none of the options seem right, you can enter a different amount in the Monthly Cost box.

Clothes

This section will ask you to think about your clothing costs. What type of clothes will you buy and how often will you buy them? The options presented will give you a few scenarios that people may typically purchase.

Remember that this is just a guide and that some options like designer fashion can be super expensive. Depending on the label, it can cost a whole lot of money. Those prices aren't really factored in to the options presented. If you are planning on purchasing the latest trends, you'll want to think about how much you would spend in a year on clothes and enter that number, divided by 12, in the **Monthly Cost** box.

Transportation

The transportation section will ask you to think about how you are going to get around. Will you own a car, take the bus or train, or even ride your bike? Select the option that best describes the transportation you will utilize or, if you know how much your transportation will cost each month, enter that amount in the **Monthly Cost** box.

Health Insurance

Health insurance is an option that a lot of people don't think to budget for, but can consume a sizable amount of money each month. California CareerZone for Humboldt County presents several options that people typically utilize including not having insurance, having their company subsidize their insurance, and paying for coverage yourself.

As you go through this section remember, choosing the no insurance option will save you money up front but will leave you personally liable for any medical expenses you incur, and medical bills can add up quickly.

Education

Many jobs require education beyond high school and attending a college or specialized provider for training costs money. If you plan on furthering your education, you'll need to consider how you will pay for that. If you have a lot of savings or generous family members, you may avoid having any debt. Likewise, if you qualify for a full scholarship you may avoid or significantly limit the cost. However, most people will end up having to borrow a significant portion of the cost of their education. If yours costs aren't covered, you will most likely be taking out loans and you'll need to factor the cost of paying them back in to your budget.

The options presented on this screen represent the average costs for attending public and private schools in your state as well as options that include the average amount of financial aid received.

If you know what school you want to attend, you can start from a college profile and click on the **What Will It Cost Me?** link to visit **The Cost of College** where you can enter some information on your financial aid and loans to come up with a more specific cost. Then click the **Budget What's Leftover** button to have that automatically populate the budget.

Savings

The final round of questions will help you determine how much you want to save. The choices are presented with options that represent a percentage of how much you have chosen to spend each month. The options range from saving nothing to saving up to 50% of what you spend. As in the previous rounds you can enter any amount you would like in the **Monthly Cost** box.

You will notice that the savings is not a percentage of what you will make, but rather how much you have spent. Since the salary of each of the potential occupations varies, as will your actual salary, the system would not have a number to calculate a percentage from. Because of this, the percentages listed will actually correspond to a lesser percentage of your total salary.












Summarizing Everything

Once you have finished answering all of the questions, California CareerZone for Humboldt County will display a summary of all your responses along with what you might expect to pay in taxes and an annual total salary as shown in **Figure 1**.

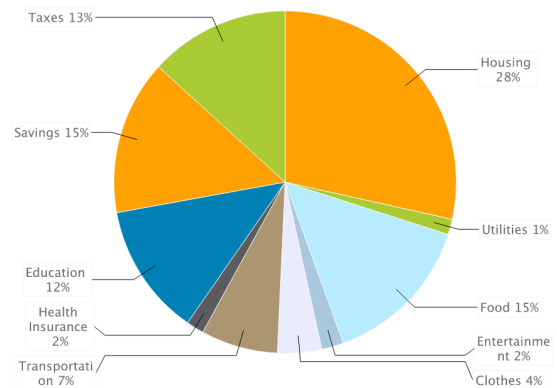
Based on your responses, you will need to have a job where you take home **\$4,177** a month, or at least **\$57,773** a year when you include taxes.

⑤ Monthly Spending: \$4,177



	Housing Buy a place of your own	\$1,372
	Utilities Gas, electric, water, and trash pickup.	\$70
	Food I mostly eat out and like nice restaurants.	\$700
	Entertainment I go out once a week for a movie or a show.	\$100
	Clothes I need to buy work clothes, but don't really shop otherwise	\$200
	Transportation I own a used compact car	\$350
	Health Insurance I'll be on a group plan and just pay part of the cost	\$80
	Education I plan to attend private school and receive some financial aid	\$601
	Savings I'd like to save at least 50% of what I spend	\$704
	Other Expenses	
	Taxes Though only a rough estimate, without any deductions you will likely pay around \$517 in Federal Taxes and \$121 in State Taxes.	\$637

Below you can see how your budget choices relate to your overall budget.



⑤ Minimum Annual Salary: \$57,773

To find out which jobs might support your lifestyle, click the button below.

[View Occupations](#)

Figure 1

If something doesn't look right, you can click on the section title to jump back to that section and make a change. If everything looks good, you can click on the **View Occupations** link to see occupations that would pay you enough to support your desired lifestyle.

Custom Budget Items

Sometimes there may be expenses that were not covered in any of the sections listed above. For example, you may have a credit card debt that you want to pay off or you might want to include child care expenses. You will need to do some research on your own to determine what the monthly costs will be, but once you do you can add them to your budget.

To add a cost, click the **Other Expenses** link in the budget summary above. You will be taken to the other expenses screen where you can enter define your expenses. To add an item, click on the **Add an expense** button which will bring up the form shown in **Figure 2**.

Do you have any additional expenses you want reflected in the budget? Perhaps you've given a gift to an organization or charity, or maybe you have some debt you want to pay off. Here's the place to enter any recurring expense you might have that wasn't covered in any of the other sections.

Add

Add a New Option

Using the boxes below, please describe the expense that you are budgeting for. When you are finished, you can click the **Save** button.

What is the expense? *

In the box, enter the name of the payee or a short title describing the expense.

What is the monthly cost? *

Description

Save
Cancel

Figure 2

Enter the details about the expense that are requested and when you have finished you can click the **Save** button. The item will appear on the screen in a matter similar to the sections you answered previously. You can add as many items as you want. If you would like to select or deselect an item, you can do so by clicking on the title.

When you have finished, click on the **View Summary** button and you will be taken back to the summary screen where you can see your updated budget.

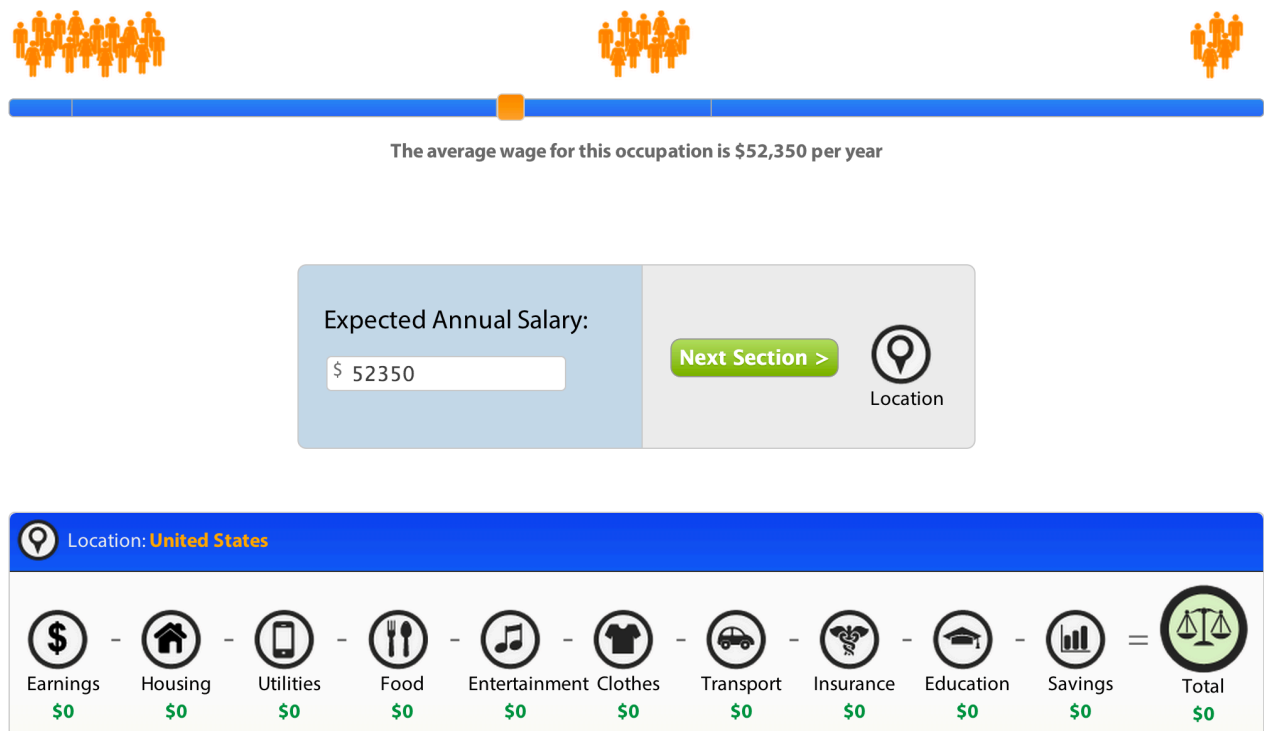
Working from an occupation

If you already have an occupation, or know what you are going to be, you can choose to budget from that starting salary. Similar to what was described previously, you will be asked a series of questions about your desired lifestyle, however this time those costs will be subtracted from your monthly take home pay. This will give you an idea of whether your desired lifestyle is sustainable with your chosen occupation.

There are two ways you can choose to start from a salary. One is to select **Budget from a starting salary** and the other is to visit an occupational profile and select the **Create a Budget** link in the left hand column. Whichever you choose, you will be taken to the screen shown in **Figure 3**.

You are about to begin a budget.

The average worker across all occupations in California make between **\$18,800** and **\$102,940**. Depending on your experience, you can generally expect to make somewhere in this range. You can enter your expected salary in the box below, or use the slider to select one of the common values and fill it in.



The average wage for this occupation is \$52,350 per year

Expected Annual Salary:

\$ 52350

Next Section >

Location

Location: **United States**

Category	Value
Earnings	\$0
Housing	\$0
Utilities	\$0
Food	\$0
Entertainment	\$0
Clothes	\$0
Transport	\$0
Insurance	\$0
Education	\$0
Savings	\$0
Total	\$0

Figure 3

The slider will show you the range of salary for the occupation you selected or, if you did not start from an occupation, the range of average salary in the area. You can use the slider to choose your starting salary or you can enter a number directly in the box.

When you have set your starting salary, click the **Next Section** button and you will be taken into the budgeting tool as described above.

Next Steps

The budget will help you think about the importance of money and how your wages will impact your ability to enjoy various lifestyles. The salary for an occupation is important, but is just one aspect of whether an occupation is a good fit. Now that you have determined your budget, you have a few options for continuing your exploration.

If you were working from an occupation, and the salary was able to support your desired lifestyle, you can look at options for pursuing it. From the occupation's profile, you may want to look at the educational requirements to find the right training. If you are already qualified, you can look at job openings. If it didn't support your lifestyle, you can either adjust your lifestyle choices or consider alternate occupations. If you choose the latter, you may also want to consider the recommendations in the next paragraph.

If you worked to choose your desired lifestyle, you will have a list of occupations to explore. As you explore the occupations, read the description and tasks to see if the occupation appeals to you. You will also want to see if the occupation falls in the results of any of the assessments you have taken. If you haven't taken one of the assessments, it is recommended that you do so. Seeing if the occupation matches your interests, work preferences, or skills can help you make a

more informed decision about whether the occupation is right for you. For more information on exploring occupations with California CareerZone for Humboldt County, take a look at the Exploring Occupations section of the [User's Guide](#).

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