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Date: 7.1.22

**Part I: Three Pathways**

Suppose you could look into the future and are shown three pathways: a career with only a high school diploma, career with a college degree, and a career with a doctorate. Choose one career from each of the pathways.

Audiovisual Technician

Registered Nurse

Endocrinologist

**Part II: Income and Expenses**

**Living comfortably requires steady income.** Based on your choices, the average hourly wage is given below in the table. Determine your monthly (~170 hours/month) and yearly income. (*You may use a calculator for this assignment.*)

Career	Hourly Wage	Monthly Income	Yearly Income
(Poverty Level: 1 Person)	-	\$1073	\$12880
Audiovisual Technician	\$19	\$3230	\$38760
Registered Nurse	\$38	\$6460	\$77520
Endocrinologist	\$119	\$20230	\$242760
(Successful Fortune 500 CEO)	\$5500	\$935000	\$11220000

*\*In 2020, 11.4% of Americans (37.2 million people) lived below the poverty level.*

**No one likes to pay taxes.** But it's required to pay for some of the most basic services within our communities such as public schools, fire departments, libraries, etc. As a worker, you must pay state and **federal income tax** (depending on the state you live in). For simplicity, the table below lists the tax rate for each income level. Calculate the amount of Tax Paid, the Yearly Net Income and the Monthly Net Income. Fill in the appropriate spaces. Round to the nearest dollar.

Career	Tax Rate	Tax Paid	Yearly Net	Monthly Net
(Poverty Level: 1 Person)	-	\$12880	\$12880	\$1073
Audiovisual Technician	12%	\$4651	\$34109	\$2842
Registered Nurse	22%	\$17054	\$60466	\$5039
Endocrinologist	32%	\$77683	\$165077	\$13756
(Successful Fortune 500 CEO)	37%	\$4151400	\$7068600	\$589050

**Almost everything costs money.** The following is a table listing some of the most common expenses for a typical person living on their own. Fill in what you think you would spend (to the nearest dollar) each month for each category. Let's assume you'd like to live "comfortably", not just the bare minimum to get by and not lavishly. Then calculate the your total expenditures. (*Have your one of your parents/guardian help with this part.*)

Monthly Expenses	Amount (\$)	% of Budget
Rent/Mortgage	\$2000	57.1%
Utilities (Electricity/Gas/Water)	\$200	5.7%
Cell Phone	\$100	2.9%
Internet	\$100	2.9%
Food (Eating In/Eating Out)	\$500	14.3%
Entertainment (Movies/Games/Gifts)	\$150	4.3%
Transportation (Gas/Metro)	\$200	5.7%
Insurance (Home/Auto)	\$100	2.9%
Personal Care Items	\$150	4.3%
Total:	\$3500	100.1%

Determine the proportion each category takes of your total budget. Round your answer to the nearest tenth of a percent.

### Part III: Inflation and Other Negative Impacts

**Expenses eat up money we earn.** Determine the proportion of income that expenses take up each month (*round to the nearest tenth of a percent*). Then determine how much disposable income (money left over after all expenses) for each level of income (disposable income can be negative). *Round disposable income to the nearest dollar.*

Career	Monthly Net Income	Monthly Expenses*	Percent (%) of Monthly Income	Disposable Income (\$)
<u>(Poverty Level: 1 Person)</u>	\$1073	\$1750	163.1%	-\$677
Audiovisual Technician	\$2842	\$3500	123.2%	-\$658
Registered Nurse	\$5039	\$3800	75.4%	\$1239
Endocrinologist	\$13756	\$5000	36.3%	\$8756
(Successful Fortune 500 CEO)	\$589050	\$70000	11.9%	\$519050

*\*For career pathways requiring college or graduate school, most people have to pay monthly student loans. (degree = ~\$300/month and doctorate = ~\$1500)*

*\*\*Let's also suppose that the total expenses for a person living at the poverty level is 1/2 and for a CEO is 100 times what most people spend.*

Unfortunately, there are negative financial impacts that happen outside our control. For instance, inflation, income tax increases, accidents, illnesses, and theft are some examples that affects everyone negatively. Suppose that inflation in the US is up around 9% from the year before and you also had a negative event that costs an additional \$6,000 (~\$541/month paid off in a year at 15% interest). Calculate the new expenses for each income level. Then calculate the new disposable income (disposable income can be negative). Round all values to the nearest dollar.

Career	Monthly Net Income	Monthly Expenses	Inflated Expenses + Negative Impact (\$)	Disposable Income (\$)
<u>(Poverty Level: 1 Person)</u>	\$1073	\$1750	\$2449	-\$1376
Audiovisual Technician	\$2842	\$3500	\$4356	-\$1514
Registered Nurse	\$5039	\$3800	\$4683	\$356
Endocrinologist	\$13756	\$5000	\$5991	\$7765
(Successful Fortune 500 CEO)	\$589050	\$70000	\$76841	\$512209

**Based on this your findings**, for which career pathway would someone experience the least negative impact from a financial shock? For which career pathway would someone experience the most negative impact from a negative shock? Describe what types of negative impact (besides financial) a person who does not have a high income may go through when there is a financial shock? (Think emotion, health, social, etc.) *Answer in three complete sentences.*

Anyone with a doctorate (or a successful Fortune 500 CEO) will experience the least shock. Anyone with a college degree or less will experience the greatest financial shock. Negative impact may be stress, anxiety or food scarcity. Not having enough money could mean not having enough healthy food, which will lead to poor health in the long run.

**Financial shocks are stressful.** What are three specific things you can do if your expenses exceeds your monthly net income? *Answer in three complete sentences.*

First, you can cut down on spending in categories that are not important like entertainment. Secondly, you can change cellphone plans, insurance, or internet plans to make them cheaper but still have some services. Lastly, you could get a second job to make more money.

**We're taught at a young age to start saving.** How would contributing each month into a savings account help to mitigate a financial shock? *Explain in three complete sentences.*

Having a savings account means having extra money on hand. This will provide a cushion when there is a financial shock. Hopefully, you won't have to go into debt if you saved enough.

### **Facts about career pathways (and finances):**

- There are always exceptions within any career pathway. There are millionaires who only have a high school degree. There are people who have a doctorate who earns less than one with a college degree. Career pathways do not guarantee a specific income.
- This assignment lists only three pathways. People can also earn technical certifications (automotive, electrician, cosmetologist), associate's degrees, and master's degrees. Income varies with experience and market demand. Furthermore, you may also run your own business. Income will depend on the size of your business, its popularity, quality, and other factors.
- There are other ways to earn income, such as royalties from books, music, or films you've produced. These *passive incomes* can last a long time (given the work you produced is highly popular).
- People can also make money from financial investments in timed cash deposits, mutual funds, stocks, options, annuities, foreign currencies, and Bitcoin. Each of these type of investments carries a level of risk and not all will earn money in the long run. In fact, people can even lose more money they initially invested.