

It's Not What You Earn; It's How You Spend It!

If you earn €10 per hour and work 40 hours a week, you'll have €400 to spend, right? **No!**

- Gross income (the €400) is different from net income.
- Net income is income after all **taxes** have been deducted.

Tax is money that people have to pay to the government.

- For example, taxes are used to pay for people who work for the government, such as the gardai and army, provide services such as education and health care, and to maintain or build things like roads, bridges and sewers.

Even if you are rich, you must **plan your spending**. Everyone has to stay within a **budget**. Whether you're a movie star or sell popcorn at the cinema, it's really simple—if you spend more than your net income, you will have overspent your budget.

Everyone should strive for a **balanced budget**.

- **A balanced budget** means spending appropriate amounts for food, clothing, shelter, transportation, savings, and charity.

How do you know how much to spend in each category?

- It depends on what you value, but you have to make reasonable decisions. For example, even though you might love roller coasters, you should not spend all of your net income going to amusement parks!



Keep in mind that when you earn wages at a job, certain taxes are automatically deducted from your gross income.

- Some of those taxes include PRSI and Income Tax. When you subtract all the taxes from your gross income, you're left with net income. That's the amount available to you at your disposal, i.e. disposable income.

Activity One - Jobs and Income

Choose one of the job options below:

<p style="text-align: center;">Job Title: Office Administrator</p> <p>Job description:</p> <ul style="list-style-type: none"> • Manage a small number of new tasks on a day to day basis. • Deal with client queries daily via phone and email. • Prepare company mail outs. • Complete general filing, faxing and copying. <p>Education: Leaving Certificate - experience desirable.</p> <p>Salary: Gross Annual Salary : €22,000 Gross Monthly Salary : €1,833 Net Monthly Salary : €1,627</p>	<p style="text-align: center;">Job Title: Information Technology (IT) Manager</p> <p>Job description:</p> <ul style="list-style-type: none"> • To look after the computer network in a company. • To support the network users with any problems they may have. • To keep back up files of all important data. <p>Education: Trade Qualification and 2-3 years experience.</p> <p>Salary: Gross Annual Salary : €60,000 Gross Monthly Salary : €5,000 Net Monthly Salary : €3,422</p>
<p style="text-align: center;">Job Title: Carpenter / Plumber</p> <p>Job description:</p> <ul style="list-style-type: none"> • Read design plans and blueprints • Work with wood to construct and improve new and existing buildings, furniture and staircases. • Install and repair pipes and plumbing. <p>Education: Trade Qualification and 2-3 years experience.</p> <p>Salary: Gross Annual Salary : €31,000 Gross Monthly Salary : €2,583 Net Monthly Salary : €2,155</p>	<p style="text-align: center;">Job Title: Interior Designer</p> <p>Job description:</p> <ul style="list-style-type: none"> • To work with clients to develop design solutions that are safe, attractive, functional and meet the needs of the people using the space. • To be creative, imaginative and artistic while being a professional business person. • To be both good team leaders and good team players. <p>Education: Degree in Interior Design and experience in CAD and Microsoft</p> <p>Salary: Gross Annual Salary : €27,000 Gross Monthly Salary : €2,250 Net Monthly Salary : €1,920</p>

Write in the spaces provided below; the job/occupation and the associated monthly net income for the job you have chosen.

Occupation: _____

Monthly Net income: _____



Jobs can be classified into one or more of four categories: People, Detail, Action, and Ideas. Many jobs in the world of work span all four categories.

- **People** - Helping, advising, informing, selling persuading or directing people.
- **Detail** - Recording, checking, analysing, reporting, organising data, numbers or business procedures.
- **Action** - Operating or repairing machines, working with animals, plants or people in a hands-on environment.
- **Ideas** - Problem solving, discovering, innovating, creating knowledge or having insights.

One way to select a career that will be satisfying is to find which careers best fit your skills, interests, and values.

Tick the task(s) involved in the occupation you have chosen:

People

Detail

Action

Ideas

Explain your answer:

Activity Two - It's Time to Plan Your Budget

EXERCISE 1

Using the monthly net income of your chosen occupation, calculate the amount you should spend on each of the categories in the outgoings column in the budget planner below. The suggested percentage (%) amount is roughly how much of your monthly net income should be spent on each outgoing/expense.

BUDGET PLANNER

Outgoings	Suggested %	Suggested Amount
Savings	10%	
Housing	25%	
Transportation	15%	
Food	15%	
Entertainment	10%	
Clothing	5%	
Lifestyle	10%	
Other Expenses e.g. Phone Bills General Utility Bills T.V. and Internet access	10%	
Charitable Giving (optional)		
TOTAL		

Define in your own words:

Budget

EXERCISE 2

The table you have just completed contains the recommended percentages for outgoings for an individual's standard expenses.

However as independent adults, individuals have choices!

Use the **Keeping Your Balance Choices** on the following pages to help you decide and make choices on how to spend your income. You cannot spend more than you earn. Although options for Savings and Charitable Giving are not included, you can decide how much money you would like to designate toward these categories.

Write the amounts you plan to spend under My Budgeted Amount.

BUDGET PLANNER

Outgoings	My Budgeted Amount
Savings	
Housing	
Transportation	
Food	
Entertainment	
Clothing	
Lifestyle	
Other Expenses e.g. Phone Bills General Utility Bills T.V. and Internet access	
Charitable Giving (optional)	
TOTAL	



Clothing Choices (choose one)

**Designer
Clothes**

€500
per month

**High Street
Clothing**

€300
per month

**Department
Clothing**

€150
per month

**Discount
Shop Clothing**

€50
per month

Entertainment Choices (choose one)

**Concert
Every
Weekend**

€280
per month

**Weekly
Sporting
Events**

€200
per month

**Sporting
Hobbies**

€120
per month

**Cinema Every
Weekend**

€65
per month

**TV
Subscription
Package
At Home**

€30
per month

Food Choices (choose one)

**Take-Away
and
Restaurant
Every Day**

€600
per month

**Take-Away
Lunches
Cook Own
Dinners
Eat Out at
Weekend**

€480
per month

**Prepare
Own Lunches
and Dinners
Most Days**

€320
per month

**Prepare
Own Lunch
and Dinner
Every Day**

€250
per month



Housing Choices (choose one)

**Own
Apartment**
near to city,
walk to work

Dublin €1500
Cork €1000
Galway €900
Midlands
Donegal €400

**Own one bed
Apartment in
suburbs,
commute to
work**

Dublin €1300
Cork €650
Galway €600
Midlands
Donegal €350

**Rent two
bedroom
house,
share with
friend**

Dublin €1900
Cork €1100
Galway €1000
Midlands
Donegal €500

**Live at home
and
contribute
to household
expenses**

€300
per month

Lifestyle Choices (choose one)

Insurance

Health
Insurance €75
Holiday
Insurance €10
Home
Insurance €50
Car
Insurance €90

Phone

Bill Phone -
Options:
€30
€40
€45
€60
€80
Credit Phone -
Options:
€20
€30

Holidays

Budget
Holiday -
1 week €600
(per holiday)
Luxury Holiday
1 week €1500
(per holiday)
Weekend City
Breaks -
(stay with friend)
€200 (per break)

Car Expenses

To cover tax,
petrol,
servicing etc
-
15% of cost of
car chosen

Transportation Choices (choose one)

**New
Sports Car**

€900
per month

**New
Family Car**

€600
per month

**Pre-owned
Car**

€300
per month

**Public
Transport**

€100
per month

EXERCISE 3

In this final exercise compare; the suggested amount you first calculated for each category, with your budgeted amount which you decided on by making your individual expense choices.

Please fill out the budget planner on the following page with both sets of calculations.

Finally compare both budgets and complete the remaining questions.

BUDGET PLANNER

Outgoings	Suggested %	Suggested Amount	My Budgeted Amount
Savings	10%		
Housing	25%		
Transportation	15%		
Food	15%		
Entertainment	10%		
Clothing	5%		
Lifestyle	10%		
Other Expenses e.g. Phone Bills General Utility Bills T.V. and Internet access	10%		
Charitable Giving (optional)			
TOTAL			

How can you change your budget so that your spending is more in line with the suggested amount?

What are the benefits of investing in a pension/savings from a young age?