If you don't have the numbers to answer the questions such as 'Can I afford to take this job? Will this career afford me the lifestyle I desire?', this is a guide to obtaining a rough, "ballpark" answer. The purpose is to provide links to information for estimating things such as your cost of living as part of a process for arriving at a rough, 'rule-of-thumb' answer to the above questions at a snapshot in time.

Note that the following links to online resources are included to save you search time. **You must apply due diligence.** Finance is not my area of expertise and I have not evaluated nor am I capable of evaluating the linked content. No endorsements are intended or implied by inclusion nor does omission indicate lack thereof. Most are just reasonable looking Google hits so use them with sufficient skepticism as if you found them on your own.

**Goal:** Develop a "ballpark" personal budget answer to the above questions, constructing it as a spreadsheet so that you can try alternative 'what if's' scenarios and can improve it as you gain better information.

**Format:** The following is a suggested format; use the format that you think will be most useful to you. Use a typical budget format similar to the one in the text [here](#). Use a budget period of one month or one year, whichever is easiest. Use multiple rows for cash income and expense categories so that summing by column works.

'Pro Forma Assessment' is an example spreadsheet based on a 28 year old male, married, no children, employed dairy veterinarian in Twin Falls, ID, health insurance paid by employer - [pdf](#).

**Scenario:** To simplify obtaining an initial ‘ballpark’ answer for a future snapshot in time, assume that you:

2. Are employed now rather than in a few years. This way you can use current values, avoiding the TVM calculations required for adjusting Future Values to Present Values, which is the more accurate analysis, for the moment.
3. Have the family now that you expect to have around that time (e.g., significant other, number of children with their associated expenses)
4. Are now servicing any debt, particularly student and consumer debt, that you expect to have at the time of taking that job
5. Include the major expenditures that you think you would like to make close to that time, such as buying a house or a new vehicle

**Step 0:** So that you can check and compare results, work with a group of peers, ideally 3 to 5, having approximately the same career interest.

**Step 1:** If you are considering several career alternatives, consider building a spreadsheet for each

**Step 2:** Find estimates of the starting salary, the median (or mean if median or 50\(^{th}\) percentile isn’t available) salary and 90\(^{th}\) percentile salary (top 10%) for the type of job you are interested in from salary information sources. Include partner income if they are working and you pool family income and expenses:

Search firms and websites:
- Ag Careers - [https://www.agcareers.com/](https://www.agcareers.com/) - [https://www.agcareers.com/results.cfm](https://www.agcareers.com/results.cfm)
- Hansen Agri-Placement - [https://www.hansenagriplacement.com/view-all-positions](https://www.hansenagriplacement.com/view-all-positions)
Government data:
- US BLS (Bureau of Labor Statistics) - OES Occupation Profiles - (note that the 10% value is suggested as a starting salary value if one is not otherwise available)
  - Farmers, Ranchers and Other Agricultural Managers - 11-9013
  - Farming, Fishing and Forestry Occupations - 45-0000
  - Veterinarians - 29-1131
- US BLS State Occupational Employment and Wage Estimates
- MIT Living Wage Calculator - provides typical annual salaries for various jobs by location

Important Aside: What additional skills and experience would make you more competitive for the job? How could you go about acquiring these through classes or on your own?

**Step 3:** Estimate your costs of living for the areas that have the types of jobs that you are interested in.

If you don't have your own actual numbers, the MIT Living Wage Calculator provides a very 'bare bones' minimum cost of living as a starting point. You likely won't be able to reduce your cost of living much below these as these are regarded as a step above poverty and if anything will have a higher cost of living.

Select the state then the county or the metropolitan area in which you wish to work and use the column from the Typical Expenses table that is appropriate for the family you expect to have at that time. Be careful not to fool yourself by underestimating, overlooking or double counting expenses or mistaking monthly expenses for annual or vice versa.

Adjust the MIT Annual Expenses, which are detailed in the technical note pdf, to your anticipated family situation and budget period (yearly or monthly):

- **Taxes** - Because your income will be higher than the gross income representing the minimum living wage, you need a better estimate. A very rough estimate is that taxes will be ~25% of your gross pay. A quick estimator of federal, social security and medicare taxes is the Take-Home Tax Calculator. Googling 'state tax rates' provides multiple sources for these - (Idaho example, links to surrounding states toward bottom of webpage).
- **Food** - The cost base is 2nd quartile expenditure (bankruptcy court allocation) in 2016 USDA pdf in 2007 USDA pdf pg 5. If you intend to eat better and most do, increase the cost base to moderate cost by multiplying the cost by 1.25, which is approximately 3rd quartile or to liberal cost by 1.5, which is 4th quartile (military allocation).
- **Housing** - The housing is a rented apartment at HUD Fair Market Rental for area studio apartment (single adult), one bedroom apartment (two adults), two bedroom apartment (two adults, one child) or three bedroom apartment (three children). The rents are for lower tier apartments; the more numerous middle tier apartments are 30 to 50% higher.
- **Transportation** - This includes the financing of a used car and typical expenses for insurance, gas, oil, maintenance and public transportation from consumer surveys. If you will have or intend to purchase a newer car, use one of the automobile cost calculators listed under Step 6 below to obtain a better estimate of annual automobile cost.
- **Health** - This includes health insurance costs for an employer-sponsored plan and typical medical service, drug and supply expenses and co-pays.
- **Other Necessities** - This includes clothing, personal care items and housekeeping supplies. Because these necessities do not include amenities such as satellite or cable television, a
smartphone and internet access, include the annual costs of these if you intend to have them.

- **Other Recurring Expenses**: Recurring expenses such as pet food and care, club memberships, other media subscriptions, and proclivities such as the daily starbucks.

For more complete explanations of what comprises these items and the data sources, see “Footnote links in “Data Sources for each Component of the Basic Needs Budget” in
http://livingwage.mit.edu/pages/about.

Add rows to include other family and professional expenses that aren’t included in the MIT Living Wage Calculator, such as:

- **ADA Health Insurance** - if not paid by employer, state specific (Idaho example)
- **Contributions** - Charitable contributions and tithing
- **Professional Expenses** - Include items such as national, state and local professional associate dues (e.g. DCHA - Dairy Calf & Heifer Association) and professional journal subscriptions (e.g, Hoard’s Dairyman, Journal of Dairy Science)
- **Insurance**: Term life and disability insurance to protect you and your family from catastrophe, the amount depending on your family situation

Bankrate Life Insurance calculator - [html](http://www.bankrate.com)

**Step 4**: Include your expected debt service for consumer (credit card), automobile, personal real estate and student loan debt at the time of your transition to your new job.

To check that you’re using calculators correctly, consider using two different ones to see if you get the same answer from both or see if you get the same answer as a textbook example. To compare strategies, select calculators that show you all components of the solution, particularly the total interest expense as well as the monthly payment. Observe the effects different pay off durations and the effect of extra or higher payments. Although monthly payments are attractively lower for longer pay off durations for house and auto loans, the total interest expense is higher. This effect is particularly important for consumer (credit card) balances. Be aware that for auto loans longer than 5 years (60 months), because of depreciation the amount remaining on the loan midterm is greater than the insured or trade-in value of the vehicle.

Some online calculators suites (no endorsement intended or implied):

- **Choose to Save - Calculators** - Extensive list developed by EBRI (Employee Benefit Research Institute) and ASEC (American Savings Education Council)
- **Best financial calculator options for millennials - BankRate** [6/6/14](http://www.bankrate.com/)
  - Credit card minimum payment calculator - [html](http://www.bankrate.com)
- **15 Personal Finance Calculators Everyone Should Use - WiseBread** [6/9/16](http://www.wisebread.com)
- **10 Online Financial Calculators You Never Knew That Could Make Your Life Easier - LifeHack** [html](http://www.wisebread.com)
- **Financial Calculators - Calculator.net**
- **Financial Calculators - BB&T**
- **Bankrate credit card minimum payment calculator - [html](http://www.bankrate.com)**

Federal Student Aid [Guide to repaying student loans](http://studentaid.ed.gov)

Several student loan calculators (as above, an internet search yields many):

- **FinAid Cost of Interest Capitalization Calculator (deferment)** - [html](http://www.finaid.org)
- **Wells-Fargo Student Loan Calculators and Tools**
  - Student Loan Debt Calculator - [html](http://www.wellsfargo.com)

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If you put any student loan debt into deferment until graduation, particularly if the interest is being capitalized (added to the balance you owe), be sure to use the adjusted loan value at the time your repayments start.

Any time you have questions about student loans while a student, please contact an information resource such as WSU Student Financial Services.

Include your partner’s debts if you pool family income and expenses.

**Step 5:** Include retirement savings, preferably saving the equivalent at least 15% of gross pay including any employer 401k matches and accounting for any pension contribution if employed by an entity that funds a pension.

Although retirement is the biggest investment most people make, far bigger than a house, retirement savings are absent from the cost of living expenses above. To retire, you essentially have to establish financial independence sufficient for what will likely be three decades of retirement. To achieve retirement by your late 60’s, financial professionals recommend that from your first paycheck onward you continually allocate 15% or more of your gross pay to retirement investments. Because of the phenomenon of compound interest, a far bigger gain occurs from each dollar saved at the start of your career than from those saved from the middle of your career.

When considering how much retirement savings you need, consider that a couple currently both 24 years of age has a 26% chance of one member living beyond 93 years of age or 28 years beyond a retirement age 65 (from Vanguard Plan for a long retirement tool (no endorsement implied)).

**The Ballpark E$timate** - includes a estimator for Federal Government employees

For a rough estimate your Social Security post-retirement benefit, try this SSA calculator

Before investing for retirement, to make the best choices understand the basics of individual retirement savings plans (IRA’s) such as 401(k)'s, Roth IRA's and their differences, such as contribution limits and withdrawal conditions. At a minimum, know the risk and return differences between traditional investment vehicles such as bank deposits (CD's), bonds, stocks, mutual funds and exchange-traded funds, the fee structures of their providers as well as other investments such as real estate or small business. I didn’t and I’m paying the price of my ignorance. What appear to be small differences between choices early on lead to surprisingly large differences in long-run financial returns. What appears to make investment sense, such as timing allocations by following the crowd into hot streaks, often results in lower investment returns. Very conservative strategies to reduce risk usually result in losing returns, even decreasing principle, to inflation over the long run. High returns usually involve high risk; what appears to be too good to be true usually is. “Other Resources” below includes resources for learning investment basics.

**US SEC Investor.gov - Introduction to Investing**

**Step 6:** If you have a vehicle or are thinking of buying a newer vehicle, estimate vehicle costs, which are often higher than expected:

Kelley Blue Book Total Cost of Ownership
Step 7: If thinking of buying a house instead of renting, estimate house purchase cost, mortgage payments and annual ownership costs in the area in which you intend to live:

Sources of home prices:
- National Association of Realtors - [Metropolitan Area Prices and Affordability](https://www.realtor.org/affordability)
  - Existing-Home Sales
- Zillow

When considering home mortgages, observe the effects of different term lengths (e.g., 15 yr, 20 yr, 30 yr), different amounts down (e.g., 10% down, 20% down), and the effect of additional payments (e.g., 13th month) on your monthly payments and on the total amount of interest paid. Pay attention to effects of associated fees such as closing costs, title fees, document fees, early payment fees, origination fees and so on, which are often higher than expected, on these factors as well. To gain the best understanding, choose a calculator that provides a full amortization schedule, preferably with charts.

Home mortgage calculators (many are available online):
- Financial-calculators.com - [Amortization Schedule](https://www.financial-calculators.com/Amortization-Schedule)
- Amortization Schedule Calculator
- Calculator.net [Amortization Calculator](https://www.calculator.net/amortization-calculator)

Note the effect of the mortgage interest deduction on your taxes; it may not be as big as many would have you believe and almost half of homeowners with mortgages don’t receive any tax benefits from it. Make sure that the calculator reflects the current tax scheme.

- Bankrate - [Mortgage tax deduction calculator](https://www.bankrate.com/calculators/mortgages/mortgage-calculation.aspx)

In addition to the mortgage expense, homeownership expenses include property taxes, homeowner’s insurance, increased utility expenses due to larger volume, annual maintenance costs, yard maintenance costs, major replacement expenses at lifetime ends (water heater, furnace, roof, carpet, siding), and water and sewer utility fees. If the house isn’t on a water and sewer utility system, well and sewer expenses can be considerable. Avoid making yourself ‘home poor’.

Home ownership expenses other than mortgage:
- FreddieMac MyHome [Calculators](https://www.freddiemac.com/借款人贷款工具/)
- Monthly Payment Worksheet - US Consumer Financial Protection Bureau - [pdf](https://www.consumerfinance.gov휴먼/)
- How much does it cost to maintain a house? - Afford Anything [1/24/12](https://www.affordanything.com/2012/01/how-much-does-it-cost-to-maintain-a-house/)

Case-Shiller home price [index](https://www.realtor.com/amortization-calculator/) - strength and risk in home real estate market

Step 8: Estimate the one time expenses that will require significant cash at transition to your new job, which can be a shock if you haven’t planned for them. Some employers may pay some moving expenses or a fixed amount toward them and some are tax deductible. Expenses include job search costs (airfare, car rental, motel and restaurant charges), moving expenses such as moving van and car dolly rental and fuel costs,
storage costs if you will store things such as heirloom furniture or recreational equipment, if renting the first and last month rent and security deposits, the one time utility connection fees, and household replacement costs for things such as beds, furniture and microwaves that have finite lifetimes. Of those things that you need to re-establish a functional household, which do you replace because they aren’t worth moving and which do you move?

IRS Publication 521 - Moving Expenses - TOC
Some examples of moving cost calculators and estimators available online:
- Homefair Quick Moving Cost Calculator - [html](https://www.homefair.com/moving-cost-calculator/)
- moving.com
- Relocation.com Smart Calculator - [html](https://www.relocation.com/moving-cost-calculator/)
- [U Haul](https://www.uhaul.com/movers/moving-cost-calculator/)

Step 9: To check your assumptions and screen for errors, compare your estimates with your peers and those further along your anticipated career pathway.

Step 10: Consider questions for gaining missing information from resources that include library resources, online resources and on- and off-campus mentors:

Important questions tend to be specific to individuals and pathways. For example, would completing an advanced degree such as an MS in nutrition increase the feasibility of a career in allied industry? If the difference between the median income and 90th percentile income of a pathway is the difference between infeasible and feasible, what actions would increase your chances of achieving a 90th percentile income? How much do summer internships, which are essentially prolonged interviews, improve future job prospects? What are the biggest problems of a business type, such as pharmaceutical sales? What solutions to these problems could you be learning about now, in class or on your own?

Important concepts for financial planning (mostly wikipedia pages):
- Background - [Personal finance][1], [Personal budget][2], [Financial literacy][3]
- [Opportunity cost][4]
- [Loan][5]
  - [Amortization schedule][6]
  - [Mortgage loan][7]
- [Interest][8]
  - [Compound interest][9]
  - [Annual percentage rate](APR) or [Nominal interest rate][10]
  - [Real interest rate][11]
  - [Fisher equation][12]
- [Time value of money](TVM)[13]
  - [Rule of 72][14]
  - [Inflation][15]
  - [US Stock Market returns][16]
  - [Net present value](NPV)[17]
  - [Financial independence][18]
- [Fiduciary standard](fee-only) [FPA][19], [fee-only CFP][20], CFA, [RIA][21] vs. suitability standard (FINRA)

Good Article - **If You Can: How Millennials can get rich slowly**, [WJ Bernstein MD Phd][22], 2014 - [pdf](https://www.millennialsrichest.com/)

Books for understanding basics:
- [E Tyson][23] (2016). Personal Finance for Dummies, 8th ed. (good and inexpensive if ugly paperback)
• E Tyson (2011). Personal Finance in Your 20s for Dummies, (more focused, limited version of the above)
• A Hallam (2017). Millionaire Teacher: The nine rules of wealth you should have learned in school, 2nd ed. (well written, easy read covering the basics well)
• JA Sepulveda, WE Souder, BS Gottfried (1984). Theory and Problems of Engineering Economics, Schaum’s Outline Series. (covers TVM (the time value of money); previously used in WSU ME 415 and CE 463)

Question and Answer Sites:
• Bogleheads.org - (John Bogle developed the ETF concept)
  ○ Getting started (good for gaining an understanding of investing
  ○ Book recommendations and reviews - html
• Quora - Personal Finance Advice (subscription required)
  ○ What are the ten most important things about personal finance that someone without a finance background must know? Subscription required
• StackExchange - Personal finance and money

Personal finance blogs and wikis (haphazardly selected; no endorsement implied or veracity checking done; pursue at your own risk and with due diligence; many have something to sell you):
• WiseBread - (Top Personal Finance Blogs)
• Mr. Money Mustache
• Cash Cow Couple
• DoughRoller
• Get Rich Slowly
• Financial Samurai
• Modest Money - (Top finance blogs)

Advice on Advice: Be wary of personal finance gurus, who often have something to sell you, may be getting a kickback from their recommendations, or have a history of offering advice with serious errors. Unfortunately, media presence and popularity is not necessarily an indication of either sound advice or strong ethics. As in medicine, obtaining a second opinion and doing due diligence before anything major is wise. Some pieces illuminating several gurus’ potential problems:
• Real estate BS artist detection checklist - JT Reed, 9/12/15
  ○ John T. Reed’s analysis of RT Kiyosaki’s book Rich Dad, Poor Dad - JT Reed, 9/3/15 - wiki
• Which financial gurus are worth listening to? Eric Tyson guru watch 1/13/09
• Suze Orman’s financial advice and career - Eric Tyson guru watch 4/22/14 i
• Dave Ramsey’s “Endorsed Local Providers (ELPs)” - Eric Tyson guru watch, 4/2/15
• The worth of Jim Cramer’s advice - Eric Tyson guru watch 3/6/11 - wiki

In the end, investing in the advice of certified professionals who have fiduciary responsibility to you, such as fee-only certified financial planners, CPA’s and lawyers, rather than attempting to manage all this yourself is likely a smart use of both your time and money. Many of the above numbers will be a useful starting point. Online directories help you locate fee-only certified financial planners in your area:
• NAPFA (National Association of Personal Financial Advisors)
• CFP Lets Make A Plan (look for ‘Compensation Method: fee-only’)
• FPA (Financial Planning Association - look for ‘fee-only’)
