



Alicia recently graduated from the Illinois Institute of Art in Schaumburg, Illinois (a suburb of Chicago) with a bachelor’s degree in Media Arts specializing in web design and interactive media. She accepted a temporary, eight-month job at Neptune Web in Boston, Massachusetts because she wants to experience living in the city as opposed to the small rural northern Illinois community she grew up in. Though she is excited about the job, there are some realities she has to deal with. Boston is a very expensive city to live in and she doesn’t know anyone there.

She had seriously considered sharing an apartment, but finally decided to rent a one-bedroom apartment and live alone because she was concerned about having to find a roommate and then perhaps leaving the city in only eight months.

She found a small one-bedroom apartment for \$1,175 a month and the landlord agreed to let her switch to a two bedroom if she changes her mind and decides to find a roommate.

| Sample Apartment Rents | |
|------------------------|-----------------------|
| Studio Apartment | \$1,125 (300 sq. ft.) |
| 1 Bedroom / 1 Bath | \$1,300 (500 sq. ft.) |
| 2 Bedroom / 1 Bath | \$1,450 (700 sq. ft.) |

She will be paid \$34,000 for the eight months with no benefits.

| | |
|--------------------------|---------------|
| Biweekly Gross Pay | \$ 2,000.00 |
| Withholding: | |
| Fed Income Tax (13.8%) | \$ 276 |
| State Income Tax (5.95%) | \$ 119 |
| Social Security (6.20%) | \$ 124 |
| Medicare (1.45%) | \$ 29 |
| Total | \$ 548 |
| Biweekly Gross Pay | \$ 2000 |
| Minus Total Withholding | \$ 548 |
| Biweekly Net Pay | \$ 1452 |
| Monthly Net Pay | \$ 2904 |

1. Use the following directions to determine the percentage of her monthly net pay she will spend on rent.

- A. Multiply her biweekly gross pay by each of the withholding percentages. (i.e. \$2,000 x 13.8%)
- B. Add the total withholding.
- C. Subtract the total withholding from her biweekly gross pay.
- D. Multiply her biweekly net pay by 2 to determine her monthly net pay.
- E. Divide her monthly rent by her monthly net pay and round to the nearest 1/10th%
 %

DONE

Alicia made a trip to Wal-Mart to buy food, household products and personal items. What she purchased is shown on page 2.

1. What was the total amount Alicia spent on food items? \$
2. What was the total amount Alicia spent on household and personal items? \$
3. Calculate her total bill including a 5% sales tax. \$
4. What percentage of her biweekly net pay was her total bill? %
5. List other costs that you think Alicia is going to have to pay each month.

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Name: Period: Date: