**CBE Financial Literacy Challenge**

**Write Up Template**

1. Put name of team members under the title on your title page.
2. Number the pages, proofread and staple.
3. Divide your write-up into the following header sections. Make each header section “BOLD FACE”.
   * My Financial Goals
   * Expected Compensation
   * Take Home Pay Calculation
   * Monthly Budget
   * Investment Philosophy & Plan & Asset Allocation
   * Funds That I Am Choosing
   * Economic Outlook
4. Use graphics and charts if you like
5. Explain the following under each header in paragraph form. No paragraph should have more than 4 sentences.
   * **My Financial Goals**
     + What do you want to accomplish?
     + Have an emergency fund of 3-6 months?
     + Pay off student debt?
     + Make 2-3 extra payments a year; pay off in 5 years
     + Save for retirement?
     + Down payment on a house?
     + How much do you want to invest every year?
     + 401K & Roth IRA
     + How much do you want to have in retirement savings in 5, 10, 15 years.
     + Children’s college savings plan?
     + 529 Plan
   * **Expected Compensation**

* Tell us what job you think you will obtain.
* What are the salary ranges?
  + - What types of raises should you expect
  + **Take Home Pay Calculation**
* Calculate what taxes that you will pay?
  + Federal
  + Local
  + State
  + FICA ( Social Security & Medicare)
* Show judges where you got the information and the exact calculation
  + <https://smartasset.com/taxes/paycheck-calculator>
  + <https://www.adp.com/resources/tools/calculators.aspx>
* Show annual & monthly take-home pay
  + **Monthly Budget**
* Spend no more than 30% of take home on housing
* Spend no more than $300 on food
* Save 10% of take home
* Debt service no more than 20% of take home
* Student debt & credit cards
* Economize on breakfast, lunch, dinner & transportation
* Insert the monthly budget template found on CBE Financial Literacy Challenge Web page.
* <https://sites.allegheny.edu/econ/center-for-business-and-economics/financial-literacy-challenge/>
* Tell the judges where you got your information, such as sites like these:
  + <http://money.com/money/4214521/average-americans-annual-budget-college-grad/>
  + <https://spendsmart.extension.iastate.edu/plan/what-you-spend/>
  + <https://lifehacker.com/how-do-i-figure-out-my-monthly-food-budget-5887545>
  + <https://www.myfirstapartment.com/2015/09/rent-calculator/>
  + [www.zillow.com](http://www.zillow.com)
  + <https://www.apartmentlist.com/rent-calculator/>
  + **Investment Philosophy & Plan**
* What percentage of your salary do you want to save?
* What are you long-term objectives?
* What is your attitude about fees?
* How much risk do you want to have, i.e. all stocks or a mix of stocks and bonds?
* What are the expected returns of stocks versus bonds?
* You want to be more invested in stocks than bonds because stock returns are higher?
* You need to and can take risk because you have a long time horizon?
* Tell us the philosophy you wish to employ, such as:
  + Passive management, i.e. index funds only?
* % of fixed income matches by age?
* Want to buy individual or a mix of funds and individual stocks?
* Do you want to use a target-date approach?
* Want to buy index funds or mutual funds in different sectors?
* Want a mix of mostly index funds and a few stock?
  + **Asset Allocation**
* Using a pie chart, tell us your asset allocation also known as you mix of stocks and bonds
* Will you use a plain vanilla approach?
* 80% US stock index funds and 20% bond funds
* Will the stock portion of you plan be 80% stock mutual funds of which you will divide up into for example us index funds, international index funds, growth stock funds, etc.
* Take your monthly or annual savings and divide it by the asset allocation?
* Example: Monthly savings of $1,200; Asset allocation of 35% index funds; 35% growth funds; 10% international funds; 20% bond funds
  + $1,200 x .35 = $420 each month in index funds
  + $1,200 x .35 = $420 each month in growth funds
  + $1,200 x .10 = $120 each month in international funds
  + $1,200 x .20 = $240 each month in a bond funds
  + **Funds That I Am Choosing**
* Google the types of funds you want to buy, such as index funds; growth funds; large cap, mid cap and small cap funds; international funds; sector funds (tech, healthcare, etc.); emerging market funds; or real estate funds (REITS).
* Pick the ones that you want.
* List the mutual funds or stocks or a mix of the two and why you are buying them.
* List the bond funds that you will buy.
* Include the name of the fund and the ticker symbol of the fund.
  + **Economic Outlook**
* Current GDP versus historical?
  + https://www.bea.gov/data/gdp/gross-domestic-product
* Current unemployment versus historical?
  + www.bls.gov
* Current inflation versus historical?
  + https://www.bls.gov/cpi/
* What is the Fed saying about its economic outlook?
* What are the ISM/PMI numbers telling us?
  + <https://tradingeconomics.com/united-states/manufacturing-pmi>
  + <https://www.instituteforsupplymanagement.org/ISMReport/MfgROB.cfm?SSO=1>
* What is the yield curve telling us?
* <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield>