

Instructional Scenario

Falling Deeper in Debt!

Duty/Concept Area(s): Managing Personal Finances

Scenario:

Mark is 26 years old, single, with no kids. He graduated from college three years ago and landed a marketing job at a large corporation where he earns \$60,000 per year. He loves his job and is good at it, but lately, he has been feeling more and more stressed. No matter how hard he works, it seems like he can never get ahead financially.

It all started when Mark decided to buy a new car. He had always wanted a luxury vehicle, so he took out a loan and started making monthly payments of \$800. He loved driving his new car. He also wanted to live in a great part of town, so he purchased a condo in the city with a parking spot. After making a 20 percent downpayment on the condo, Mark's mortgage on the condo, including condo fees, comes out to about \$2000 each month.

After paying for utilities (\$350), groceries (\$200), gas (\$150), car insurance (\$100), student loans (\$300), cell phone (\$60), a gym membership (\$50), streaming subscriptions (\$75), and other expenses, he barely has money left over. He used his credit card to furnish the condo and to buy meals and drinks when he goes out with friends. The current balance on his credit card is \$20,000, and the minimum payment is \$400 a month.

Before he knew it, Mark was struggling to make his car payment and had maxed out his credit card. He knows he needs to make some changes, but he doesn't know where to start.

Big Question:

What steps can Mark take to get out of debt and take control of his personal finances?

Focused Questions:

- What circumstances put Mark in this predicament?
- Why is a budget important, and what are the goals of a budget?
- If Mark does not make a change to his personal financial situation, how might this affect him in the future?

Project-Based Assessment:

Using the scenario above, create a detailed monthly budget for Mark. Remember to include in the budget an emergency fund and retirement savings.