# Foundations of Emergency Medicine Foundations III: Session 9 Resident Handout for Budgeting Exercise

Review the following budget and use this to prioritize savings for Dr. Homans's first two years out of residency. After filling out the worksheet, share your answers with the group and discuss.

# **Monthly Budget for John Homans**

Assumptions:

\$250,000 annual salary

20% Savings Rate

25% in taxes

MONEY IN	
Monthly Paycheck	\$20,833
Additional income	\$0
TOTAL INCOME	\$20,833

MONEY LEFT OVER	
Income minus expenses	\$5,606

MONEY OUT	
Savings	\$4,167
Taxes	\$5,208
Housing (Rent, mortgage, taxes, insurance)	\$1,500
Phone	\$150
Car payment	\$200
Education Loans	\$1,500
Personal Loans	\$0
Health Insurance	\$234
Dental Insurance	\$98
Disability Insurance	\$220
Life Insurance	\$90
Car Insurance	\$85
Transportation - Gas, Maintenance, Transit	\$300
Utilities (Gas, Electric, Water, TV)	\$350
Groceries	\$500
Dining, travel, entertainment	\$500
Miscellaneous	\$125
TOTAL EXPENSES	\$15,227



#### Parameters for this exercise:

- Dr. Homans will save 20% of his income annually, or \$50,000/year.
- Dr. Homans has \$17,500 in pre-existing savings. He does not have a working spouse or family help for emergencies. Remember to exclude the savings and tax allocations to calculate monthly expenses for an emergency fund. You can round to the nearest multiple of \$1000.
- He has \$9,000 in credit card debt.
- He has \$80,000 in private student loans at 6% interest.
- He has access to a 401(k) (max contribution of \$18,500) that will match the first \$15,000 he puts into it.
- He has access to a 457 plan (max contribution of \$18,500) and a HSA plan (max contribution \$6,900 for a family) at work.
- The following is the priority list for savings from earlier in the session. Remember that the exact order can be changed according to personal preferences and values.
  - 1. Fill up an Emergency Fund
  - 2. Fill your Employer Provided Retirement Plan enough to maximize your employer's match (401(k), 403(b), etc.)
  - 3. High-interest Debt
  - 4. Fill remainder of tax-deferred Retirement Plans
  - 5. Health Savings Account
  - 6. Moderate interest debt
  - 7. 529 College Savings Plan
  - 8. Save for a house down payment
  - 9. Taxable investing accounts
  - 10. Low-interest debt

### Dr. Homans Year 1

Account	Amount Applied	Money Remaining (\$50,000)

## Dr. Homans Year 2

Account	Amount Applied	Money Remaining (\$50,000)