

## Budget for State/Local Employee Age 35-44 Earning Average Income

Total Compensation (per month)	\$4,350
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### Items usually paid by employer:

Health/Disability/Life/Retiree Med	\$550	Employer-paid health, disability, and life ins. premiums for state EEs
Social Security and Medicare	250	Employer payroll tax (7.65% of pay)
Retirement Benefits	200	Employer contributions for TSERS/LGERS, Commission can change

Monthly Salary	3,350	Equals \$40,200 per year, average pay for ages 35-44 in valuation reports
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### Items usually withheld from paycheck:

Taxes & Credits *	\$650	Federal and state income taxes, employee SS & Medicare payroll tax
Healthcare	200	State Health Plan premium for dependents plus out-of-pocket
Retirement	200	Current TSERS/LGERS EE contribution (6%), Comm. can change

Take-home pay	2,300
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### Items usually paid from take-home pay:

	<u>Minimum</u>	
Housing	500	Simple apartment with one bedroom per 2 adults or 2 children
Food	250	Minimum assumes nutritious food, but no eating out
Personal Services	50	Could be \$0 if no children, up to \$1,000 if children under school age
Transportation	150	Assumes public transportation or sharing an inexpensive car
Other Necessities	200	Clothing, personal care, school supplies
Entertainment	0	
Cash Contributions	0	
Debt Payments/Other Savings	0	
Total	1,150	

### Spending Categories Include

Housing: rent or mortgage payments, insurance, utilities (gas, electric, water, phone including cell), maintenance, housekeeping, lawn service, pest control, housekeeping supplies, furniture, appliances, and computers

Personal services: daycare, pre-school, babysitting, elder care

Transportation: car payment, gas, insurance, maintenance, air travel, public transportation

Entertainment: movie tickets, live performances, sporting events, A/V equipment, tourism, toys, pets, alcohol, hobbies, exercise equipment

Cash Contributions: donations to charity, gifts to friends or family

Debt Payments/Other Savings: credit card payments, student loans, savings for emergency fund, college, other non-retirement purposes

\* Federal marginal rate is 15%, state marginal rate is 7% at income level shown. Calculation takes into account the full table of rates, as well as standard deduction and exemptions, and child tax credits (assuming average of one child per worker). Includes employee taxes for Social Security & Medicare (7.65% of pay)

Minimum based on *Making Ends Meet on Low Wages*, NC Budget and Tax Center. Based on average of single parents, married w/ children, and married w/o children.

## Worksheet for Personal Budget Exercise

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Retirement Savings (\$400 ↑↓)  
 Housing  
 Food  
 Personal Services  
 Transportation  
 Other Necessities  
 Entertainment  
 Cash Contributions  
 Debt Payments\Other Savings


Total:     \$2,700            \$2,700            \$2,700

Instructions: Using the "Budget for Typical State/Local Employee Age 35-44" as a starting point, fill in the cells with the amount of \$ you think the average employee wants to allocate towards each expenditure category. The total \$ amount for expenditures (including retirement savings) should equal \$2,700 -- the take-home for the employee model we are using if he or she was not required to participate in the current pension system (\$2,300 take-home pay + \$400 in contributions to TSERS\LGERS).

Retirement Age

70

65

60

55

50

45

Required Savings

\$200

\$350

\$550

\$800

\$1,150

\$1,600