Family Budget

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| **FAMILY GROSS and NET INCOME CALCULATIONS** | | |
| A. Gross Salary Spouse #1 per Year | $30,000 |  |
| B. Gross Salary Spouse #2 per Year | $54,000 |  |
|  | C. Family Gross Salaries per Year | $84,000 |
| REQUIRED AND PERSONAL TAXES |  |  |
| D. Social Security Tax (C above x 6.2%) | $5,208 |  |
| E. Medicare Tax (C above x 1.45%) | $1,218 |  |
| F. State Tax (C above x 3.95%)\* | $3,318 |  |
| G. Federal Income Tax (C above x 14%)\* | $11,760 |  |
| H. Health Insurance (C above x 4%)\* | $3,360 |  |
| ***\* denotes approximate percentages*** | I. TOTAL TAXES PER YEAR  (Add D, E, F, G, and H) | $24,864 |
|  |  |  |
| J. NET INCOME PER YEAR | Take C (Gross Salaries) – I (Total Taxes ) | $59,136 |
| K. NET INCOME PER MONTH | Take J above and divide by 12 months | $4,928 |

Every single paycheck you receive, money is taken away from you by the government for taxes. These taxes include Medicare, Social Security, and Federal and State income taxes. Medicare is taken out to help pay for medical insurance for old people. Social Security is taken out of your paycheck to support old people after retirement. Federal and State income taxes are taken out of your check for infrastructural expenses. After all these taxes have been taken out of your check you have what is called your net income. Your gross income is your income before taxes. If you use your gross income for budgeting, you will not have all the money you think you will because the taxes have not been taken out yet.

After I saw how much of my hard earned money was taken out for taxes I was very surprised and disappointed. There is still more than enough money however for what we need to pay for. We were very frugal in buying a house and a car and selecting insurance. The money that we don’t have budgeted out for the essential purchases I would like to put in savings and start saving for retirement.