

The Real World

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Overview and Purpose

Fast forward to when you have graduated from high school, and are ready to explore your next options. Where will you be in five or ten years? This lesson is designed to teach the concepts of budgeting, saving, and handling the normal stresses as an average adult. If you are going to attend a post-secondary institution, research the following information on page ???:

Educational Standards

Efficiency with various assistive mathematical technology

The students will select and use appropriate approaches and tools for solving computational, geometric and algebraic problems, including estimation, mental computation, guess and test, paper and pencil, calculators and computers with software for tabulating, charting, graphing, drawing and transforming data and images.

Inductive and Deductive Reasoning

The students will be able to use inductive and deductive reasoning to make, defend and evaluate conjectures and arguments, to justify assertions and verify tentative conclusions, and to solve mathematical problems.

Utilization of mathematics as a tool for solving real life problems

The students will use mathematical skills and concepts with proficiency and confidence in order to make and justify decisions and predictions as well as appreciate the power and utility of mathematics as a discipline and as a tool for solving problems.

Objectives

Determine Expenses

Research Applicable Careers

Considerations for Becoming a Homeowner

Homeowning v. Renting

Budgeting

Materials

Access to Microsoft Excel

Internet and Other Appropriate Resources

Information

You may use any internet source, university source, magazine, textbook, or any other information that might be applicable to your study. If you know anyone that might be experiencing some of these circumstances first hand, then they might be a good resource for you.

Verification

Please select Part A or Part B, in addition to the required Part C. In order to obtain an excellent grade in this Independent Study Unit, be sure that the following statements are true about your work.

1. I have carefully answered all questions in a well-researched manner.
2. I have included the proper footnoting for my sources and avoided plagiarism in any form.
3. Wherever possible, I have substantiated my comments with sample receipts, advertisements etc.
4. I have professionally displayed my results by submitting a typed document that is error free.
5. I have included charts, graphs, and spreadsheets wherever appropriate.
6. I have proven that I have an excellent understanding of the topics discussed.
7. I have added my creative touch to enhance my project.
8. All scenarios that I created are realistic. (i.e. no mansions after university and no lottery winners!)
9. I have used work periods wisely.

Activity

Fast forward to when you have graduated from high school, and are ready to explore your next options. If you are going to attend a post-secondary institution, research the following information:

1. How much will your expenses be? Be sure to research the price of tuition, residence, books, parking and miscellaneous expenditures.
2. How will you pay for this? List any amounts that you will receive as contributions towards your education. Research how much you could make in the summer. Do not forget to subtract taxes, other deductions and your living expenses for the summer. Realistically, how much could you save towards your school fees?
3. Based upon the above information, will you need to take out a student loan? If so, research this process. Is it difficult to get a loan? What is the interest rate, and what are the pay-back terms?

Research a possible career that you would realistically be qualified for. Be sure that you state the required post-secondary qualifications. Find out what a typical starting income is. Don't forget to find out what deductions you should expect. Create a monthly budget including all pertinent expenditure categories. Lay this out on a spreadsheet form. Learn how to use Excel to keep a running total for various categories of your budget (i.e. creating the formulae, rather than just a list). Collect proof of your anticipated expenses. For example, include:

- a) a quote from a car insurance company
- b) calculated car payments from a bank or a dealership for your car
- c) an ad for an apartment that you would like to rent
- d) ads for household purchases

What extra expenses will you have for setting up your home immediately after graduation?

At some point in your lifetime, you will most likely purchase a home. There are many options for purchasing real estate; research the one that you think best suits your budget, anticipated family needs and long-term goals.

What are the advantages and disadvantages of purchasing the following types of homes?

- a) Condominiums
- b) townhouses
- c) single family detached homes

Once you have analyzed these options, decide which one you will select.

Consider the following important questions:

- a) How many years will you work before purchasing a house?
- b) What size will your down payment be, and how will you have saved it?
- c) What is the best bank offer currently for a mortgage?
- d) What expenses are involved in purchasing a home (i.e. land transfer tax)?

State your sources for the above answers. Find an advertisement of the home you will purchase based upon careful research. Explain how you will afford it, and why it is a wise

choice.

Clearly present the answers to the following questions:

- a) How does the size of the down payment affect the amount you pay long-term?
- b) How does the mortgage rate affect the amount you pay long-term?
- c) What are the advantages to paying weekly? Biweekly? Monthly?

Give possible scenarios that will clearly explain your answer to the above questions.

Charts and graphs are recommended for presenting this data clearly. For example, what are the short and long term payment differences for someone who purchases a \$200 000 home if they have either a \$10 000 or \$20 000 down payment?

Budgeting implications

- a) How will your budget change once you have purchased a home?
- b) List some new expenses that you will encounter (i.e. heat & hydro, property taxes) and obtain sample receipts wherever possible.