A LESSON IN LIVING WITHIN YOUR MEANS

This four-week activity is designed to give you a more realistic view of what it takes to cover your expenses every month and live within your means as a young professional. Unlike graduates in many other fields, accounting majors often finish school with one or more job offers in hand. Not only does this mean you can kick off your career (and start making money) sooner, but also begin working your way up the proverbial ladder (and making even more money) sooner too—since careers in accounting offer lots of opportunities for growth.

Each week you'll be building toward setting up your new life as a full-fledged adult by being responsible for the choices you make and the money you spend. In the end, you'll come away with a better understanding of just how far a solid starting salary will get you—and which of your financial dreams will take some work to achieve. The good news is, whatever your financial goals may be, accounting is sure to offer a path that can get you there.

WEEK #1

EXPLORE YOUR OPTIONS

Accountants, and CPAs in particular, have a ton of opportunities when it comes to getting a job fresh out of school and advancing their careers once they get started. While other industries have limited openings, accountants are in high demand. Part of that has to do with the growing economy and ever-changing financial laws and regulations, while another part has to do with a large number of accountants reaching retirement, leaving a lot of shoes to fill. And—unlike many other industries—whether the economy is doing well or not, everyone still needs accountants.

This week you'll be exploring all the different paths you can take with a degree in accounting. Even if your end goal is to become the CFO of the latest and greatest social media app, you've got to start somewhere.

Begin by learning about some of the entry-level roles available for folks who hold an accounting degree. While the following list isn't exhaustive, it should give you a pretty good idea of the different possibilities. Research each of the job positions below, provide a summary of what each role entails, then narrow it down to your top choices. For the three positions that sound the most interesting to you, explain what about those jobs are attractive and how each leverages your specific strengths and interests.

- Internal Auditor (corporate)
- Tax Accountant (corporate)
- Budget Analyst (corporate)
- General Accountant (corporate)
- Financial Analyst (corporate)
- Treasury Analyst (corporate)
- Business Analyst (corporate)
- Data Analyst (corporate)
- Business Intelligence Analyst (corporate)
- Business Systems Analyst (corporate)
- Tax Services (public)
- Audit/Assurance Services (public)
- Claims Examiner Analyst (health care)
- Revenue Cycle Analyst (health care)
- Sales/Trader Assistant (financial services)

Now that you've selected the top accounting jobs for you, consider what type of company you'd like to work for. Remember, one of the great things about accounting is that you can apply it to pretty much any kind of organization within any industry. So, don't be afraid to think outside the box and add some ideas of employers or industries that appeal to you.

RESOURCE TO GET YOU STARTED:

Find out which industries and specializations are available in the field, and learn which would be the best fit(s) for you:

- Career Options

WEEK #2

LOCATION, LOCATION, LOCATION

Have you always dreamed of living in Los Angeles, Austin or Atlanta? Maybe, for you, it's more about where you want to live as opposed to which specific company you want to work for. Or maybe the company you really want to be at is only located in a few specific cities. Either way, you'll need to consider where you want this first professional accounting job to be.

This week you're going to research potential places you can begin your career. Explore several different cities online then narrow it down to the three in which you could see yourself living. And if the city you're currently living in is one of them, that's great news! Whether you decide to stay or go, it's all up to you.

Be sure to take notes as you go so you can provide a written summary of each of your preferred cities. Not only will you be turning this in, but you'll also need to use it to compare the cities side by side and (eventually) narrow it down to one. You might also want to use your summaries to create a list of pros and cons for each location to help you choose.

HERE ARE SOME THINGS YOU'LL WANT TO LOOK INTO WHEN CONSIDERING WHERE YOU MIGHT LIKE TO LIVE:

Size—Do you want a city that never sleeps? Or a sleepy town with a slower pace of life? Or maybe something in between? Larger cities typically have more traffic. Smaller cities tend to be closer to nature. You'll want to weigh the options based on your preferences and deal breakers.

Prospects—This is where you'll connect the positions you explored last week to the cities that would likely offer them. Many accounting grads choose to take a job with one of the Big Four accounting firms, which have offices across the U.S., while others might prefer to go with small private firms that only have one location. Think about growth here, too. Is there a lot of opportunity beyond this initial job? Are their specific industries that are concentrated in that market?

Attractions, Amenities & Cultural Activities—If you like to stop and smell the roses, then a botanical garden might be a selling point. Or if you crave more competition, a local sports team could scratch that itch. Consider the things you enjoy doing (or would like to be able to do) and make sure the areas you're looking at have plenty to offer you.

Demographics—Maybe Florida sounds amazing, but you may not want to end up in a city that's chocked full of a specific age group. Whether it's age, religion or predominant cultural background, it's good to know about the people living there and the vibe of the city.

Cost of Living—There's the national average, then there's specific cities. Everyone knows New York and San Francisco are pretty pricey, but you might be surprised to find that living in your dream locale is way more than you'd expect. Or the reverse could be true. Regardless, cost of living will definitely dictate what kind of lifestyle you can afford in that city.

Proximity to Friends & Family—While not an absolute must for some, others want to know they have a built-in support system when moving to a new city. Many people think finding friends gets harder once you're out of school, so having some connections in or near the city you live in can be a real benefit. Of course, starting with a clean slate can also have its benefits. It's whatever feels right for you.

Weather—Depending on where you're from, this may or may not seem like a big deal. But if you're used to a warm climate, for example, moving somewhere where snow is the norm might be a shock to the system. In that case, you'd have to consider the cost of a new winter wardrobe and the fact that driving in that weather might prove pretty challenging.

Crime—Every city, big or small, has crime. What kind of crime and how much there is, however, varies greatly. Not just from city to city, but often from neighborhood to neighborhood, too. So, while sizing up crime in a city, take note of which areas you'd be comfortable living in and make sure you keep that in mind when you're looking at places to live.

Social & Professional Networks—Another great way to make friends and grow your circle of influence is through various social and professional networks. As you start to think about your career path, it can help connect you with your peers and provide potential mentors to help you grow. Personally, finding friends is easier within a group that shares similar interests to your own. Whether it's playing Madden on XBOX or touring the city's culinary scene, you might just be able to find others who'd like to do that with you.

WEEK #3

PULLING IT ALL TOGETHER

Now that you've narrowed down what you'd like to do and where you'd like to do it, it's time to put your adult life into action. That means seeing what kind of salary you'll be making and how far it will stretch depending on where you're living and what your expenses are.

First, you'll want to consider your job offers. To do that, download the latest Robert Half Accounting & Finance Salary Guide and look up the three roles you thought had potential from Week 1. While your actual salary might be higher or lower, for this exercise you'll pull the number you see under the 50th percentile. Once you've listed the three salaries, go to the next section in the report to find out how much to adjust each starting salary (up or down) based on the cities you've chosen. If your specific cities aren't listed, try to find a city that has similar characteristics to one on the list and use that percentage. From the nine resulting salary and city combinations, it's time to choose just one as the "offer" you'll be accepting.

Woohoo! You've got your first job in a city you're excited about. Now it's time to work out the details. In other words, this is where the "adulting" begins. This will give you a pretty good idea of what kind of lifestyle you'll be able to afford—and how much you'll want to make in the future to be able to live comfortably in the city you love.

First things first: how much money will you actually be working with? To figure this out, divide your salary by 26, that's the number of paychecks you'll be getting in a year (assuming you get paid every two weeks). Then use the Paycheck Calculator to figure out and deduct your:

- Federal Income Tax Withholding
- State Income Tax Withholding (depending on your state)
- FICA Tax Withholding
- Medical, Dental and Vision Insurance (For this exercise, you can assume $85 comes out of every paycheck for all health insurance premiums.)
- 401(K) Income Percentage (Here you can assume a 3.5% match from your employer.)

This should give you a solid picture of your take home pay.

Now that you know approximately how much you'll have for all of your other expenses, it's time to figure out what those expenses will be. This will help you determine things like where you can afford to live and how much you can expect to spend—or will need to cut back—in other areas. Depending on the information you're able to find online, feel free to use averages (or dial them up or down) to approximate what you'll spend as you fill out your budgeting worksheet.

WEEK #3

PULLING IT ALL TOGETHER

HERE ARE THE BUDGETING CATEGORIES YOU'LL NEED TO PLAN FOR:

Rent—Can you afford a place of your own or will you need a roommate? (Remember, having a roommate not only cuts rent in half but the utilities as well.) What part of town do you want to live in? How long of a commute are you willing to have? Take a look at what's available in your new town and choose your new home.

Utilities—Some rental situations may include utilities, but most don't. This category includes electricity, water, garbage removal and gas (if applicable).

Cellphone, Cable & Internet—Sometimes bundling services can get you a better rate. Don't be afraid to shop around.

Loans—Not everyone has student loans to pay off once they graduate, but many people do. The amount you may need to borrow for college will depend on several factors. Some of those include: whether you go to a public or private school and whether it's in or out of state. There are calculators you can use to estimate your monthly loan payment. And, if you have any other outstanding debt, such as credit cards or personal loans, be sure to factor those in as well.

Transportation—Will you need a car or does your city have reliable public transportation where a metro pass will suffice? If you need a car, figure out what kind of car and what the monthly payment will be. Also, if you go with a car, you'll need to plan for insurance, gas and maintenance. Whereas, if you're relying on public transportation you may need a bus pass in addition to a subway pass—or plan extra for a few ride-sharing trips, in case you ever get stuck or are in a rush.

Food—You might be surprised how much of your money goes straight to your stomach. Just how much will depend on how often you eat at home versus going out. This category includes groceries, restaurants, coffee, etc. and can vary greatly. For example, if you can't go without your $5 coffee on weekdays, that comes out to about $100 per month. So be mindful of how you're spending in this category and whether it's worth it or not.

Household Goods—This includes things like toilet paper, cleaning supplies, air filters, furniture and décor, etc. Basically, everything around your home that doesn't fall into another category.

Personal—From haircuts to pedicures and everything in between, personal grooming expenses are included and accounted for here. This category also includes clothing, shoes, accessories, makeup, dry cleaning, gym memberships, etc. Some months you may spend more than others, but it's a good idea to plan for what you think will be an average, as you can always roll over money from one month to the next if you don't use the full amount…or if there's something over budget that you want to save up for.

Entertainment—Not only does going out (to the movies, concerts, clubs, trips, activities, etc.) fit in this category, but also any subscription services for music, movies and other streaming platforms.

Other—If you have any additional expenses that aren't covered in any other category, feel free to add your own. For example, while most young adults don't spend very much on medical expenses, some do. Consider your life and the things you need to keep up with. Gifts for others, offerings for church or any other giving you do could potentially go here as well. Budgets (and what's included in them) are different for everyone.

Savings—Lots of young professionals downplay the importance of saving. Of course, as an accountant, you understand the importance of starting early and saving often. Saying you'll start saving when you make a certain amount is a farce—because typically, the more money people make, the more their living expenses increase. It's recommended people have 3-6 months of their expenses in savings as an emergency fund for when unexpected expenses come up. And once you hit that amount, then you can save up for more fun things like trips, a new car or a house.

WEEK #4

DROPPING KNOWLEDGE

Does your entry-level salary give you the life you expected? Or does your money not stretch as far as you'd like? Were there things that turned out to be far more expensive than you realized? Or are there lots of expenses you would've never even thought to factor in?

Based on this exercise, how much do you think you'd need to make to have the lifestyle you've dreamed of?

What can you do in the meantime to set yourself up to make that happen in the future?

This week is all about sharing your budget and the things you've learned with the rest of the class. Maybe someone thought about a great way to save money in one category, so they could splurge in another. Or maybe you decided to drive a used car, so you didn't have a car payment and could save more aggressively to buy a new(er) car outright (and save thousands in interest as well).

Hopefully, this exercise has given you more insight into how to better balance your needs and wants—or prioritize certain things over others. It's all about perspective. And the more in-depth you can get in sharing your thinking and hearing what others have learned, the better prepared you'll be when you are finally in charge of paying your own way.

Good luck!

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A LESSON IN LIVING WITHIN YOUR MEANS

1. **List your income.**
2. **List your expenses.**
3. **Subtract your total expenses from total income to build your budget.**

YOUR MONTHLY BUDGET

Monthly Income:	
Other Monthly Income:	
Monthly Expenses:	$ 0.00
NET TOTAL	$ 0.00

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List your monthly expenses as a negative number in the fields below.

EXPENSES	**AMOUNT** (Negative number)
☐ Rent	
☐ Utilities	
☐ Cellphone, Cable & Internet	
☐ Loans	
☐ Transportation	
☐ Food	
☐ Household Goods	
☐ Personal	
☐ Entertainment	
☐ Other	
☐ Savings	
TOTAL MONTHLY EXPENSES	$ 0.00