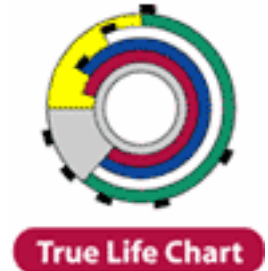


PEAK READINESS ACTIVITY 1b: Introduction to Independent Life - Part 2

Minimum Wage & the Red Box

Open the True Life Chart and look at the red box. Notice "Expenses for a Single Person Living Independently." When you add up rent of \$500 a month, food at \$15 a day, clothing at \$750 a year and car, gas and insurance at \$300 a month, your expenses will be \$15,825.00 a year. Entertainment, health insurance, utilities and miscellaneous things like music CDs or dating are all extras!



Look at "Federal Minimum Wage \$5.15 per hour." When you multiply \$5.15 by 40 hours you'll make \$206 gross income a week. You will have to pay taxes on your earnings of approximately 15% or \$30.90, so your take-home pay will be about \$175.10 per week. After working for 52 weeks, or one full year, your net income will only be \$9105.20. The bottom line is that you cannot afford to live independently on a minimum wage job. (In some states, such as Oregon, Washington, California, Alaska, Maine, Illinois, Massachusetts, and others, minimum wage is higher. Using a higher average minimum wage of \$6.75, your gross income per week would be \$270.00, or a net take-home pay of \$229.50. Your net income per year would be only \$11,934.00, still far short of the \$15,825.00 needed for basic expenses.)

As an example, let's look at the hourly wage needed to live independently and at the same time buy a \$1000.00 stereo. To buy the stereo you have to save whatever money is left over after you pay your living expenses (\$15,825.00 a year). To make the \$15,825.00 you would have to work 40 hours a week for 52 week at \$8.95 per hour (\$7.61 per hour plus 15% more to pay taxes: \$1.34. $\$7.61 + \$1.34 = \$8.95$.) In order to save one dollar an hour, you would have to earn \$9.95 per hour. After working and saving for 1000 hours you can buy the stereo. 1000 hours of work at 40 hours per week equals 25 weeks of work or one week short of 1/2 year.

Currently, the federal minimum wage is:

Total yearly net income of someone working at minimum wage is:

The total expenses for a single person living independently are:

Dropping Out & the Red Circle

The red circle shows the earnings and the lifestyle of a non-graduate. If you don't finish high school, you will typically work in a minimum wage job; an unskilled laborer makes \$5.15 an hour (or, in some states, \$6.50, \$6.75, and over \$7.00).

Picture yourself going out on a cold morning and digging a ditch or waiting on tables all day. When you add up your pay as an unskilled laborer for the year, you'll make about \$9,105.00 before taxes (or about \$11,500.00 in states with higher minimum wage). This is assuming someone will hire you without a high school diploma! Military service is disappearing as an option for non-graduates. All of the services are requiring a 4-year high school diploma or a G.E.D. with some college courses.

For non-graduates, real world choices are very limited! They are getting tougher and more competitive every day.

Education level of a person in the RED circle is:

Workers in the RED circle are usually called:

An example gross salary in the RED circle is:

The starting gross income of a non-graduate is:

Explain what the RED circle means to you.

Blue Collar Work & the Blue Circle

If you finish high school, you will have the opportunity to work as a blue-collar worker.

Blue-collar workers, including trades people, complete additional vocational training and qualify for apprenticeship programs to become carpenters, electricians, plumbers or truck drivers. They often work with their hands as skilled laborers and earn more money than unskilled laborers.

See for yourself the lifestyle you could have as a blue-collar worker. Click directly on the True Life Chart to find the answers to these questions:

What is the education level of a person in the BLUE circle?

Give three examples of a blue-collar worker from the True Life Chart:

1.

2.

3.

An example gross salary in the BLUE circle is:

Blue collar workers are sometimes called:

Blue collar workers usually work with their:

and most of the time, make more money than:

Someone in the military is in which colored circle?

Explain what the BLUE circle means to you.



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