

# Summer Savings Information and Worksheet 2008

## Georgetown University Law Center Financial Aid Office

Students who are employed during the summer should save a portion of their earnings to put toward third year tuition costs. Summer savings are particularly important for Law Center grant recipients, as they are expected to save at least \$3,100 of their summer earnings for third year tuition costs.

### **Student Summer Earnings Education Self-Contribution**

Law Center grant recipients earning summer income will receive an income protection allowance of \$13,000 for the first eight weeks of employment and an additional protection allowance of \$1,250 for each additional week. After the protected amount is disregarded, 65% of the remaining earnings are considered the Student Summer Earnings Education Self-Contribution.

Students leaving the DC metro area and working in high cost cities may have additional protection applied (if not living with relatives during the summer).

*Students working in the following cities may receive an additional \$2,000 post contribution reduction:*

- Houston
- LA/Riverside
- NYC
- San Francisco/Oakland/San Jose
- Honolulu

*Students working in the following cities may receive an additional \$1,000 post contribution reduction:*

- Boston
- Chicago
- Denver/Boulder
- Detroit/Ann Arbor/Flint
- Hartford
- Northern NJ/Long Island/Westchester
- San Diego
- Miami
- Philadelphia
- Seattle

# Calculate Your Summer Savings

Keep this worksheet for future reference.

Take a few minutes to quickly calculate how much you should save this summer - you will be glad you did!

In the example below, **Jane will work 12 weeks** during the summer at the **estimated amount of \$2,400 per week**.

## Steps to Summer Savings

1. Estimate Weekly Earnings (x) Number of Weeks Employed = Estimate Gross Summer Earnings

$$\underline{\hspace{2cm}} (x) \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ Estimate Gross Summer Earnings}$$

Jane's Example: \$2,400 x 12 = \$28,800 Estimated Gross Summer Earnings

2. Estimate Gross Summer Earnings (x) .75 = Net Summer Pay

$$\underline{\hspace{2cm}} (x) .75 = \underline{\hspace{2cm}} \text{ Net Summer Pay}$$

Jane's Example: \$28,800 x .75 = \$21,600

3. Net Summer Pay (x) .3 = Target Summer Savings --or--  
Net Summer Pay (x) .5 = Better Summer Savings

$$\underline{\hspace{2cm}} (x) .3 = \underline{\hspace{2cm}} \text{ Target Summer Saving}$$

*(the minimum should be \$3,000, target for at least 30% of your net pay)*

$$\underline{\hspace{2cm}} (x) .5 = \underline{\hspace{2cm}} \text{ Better Summer Savings}$$

Jane's Example: \$21,600 x .3 = \$6,480 Target Summer Savings - - or - - \$21,600 x .5 = \$10,800 Better Summer Savings

4. Net Summer Pay - Target or Better Summer Savings = Funds to Cover Summer Expenses

*(Target Savings)*  $\underline{\hspace{2cm}} - \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ Funds to Cover Summer Expenses}$

*(Better Savings)*  $\underline{\hspace{2cm}} - \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ Funds to Cover Summer Expenses}$

Jane's Example: Target Savings \$21,600 - \$6,480 = \$15,120 - Funds to Cover Summer Expenses - - or - -  
Better Savings \$21,600 - \$10,800 = \$10,800 - Funds to Cover Summer Expenses

5. Funds to Cover Summer Expenses - Outstanding Bills (ex. from spring term) = Projected Summer Living Allowance

*(Target Savings)*  $\underline{\hspace{2cm}} - \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ Projected Summer Living Allowance}$

*(Better Savings)*  $\underline{\hspace{2cm}} - \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ Projected Summer Living Allowance}$

6. Calculate Projected Living Costs - Assuming 12 Weeks (dollar estimates in parentheses)

Rent per month (\$1,200)	\$	x 3 months (\$3,600)	\$
Food per week (\$150)	\$	x 12 weeks (\$1,800)	\$
Utilities per month (included)	\$	x 3 months (\$0)	\$
Cell phone per month (\$50)	\$	x 3 months (\$150)	\$
Transportation per week (\$90)	\$	x 12 weeks (\$1,080)	\$
Miscellaneous per week (\$75)	\$	x 12 weeks (\$900)	\$
		<b>Total Projected Living Costs (\$7,530)</b>	<b>\$</b>

7. Projected Summer Living Allowance - Total Projected Living Costs = Earnings Remaining to Add to Target Summer Savings

*(Target Savings)*  $\underline{\hspace{2cm}} - \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ Earnings Remaining to Add to Target Summer Savings}$

*(Better Savings)*  $\underline{\hspace{2cm}} - \underline{\hspace{2cm}} = \underline{\hspace{2cm}} \text{ Earnings Remaining to Add to Better Summer Savings}$

**Techniques for savings: Set up auto deposit for your pay. Establish two accounts**, one for living expenses and one for your target summer savings and have the appropriate amount deposited to each. **If you don't have the option of auto deposit, put every other paycheck into an "inaccessible" (no ATM card) bank account** and use the other check to meet living expenses. When that paycheck is spent, (or before) stop spending until you receive the next paycheck that is intended for living expenses. **Save from the outset to accomplish your goal and make an effort to reduce any outstanding balance on your credit cards.**