

Case Study 5 (Teachers Notes)

Michael & Rachel



I'm Michael, I'm 25 and I'm a plasterer. I'm renting with my girlfriend Rachel in Galway. She's 25 as well. The rent is €700 per month and between the two of us we manage it. Running a house is expensive. We have a lot of bills to pay. Every month we spend €20 each on our mobiles, the TV licence is €13.33, TV provider €23, Electricity costs at least €40 and Rachel has Hire Purchase payments on her car every month of €160. We'd usually spend €120 on food every week.

My work is fairly steady but sometimes I've gaps of a week or two when I've nothing on. On average, I'd say I pull in about €400 a week. Rachel and myself are pooling our money so it helps that she has regular work in a reception in a busy hotel in the city centre. She's working full time and takes home €350 a week.

I think we have a great future together. First of all we're both working and second we've been together since school. We've been talking about buying our own house for a while and we've started to think about what we need to do to prepare for it. We have calculated that we will need €30,000 for a house deposit. Rachel's mother has kindly gifted us €10,000 so we will need to save up the balance.

After a lot of hard work Rachel has finally cleared her credit card and she now only uses it for emergencies.

I need to drive for my work so I have a car and Rachel has one too. She actually walks to work (the hotel is close by) so she's thinking of selling her car. The thing is, she bought it on Hire Purchase and she's not sure what her situation is. Does she own the car? How much does she have to pay back to the Hire Purchase company? She thinks she'll save a lot on petrol, tax and insurance bills even if she doesn't make much selling the car. Our motor insurance bills are steep at €1,500 for the two cars. The tax is another €650. I'd say we spend €70 each week between us on petrol.

Rachel has always had a bank account but I've never had one. Rachel thinks that it would be easier for us to pay bills, pool our money and save if we open a joint account so I'm going to visit the bank and do that with her.

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Michael and Rachel's budget:

Michael and Rachel's annual available cash	Michael and Rachel's annual expenses
Micheal's earnings @ €400 x 52 weeks = €20,800	Rent @ €700 x 12 = €8,400
Rachel's earnings @ €350 x 52 weeks = €18,200	Mobile phones @ €40 x 12 = €480
	TV licence @ €3.33 x 12 = €160
	TV provider @ €23 x 12 = €276
	Food @ €120 x 52 = €6,240
	Electricity @ €40 x 12 = €480
	HP payments @ €160 x 12 = €1,920
	Petrol costs combined = €3,640
	Motor tax combined = €650
	Motor insurance combined = €1,500
Total = €39,000	Total = €23,746

Michael and Rachel's goals:

- 1 Rachel wants to get rid of her Hire Purchase commitments;
- 2 Rachel and Michael want to consider buying a home and saving for a deposit.