

Case Study #3: The Millennial Money Maze

Background

Meet Alex, a 25-year-old recent college graduate with a degree in graphic design. He's landed his first full-time job with a decent salary, but he's also facing a mountain of student loan debt. Alex dreams of owning his own design studio one day, but he's still determining how to balance his financial obligations with his aspirations.

Financial Situation

- **Income:** \$45,000 per year (gross)
- **Expenses:**
 - Rent: \$1,200 per month
 - Student loan payments: \$400 per month
 - Car payment: \$300 per month
 - Utilities: \$200 per month
 - Groceries: \$300 per month
 - Other expenses (entertainment, dining out, etc.): \$500 per month
- **Savings:** \$2,000 in a savings account

Financial Goals

- **Short-term:**
 - Build an emergency fund of 3-6 months' worth of living expenses.
 - Pay off high-interest credit card debt (if any).
- **Mid-term:**
 - Save for a down payment on a condo or small house.
 - Start investing for retirement.
- **Long-term:**
 - Open his own design studio.
 - Achieve financial independence and retire comfortably.

Challenges

- **High student loan debt:** Alex's student loan payments are a significant burden on his budget.
- **Limited savings:** He has a small emergency fund and hasn't started saving for other goals.
- **Lifestyle inflation:** As his income increases, Alex is tempted to spend more on discretionary items.
- **Lack of investment knowledge:** He's unsure how to start investing and what types of investments are suitable for his goals.
- **Entrepreneurial aspirations:** Starting a business requires careful financial planning and capital.

Questions for Students

1. **Budgeting:** How can Alex create a realistic budget that allows him to meet his financial obligations, save for his goals, and still enjoy his life?
2. **Debt Management:** What strategies can Alex use to pay off his student loans more efficiently? Should he consider refinancing or consolidation?
3. **Saving & Investing:** How much should Alex be saving each month for his short-term and mid-term goals? What types of investments should he consider for his retirement savings?
4. **Entrepreneurship:** What financial steps should Alex take to prepare for opening his own design studio? How can he secure funding for his business?
5. **Risk Management:** What types of insurance should Alex consider to protect himself and his future business?

Additional Considerations:

- **Career Development:** How can Alex increase his income potential through professional development or career advancement?
- **Tax Planning:** What tax strategies can Alex utilize to minimize his tax burden and maximize his savings?
- **Behavioral Finance:** How can Alex overcome psychological biases that might hinder his financial decision-making?

Remember:

- This case study is designed to be flexible and adaptable to your specific curriculum and learning objectives.
- Encourage students to think critically, analyze Alex's situation from different perspectives, and propose creative solutions.
- You can incorporate real-world data, financial calculators, and online resources to enhance the learning experience.