

Cost of Living

Leilani works at a restaurant in Fargo, North Dakota making \$45,000/year (after taxes), and she has some great news. She was just offered a promotion! But before we bring out the “Congratulations” cake, there’s a decision she has to make. The owner of the restaurant chain offered to create a management position for Leilani at any of their five locations: Fargo, Chicago, Queens, Boise, and Baltimore. Leilani has her eye on Chicago (awesome), but it’s more expensive than Fargo (not-so-awesome...). Help Leilani decide where she should move based on the cost of living for each location. Her new salary is \$50,000.

Use the Cost of Living Calculator to figure out how much more it costs to live in Chicago than Fargo. Login to Banzai, click **Middle School Personal Finance**, and scroll down to the library section. Read the **Renting Basics** article and navigate to the **Cost of Living Calculator**. Set the **Current Salary** to \$45,000 (Leilani’s salary without the promotion) and the **Current Location** to Fargo-Moorhead, North Dakota. Set the **Moving To location** to Chicago, Illinois.

1. According to the calculator, how much would Leilani need to make in Chicago to maintain the lifestyle she has in Fargo? \$ 52,000
2. The restaurant also has locations in New York (Queens); Boise, Idaho; and Baltimore, Maryland. How much would Leilani need to make in each of these places to maintain her current lifestyle?
Queens \$ 65,500
Boise \$ 48,600
Baltimore \$ 45,800
3. Leilani’s biggest expense is housing. In which of the five locations (Fargo, Chicago, Queens, Boise, Baltimore) will she have to pay the most for housing? (Hint: this is the place with the highest percentage increase next to “Housing”.) Queens
4. Which places do you think are best suited for Leilani and her new salary of \$50,000? Example: I think Fargo or Boise are the best places for Leilani, because her salary will go further, and she won’t have to adjust her lifestyle.
5. In your opinion, if Leilani adjusts her budget, could she afford to live in a more expensive place? Would it be worth it? Why or why not?
Example: Yes, I think Leilani could afford to live in a more expensive place if she cuts expenses like eating out, buying clothes, etc. I believe it would be worth it for Leilani to live in a more expensive place where she could meet new people, try different foods, or explore new opportunities.
6. In your opinion, should Leilani move or stay and manage the Fargo location? Why?
Example: Leilani should move to Baltimore where she’ll get the benefit of living in a new city while still mostly maintaining her current lifestyle and quality of living.