

# Budgeting 101

### Presented by:









### Why Should We Budget?

- ★ Budget-SPENDING PLAN
- Roadmap to achieve financial goals (fun and not)
- ★ Helps identify areas to improve your financial life





### ★ Pay Yourself First

- ⋆ Savings/goal centered
- ★ Envelope System
  - ⋆ Cash based
- **★** 50/30/20 System
  - ⋆ Set spending based on percentages of income
- ★ Zero-Sum Budget
  - allocate every dollar you make.



### What's Your Cash Flow?

Income			Expenses	
Income Source	Income (per month)		Monthly Expenses	Bills
Primary Job	\$ 3,000.00		Rent	\$ 605.00
Side Job	\$ 400.00		Car Payment	\$ 329.00
Savings Account	\$ 10.00		Auto Insurance	\$ 111.50
			Gas	\$ 80.00
Total	\$ 3,410.00		Student Loan	\$ 120.00
			Food	\$ 150.00
			Cable	\$ 65.00
			Cell Phone	\$ 105.00
			Utlities	\$ 70.00
			Credit Card payments	\$ 240.00
			Total	\$1,875.50
	Cash Flow	\$1,534.50		



# Where I

### Where Do I Start?

- ★ Find your monthly net income
- \* Add Up/itemize your monthly expenses
- ★ Find if there is any excess to save/pay down debt



## Step 1: Record Monthly Income







## Step 2: List Monthly Expenses

- ★ Create a list of all monthly expenses
  - ★ Use online banking to make this process easy
  - ★ Record each expense manually if you like to use cash



### Step 3: Income - Expenses

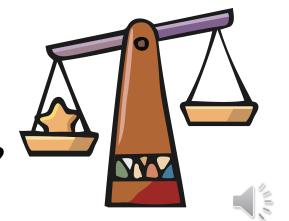
⋆ Do you have an excess or a shortage?

#### If you have excess...

- ★ Included all expenses?
- ★ Saving enough?
- ★ Paying off debts more aggressively?

### If you have a shortage...

- ⋆ Decrease expenses?
- ⋆ Adjust budget?
- ★ Identifying other sources of income?





**Evaluate Your Expenses** 

#### **Fixed**

- Housing
- Transportation
- Medical Costs
- Dependent Care
- Credit Card/loan payments

#### **Flexible**

- Groceries
- Personal items
- Laundry
- Clothing
- Utilities
- Car repairs

#### **Discretionary**

- Eating Out
- Vacations
- Entertainment
- Gift Giving
- Hobbies
- Designer Labels



### In Times of Emergency

- If you have lost your job, apply for unemployment benefits
- ★ Contact your creditors
- Utilize local resources to help ease financial burdens
  - ★ 211.org or 2-1-1



### Goals and Savings

- ⋆ Do you have savings?
  - **★** Emergency
  - ★ Planned expenses
  - **★** Goals

- ⋆ Do you have debt?
  - ★ Snowball vs avalanche

\* Add these as line items to your budget!



### Keep It Up!

### Create a system that works for you

- ⋆ Paper ledger
- ★ Excel spreadsheet
- ★ Computer program



#### Know the tools available to help

- \* Mint.com
- ⋆ Online banking



### Saving For Your Future

- ★ Take advantage of all retirement savings benefits from your employer
  - ★ Meet with benefits specialist to ensure that you are doing so!
- ★ Saving on your own
  - **★** IRA accounts-
    - ★ Save for retirement with tax-free growth or on a tax-deferred basis
    - **★** IRS limits annual contributions
- ★ Financial Advising/Planning
  - ★ Have a professional review your financial plan, or help develop one







- \* **Free Financial Counseling** Free financial counseling and debt counseling without a sales pitch. Certified advisors will help you explore options for achieving your financial goals. Everyone receives a customized action plan.
- Debt Management Plan If you are struggling to eliminate credit card debt, GreenPath may work with your creditors to develop a mutually agreeable payment plan. The plan could stop collection calls, lower interest rates and help you save lots of money.
- \* **Housing Services** Foreclosure prevention services, home buyer preparation assitance, and reverse mortgage counseling.
- \* **Student Loan Counseling** Look into student loan repayment options that can postpone or lower your payments.
- \* **Credit Report Review** Learn how to better understand your credit report and how to manage your credit score.
- \* **Financial Education** GreenPath University is your online source for free eCourses, videos, webinars, articles and other financial education resources.

