



Budgeting/spending plan notes:



5 steps – to setting up a realistic spending plan

1. List Income sources
2. Determine monthly expenses
 - a. Do this by tracking all spending
 - b. Make sure to include savings in your monthly expenses
3. **Subtract** expenses from income
 - a. Do this every month
 - b. you will either have a surplus or deficit at month end
4. **Review** your spending habits and make changes if necessary
5. **Manage** your plan and your behavior
 - a. Revisit your goals often
 - b. Make adjustments after life changing events
 - c. Your spending plan is **a living moving document**
 - d. Your budget is only as good as its implementation and follow through



Below is a self-assessment – use this to help find ways to improve your financial standing

- List 2 reasons why it's important for ***you and your family*** to have a written spending plan

- List a least **one savings goal** that you're trying to achieve:

- What can you do to better organize and improve your bill paying system?

- What other income options do I have? _____

- What are some of **my periodic expenses** that I will need to plan for?

- Thinking about how you spend money every month, can you think of at least two things **you can change or eliminate** to help you to save money to build up your emergency fund.

Keep talking about your goals with your family – **hold each other accountable** (consider giving yourself a spending **allowance** non-essential items)

3 Months

Complete the 5 step process for setting up your budget for a minimum of 3 months. Each month sort your expenses into sensible categories. This will let you see what an **average** month looks like for each category and will help to control spending. You will get a realistic look at how you spend money.

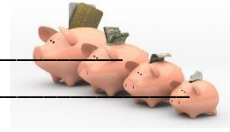


Manage Your Financial Behavior by Changing HABITS

- **Make a commitment** to change bad spending habits and learn from money management mistakes
- **Revise** your spending plan **if necessary**.

List two spending areas that you can improve: _____

- Complete **annual/periodic checkups** on auto policy and insurance needs
- **Practice planning purchases** – if you need a loan for a big ticket item (car, etc.) – practice making payments to your savings account for 3-4 months prior to buying to see how it feels and if you can really afford it.
- Utilize **separate savings account** to help save for goals and big ticket items.
List 2-3 ideas where separate savings account would be beneficial



- Consider a **pre-paid debit card or use the envelope system for incidentals** (e.g. food, recreation, gas) and keep the rest of the funds in a regular checking account to pay for monthly bills that are set up auto pay.

Note: Get professional help if needed

SET SMART GOALS

S – SPECIFIC – What is it that you're saving for, how much do you need to save (write it down & take a picture of the item – display it to keep motivated).

M – MEASURABLE – Figure out how long it will take you to save for the item.

A – ATTAINABLE – Make sure your goal makes sense – This is easier to figure out once you know what you spend money on each month.

R – REALISTIC - Is it a realistic goal to achieve the designated time frame you've allotted?

T – Trackable – How will you track this savings (notebook) check register – mobile device, computer?

Smart Goal Example

- Save \$1000 in one year to build up emergency fund
- Complete in one year by saving \$84 month
- If paid twice a month – save \$42 from each paycheck
- May be easier to do if funds are set up on automatic transfers
- Keep your own ledger and post in visible place for self-motivation

EX: I want to save \$1,000 in 1 year.

$$\$1000 / 12 = \$84$$

$$\$84 / 2 = \$42$$