

Budgeting & Spending



Plan A Budget:

+ Formulate Goals



- ✓ Goals should be realistic, specific, and indicate a timeframe
- ✓ Goals should identify actions to be taken
- ✓ Goals should be measurable so that progress can be tracked

+ Track Your Spending



- ✓ A large part of taking control of your money is knowing where it is going
- ✓ Record what your money is being spent on daily, and identify whether or not it is going towards necessities

+ Determine Monthly Income



- ✓ Calculate money that comes to you each month
- ✓ Add together any money earned from work or various jobs, allowances, interest and dividends, and other sources (i.e. social security, tips, etc.)

+ Determine Monthly Expenses



- ✓ Calculate money that will be spent each month
- ✓ Add together expenses of bills, transportation, entertainment, clothes, food, personal items, savings, and misc. spending

Income:		Expenses:	
Monthly Work Salary	\$1000	Housing & Transportation	\$750
Tips	\$250	Bills (Utilities, etc.)	\$300
Social Security Benefits	\$400	Food	\$150
Odd Job Income	\$50	Clothing	\$100
		Entertainment	\$50
		Savings	\$100
Total Income:	\$1700	Total Expenses:	\$1450

- + Monthly expenses must be less than monthly income to avoid debt. You can adjust your monthly budget by decreasing expenses or increasing income.

Spend Responsibly:

+ Think Before You Buy



- ✓ Walk away from large purchases to think about it before committing
- ✓ Do your research. Is this product the one most suited to your needs? Is this the best price? Is there any way to save on the purchase or go without making the purchase altogether?
- ✓ Shop with a list and only buy items that you planned to purchase. Otherwise, it is easy to get caught up in impulse buying and leave the store with items you don't need.

+ Use Credit Cards with Caution



- ✓ Before using a credit card, consider whether you will be able to pay off the balance at the end of the month. Otherwise, you will be charged interest on that purchase.
- ✓ Live within your means. Don't make purchases on credit if you don't have a plan for paying it off.

Cut Back on Spending:

- + Cancel email deals and sale alerts. These present temptations to spend money on items that you don't necessarily need.



- + Recycle and reuse old items instead of purchasing new
- + Pack lunches to avoid wasting money on dining out
- + Clip coupons and compare prices to find the best deal
- + Wait it out. Last minute shopping rarely yields high savings so make sure to plan ahead and be patient on your purchase.
- + When shopping for groceries and other necessities, buy store brand products, which are comparable but much cheaper than brand name items
- + Look for free entertainment in your community, such as the local library or park district
- + Find ways to travel for less and reduce your fuel expenses. Carpool, walk/ride a bike, or make use of public transportation
- + Pay bills online. It is convenient and you will save money on envelopes and postage. Some companies even offer discounts for setting up automatic payments from your account.

Saving



Why Save?



- + Make money by earning interest on the funds on deposit in your savings.
- + Set aside funds for emergencies and unexpected life events
- + Save for short-term goals such as a vacation or special event (i.e. wedding, back-to-school, etc.)
- + Save up for large purchases such as a car or home
- + Plan for the future. What will you do when it is time to retire or you are unable to work?

What You Need to Know:



- + What is the right type of savings for you? The basic savings account is enough for many, but there are other savings products available. Money markets offer higher interest rates, while with CDs you can lock your funds in at an interest rate for a specified period of time. Other specialized savings such as IRAs and investment accounts are also available.
- + Is your interest compounded? If so, the bank pays you on the previously paid interest as well as the money already in your account.
- + Annual Percentage Yield (APY)— reflects the amount of interest you will earn on a yearly basis.
 - ✓ Reflects compounded interest
 - ✓ Consult the APY when comparing different accounts or different financial institutions

How to Save:



- + Identify your specific savings goal. This will help you formulate a savings plan—and stick to it.
- + Look for ways to cut expenses—and put those funds straight into a savings account. Do not use savings as an opportunity to spend more elsewhere.
- + It's easy to save with convenient services like direct deposit that allows your funds to go straight to your savings account without you having to do anything beyond the initial setup

Budgeting:

Category	Budget Amount	Actual Amount	Difference
INCOME:			
Wages			
Interest			
INCOME TOTAL			
EXPENSES:			
Rent/Mortgage			
Utilities			
Transportation			
Groceries/Food			
Clothing			
Entertainment			
Savings			
Miscellaneous/Other			
EXPENSES TOTAL			
NET INCOME (Income - Expenses)			