



It does not matter how slowly you  
go as long as you do not stop.

Confucius

quotefancy

**YOU ARE THE MASTER OF YOUR DESTINY**

# How to Create a Successful Budget



# AGENDA



## 6 Steps of Financial Planning





**WHY?**  
**Financial Stability**

Debt  
**Stay Out**  
**Climb Out**

**Create one!**

## Do You Currently Have a Budget?



1 – Yes

2 – No

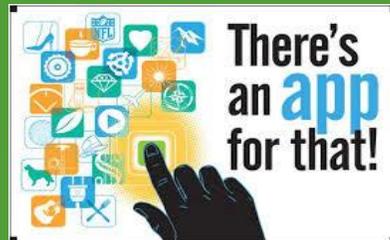
3 – I started one but didn't finish.

4 – I don't know where to start?

# Setting Up a Budget



## Multiple Systems



- Paper & Pen
- Spreadsheet
- Desktop Software
- Online Software
- Smart Phone App

Monthly Household Budget Template			
Income			
Source	Amount	Date	
Salary 1	\$ 4,000.00		
	\$ 511.00		
Expenses			
Category	Budgeted Amount	Date	Amount
Giving (Church/Charity)	\$ 400.00		
		Amount Left >>>	400.00
Saving	\$ 100.00		
Vacation	\$ 100.00		
Retirement	\$ 300.00		
		Amount Left >>>	300.00
House	\$ 67.50		
Homeowner's Ins			67.50



# Using Your Budget



Keep Track of Every Expense



Update Regularly



Accurate Descriptions



Budget by month...not by paycheck



Fixed & Variable Expenses



Occasional Expenses





# Setting up and maintaining a budget

## Personal Monthly Budget

<https://www.vertex42.com/ExcelTemplates/personal-monthly-budget.html>



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INCOME	Budget	Actual	Difference
Wages & Tips	2,500.00	2,500.00	-
Interest Income			-
Dividends			-
Gifts Received			-
Refunds/Reimbursements			-
Transfer from Savings			-
Other			-
<b>Total INCOME</b>	<b>2,500.00</b>	<b>2,500.00</b>	<b>-</b>

HOME EXPENSES	Budget	Actual	Difference
Mortgage/Rent	2,100.00	2,100.00	-
Home/Rental Insurance	50.00	67.00	(17.00)
Electricity	43.00	52.00	(9.00)
Gas/Oil	7.00	7.00	-
Water/Sewer/Trash	25.00	25.00	-
Phone	35.00	35.00	-
Cable/Satellite	15.00	15.00	-
Internet	0.00	150.00	(150.00)
Furnishings/Appliances	0.00	0.00	-
Lawn/Garden	20.00	15.00	5.00
Maintenance/Supplies	50.00	20.00	30.00
Improvements	0.00	0.00	-
Other	0.00	0.00	-
<b>Total HOME EXPENSES</b>	<b>2,345.00</b>	<b>2,486.00</b>	<b>(141.00)</b>

TRANSPORTATION	Budget	Actual	Difference
Vehicle Payments			-
Auto Insurance			-
Fuel			-
Bus/Taxi/Train Fare			-
Repairs			-
Registration/License			-
Other			-
<b>Total TRANSPORTATION</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>

HEALTH	Budget	Actual	Difference
Health Insurance			-
Doctor/Dentist			-
Medicine/Drugs			-
Health Club Dues			-
Life Insurance			-
Veterinarian/Pet Care			-
Other			-
<b>Total HEALTH</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>

CHARITY/GIFTS	Budget	Actual	Difference
Gifts Given			-
Charitable Donations			-
Religious Donations			-
Other			-
<b>Total CHARITY/GIFTS</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>

SUBSCRIPTIONS	Budget	Actual	Difference
Newspaper			-
Magazines			-
Dues/Memberships			-
Other			-
<b>Total SUBSCRIPTIONS</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>

BUDGET SUMMARY	Budget	Actual	Difference
<b>Total Income</b>	<b>2,500.00</b>	<b>2,500.00</b>	<b>0.00</b>
<b>Total Expenses</b>	<b>2,345.00</b>	<b>2,486.00</b>	<b>(141.00)</b>
<b>NET</b>	<b>155.00</b>	<b>14.00</b>	<b>(141.00)</b>

DAILY LIVING	Budget	Actual	Difference
Groceries			-
Personal Supplies			-
Clothing			-
Cleaning			-
Education/Lessons			-
Dining/Eating Out			-
Salon/Barber			-
Pet Food			-
Other			-
Other			-
<b>Total DAILY LIVING</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>

ENTERTAINMENT	Budget	Actual	Difference
Activities			-
Books			-
Games			-
Fun Stuff			-
Hobbies			-
Media			-
Outdoor Recreation			-
Sports			-
Toys/Gadgets			-
Vacation/Travel			-
Other			-
<b>Total ENTERTAINMENT</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>

SAVINGS	Budget	Actual	Difference
Emergency Fund			-
Car Replacement			-
Retirement Fund			-
Investments			-
Education Fund			-
Other			-
Other			-
<b>Total SAVINGS</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>

OBLIGATIONS	Budget	Actual	Difference
Student Loans			-
Credit Cards			-
Other Loans			-
Alimony/Child Support			-
Federal Taxes			-
State/Local Taxes			-
Other			-
Other			-
<b>Total OBLIGATIONS</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>

MISCELLANEOUS	Budget	Actual	Difference
Bank Fees			-
Postage			-
Other			-
Other			-
<b>Total MISCELLANEOUS</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>

# GOAL SETTING

**Get Beyond the Next Paycheck Mindset**  
**Substitute for the Short Term**  
**Calculate Long Term needs**

**Remember Your Why?**



# Financial Goal Formula: S.M.A.R.T.

**S** Specific

**M** Measurable

**A** Attainable

**R** Realistic/Relevant

**T** Timely

# Setting a SMART Savings Goal

You set a goal: "I want to save more money!"

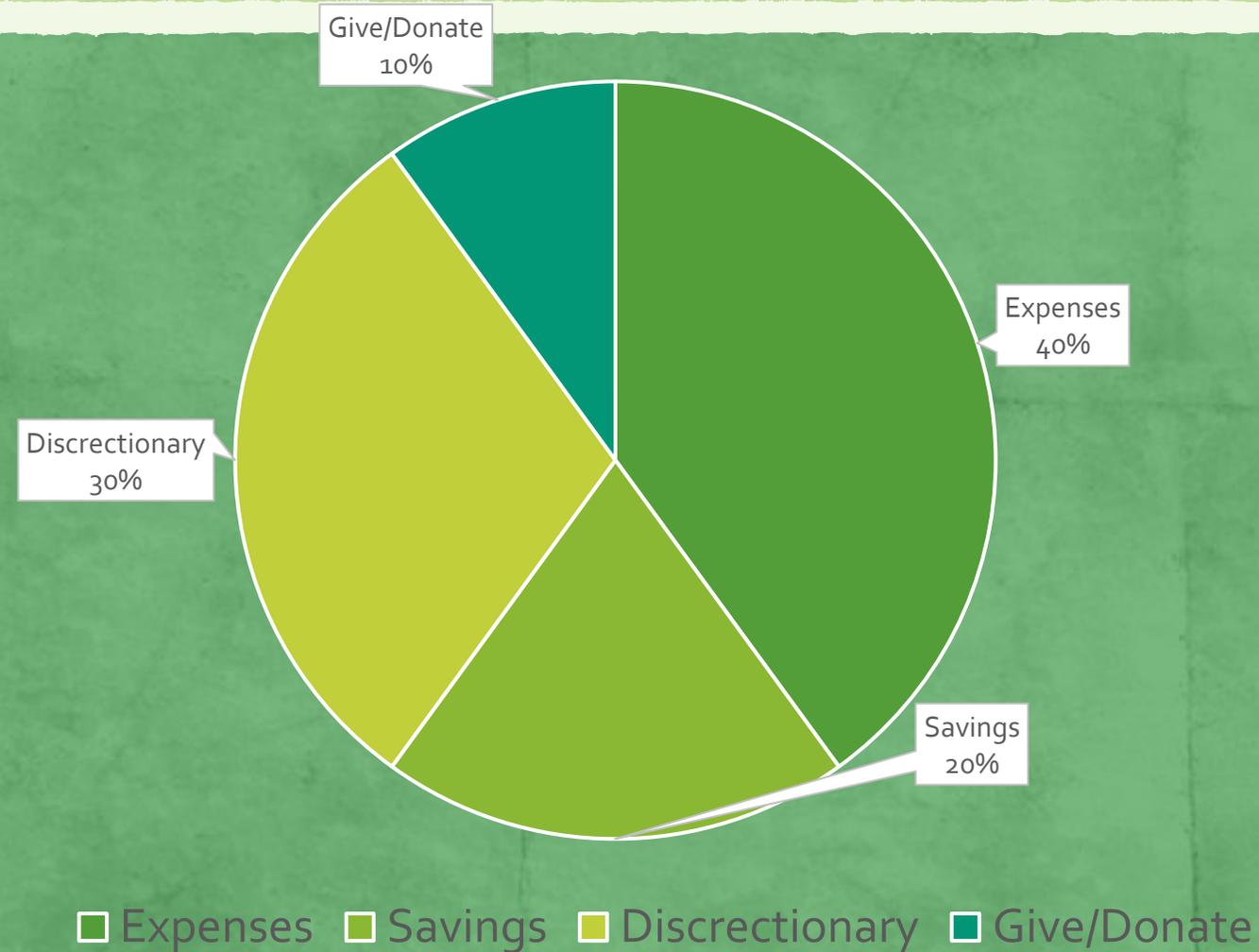
Look what happens when you make your Goal **SMART**

SMART Goal Elements	Related Questions	Example
<b>S = Specific</b>	What are you saving for?	Create an emergency fund
<b>M = Measurable</b>	How much do you want to save?	\$400
<b>A = Attainable</b>	Is this realistic? Is it doable?	Yes, if I earn more or spend less
<b>R = Relevant</b>	Is this worth saving for? Is this important to you?	Yes, to prepare for unexpected costs
<b>T = Time</b>	When will you meet the goal?	In 5 months (20 weeks)

**\$400 = \$80 per month or 20 per week**

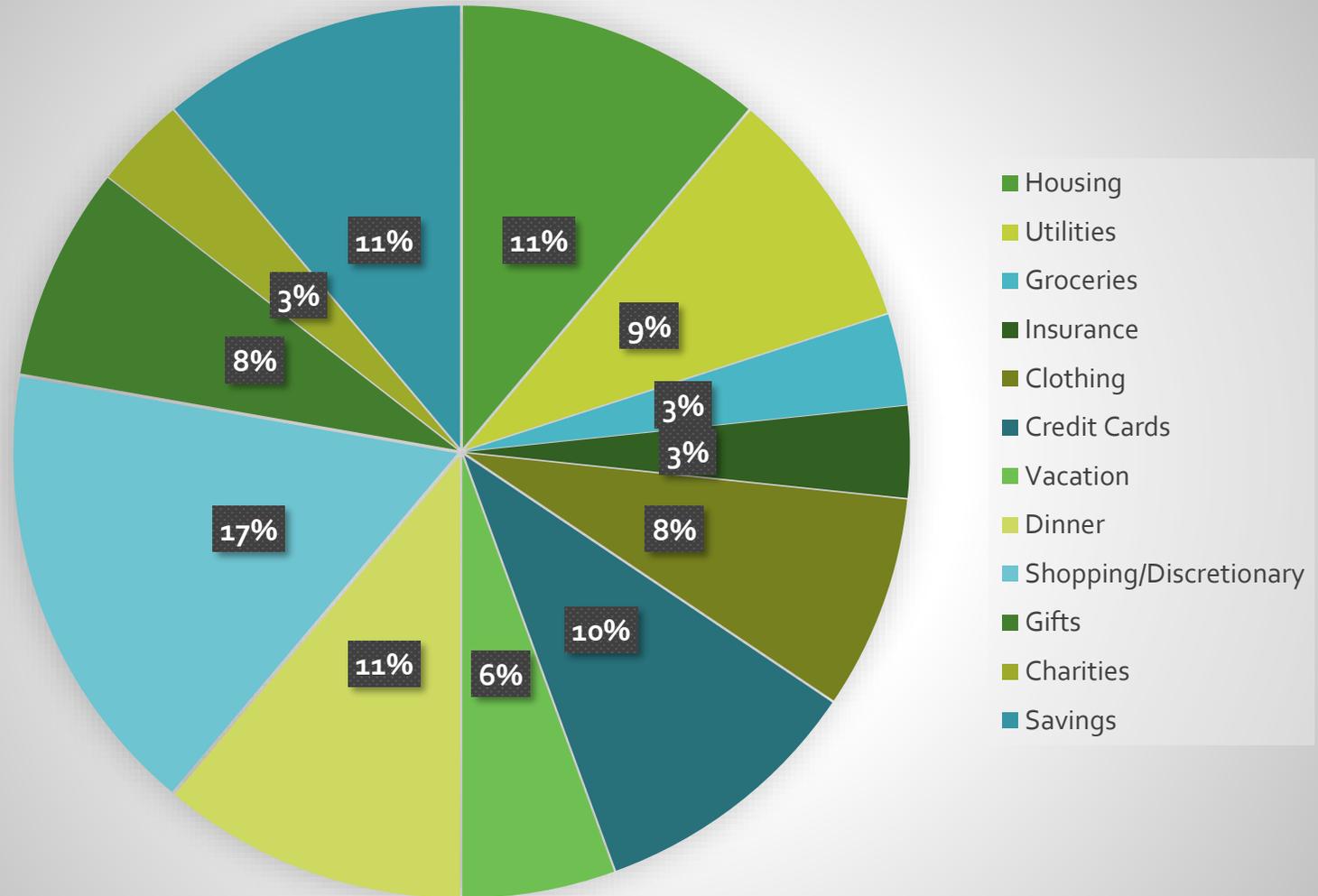
# Budget Styles

**Budget Rule :**  
**40/30/20/10**



# Budget Styles

## Zero Sum

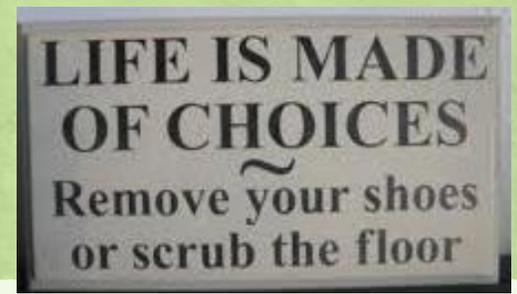


# Let's Analyze Some Budgets

<u>Income</u>		<u>Fixed Expenses</u>		<u>Variable Expenses</u>	
Work (after tax)	\$4,000	Housing	\$1,000	Car maintenance	\$120
Total	\$4,000	Groceries	\$300	Doctor visit	\$50
		Gas for car	\$200	Gifts	\$50
		Health insurance	\$200	Entertainment	\$200
		Gas bill	\$30	Shopping	\$100
		Electric bill	\$170	Vet	\$50
		Internet	\$30	Toiletries	\$25
		Cable TV	\$70	Household items	\$25
		Cell phone	\$80	Miscellaneous	\$100
		Credit Cards	\$400	<b>Total</b>	<b>\$720</b>
		Retirement savings	\$200		
		Emergency savings	\$50	<b>Total Income</b>	<b>\$4,000</b>
		Vacation savings	\$50	<b>Total Expenses</b>	<b>\$3,500</b>
		<b>Total</b>	<b>\$2,780</b>	<b>Difference</b>	<b>\$500</b>

# Let's Analyze Some Budgets

<u>Income</u>		<u>Fixed Expenses</u>		<u>Variable Expenses</u>	
Work (after tax)	\$5,000	Housing	\$2,500	Car maintenance	\$120
Total	\$5,000	Groceries	\$300	Doctor visit	\$50
		Gas for car	\$200	Gifts	\$300
		Health insurance	\$200	Entertainment	\$500
		Clothing	\$100	Shopping	\$300
		Gas bill	\$30	Vet	\$50
		Electric bill	\$370	Toiletries	\$25
		Internet	\$90	Household items	\$100
		Cable TV	\$70	Miscellaneous	\$400
		Cell phone	\$150	<b>Total</b>	<b>\$1,845</b>
		Retirement savings	\$300		
		Emergency savings	\$50		
		Vacation savings	\$50	<b>Total Income</b>	<b>\$5,000</b>
		<b>Total</b>	<b>\$4,410</b>	<b>Total Expenses</b>	<b>\$6,255</b>
				<b>Difference</b>	<b>(\$1,255)</b>



# MISTAKES TO AVOID



- Forgetting to Write Down Expenses
- Intentionally Not Writing Down Purchases
- Buying on Impulse
- Becoming the Victim of Budget Busters
- Becoming so Frugal It Makes You Miserable

# MAINTAINING YOUR BUDGET

Getting a Raise

Financial Emergency

Making a Big Purchase

Incurring a Major Expense

Social Life Changes

Changing Habits

Getting Rid of a Major Expense



**THINGS HAPPEN!!!**

# ADDITIONAL TIPS

## Budgeting for Unexpected Expenses

1

### Identify Potential Risks

Assess your unique circumstances and identify potential sources of unexpected expenses, such as medical emergencies, car repairs, or home maintenance issues.

2

### Build an Emergency Fund

Gradually accumulate a dedicated savings account for unexpected expenses, aiming to cover 3-6 months' worth of essential living costs.

3

### Allocate a Buffer in Your Budget

Set aside a portion of your monthly budget as a flexible line item to handle any surprise costs that may arise.



# Saving and Investing



## Saving for the Future

Developing a regular savings habit is crucial for financial security and achieving long-term goals. Start small and incrementally increase your savings over time.



## Growing Your Wealth

Investing your savings can help your money grow over time. Research different investment options, such as stocks, bonds, and mutual funds, to find the best fit for your risk tolerance and goals.



## Automating Savings

Set up automatic transfers from your checking account to a dedicated savings account to make saving effortless. This "pay yourself first" approach helps build your nest egg over time.



## Investing for Retirement

Contribute to a retirement account, such as a 401(k) or IRA, to take advantage of tax-deferred growth and employer matching. This can significantly boost your long-term savings.

***YOU NOW HAVE A CHOICE TO MAKE!***

***Thank You For Attending!***



***Kathy Y. Morris, AFC®***

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