

A photograph of a long, straight asphalt road with double yellow lines, stretching into the distance through a desert landscape. The road is flanked by sand dunes and sparse desert vegetation. In the far distance, mountains are visible under a clear sky. The image has a warm, golden-hour lighting.

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

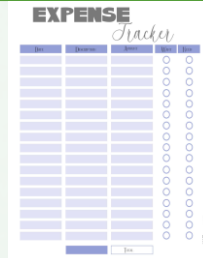


- Paper & Pen
- Spreadsheet
- Desktop Software
- Online Software
- Smart Phone App

Monthly Household Budget Template				
Income				
Source	Amount	Date		
Salary 1	\$ 4,000.00	Enter Date		
	\$ 311.00	Enter Date		
Expenses				
Category	Budgeted Amount	Date	Amount	
Giving (Church/Charity)	\$ 400.00	Enter Date	Enter Amount	
		Enter Date	Enter Amount	
		Enter Date	Enter Amount	
		Amount left >>		400.00
Saving	\$ 100.00	Enter Date	Enter Amount	
		Amount left >>		100.00
Refr/food	\$ 300.00	Enter Date	Enter Amount	
		Amount left >>		300.00
House	\$ 67.50	Enter Date	Enter Amount	
Homeowner's Ins		Amount left >>		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



Simple Budget Worksheet



How much can I save?

Income

\$3,450.00

Total Expenses

\$3,050.00

Total Savings

\$400.00

Where do I want to put my savings?

Savings	40%	\$160
Emergency	25%	\$100
Debt Payoff	20%	\$80
Other Goals	15%	\$60
Total	100%	\$400

Savings

Emergency

Debt Payoff

Other Goals

What are my expenses?		
description	amount	
Car	\$300.00	
Rent	\$1,200.00	
Utilities	\$100.00	
School Debt	\$200.00	
Credit Cards	\$500.00	
Groceries	\$400.00	
Other	\$350.00	
Total Expenses		\$3,050.00

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			-
Total INCOME	2,500.00	2,500.00	-

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	-
Total HOME EXPENSES	2,345.00	2,486.00	(141.00)

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

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

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

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

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

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

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

SAVINGS	Budget	Actual	Difference
Emergency Fund			-
Car Replacement			-
Retirement Fund			-
Investments			-
Education Fund			-
Other			-
Total SAVINGS	0.00	0.00	-

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

MISCELLANEOUS	Budget	Actual	Difference
Bank Fees			-
Postage			-
Other			-
Total MISCELLANEOUS	0.00	0.00	-

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!”

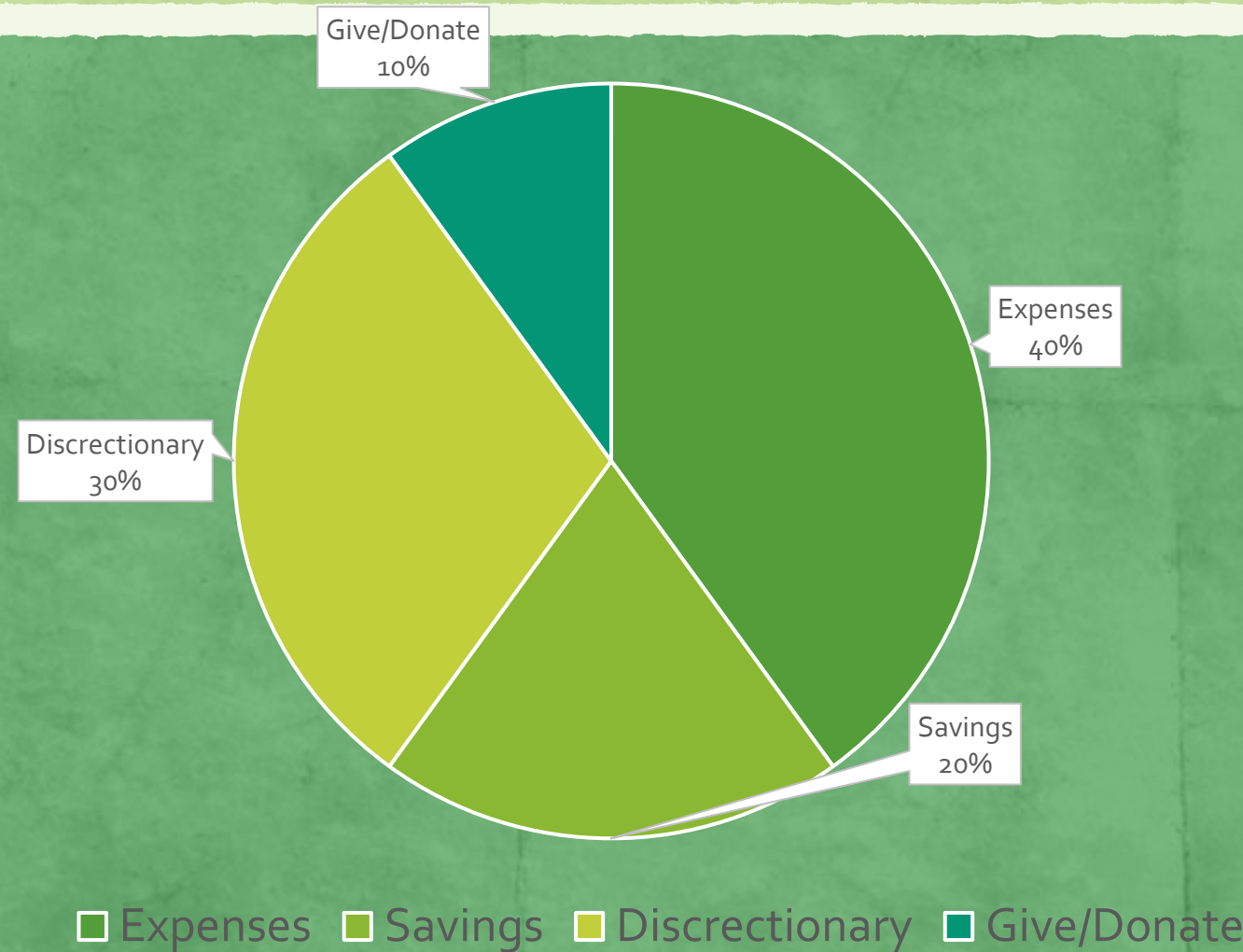
Look what happens when you make your Goal **SMART**

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

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

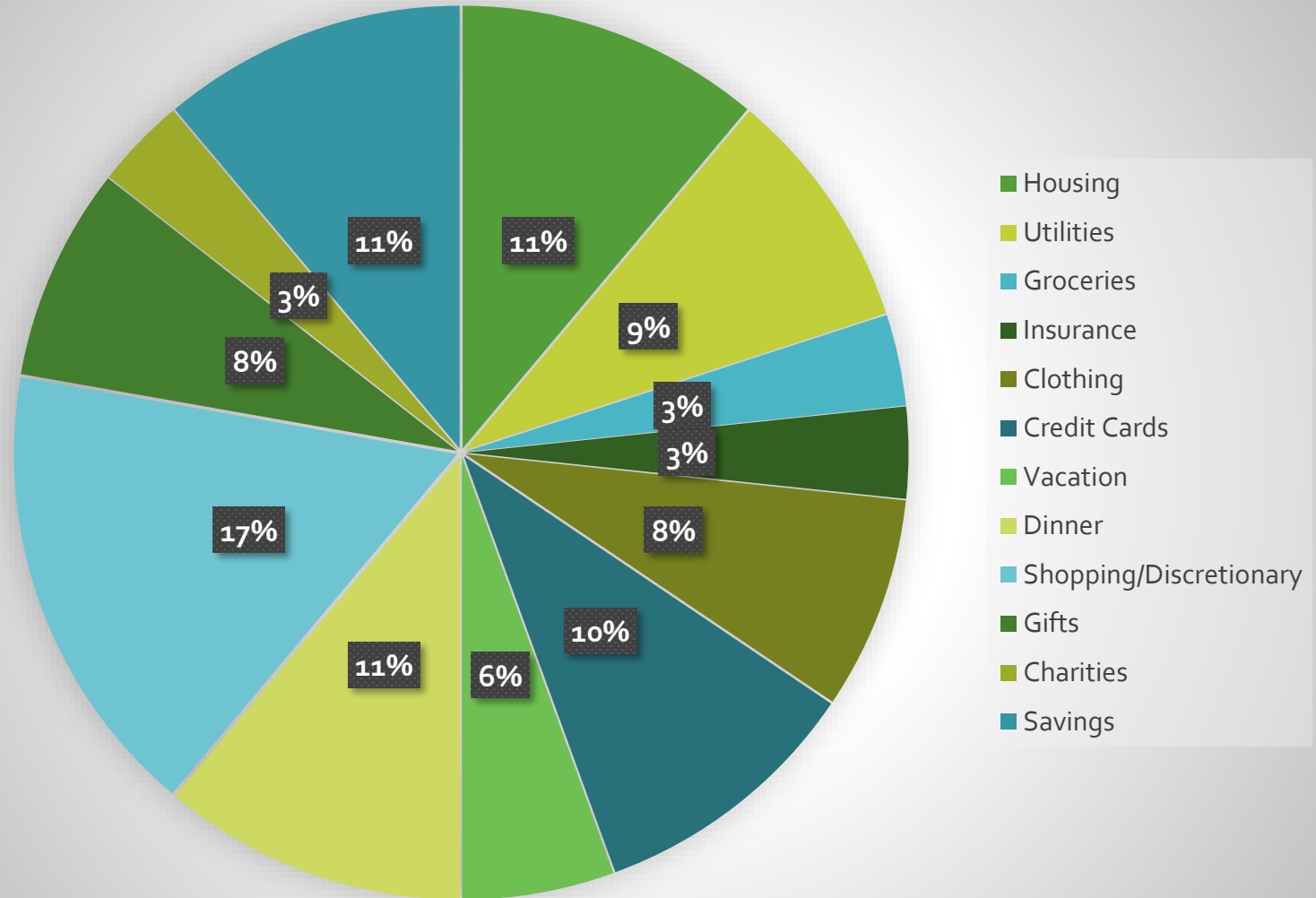
Budget Styles

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



Budget Styles

Zero Sum

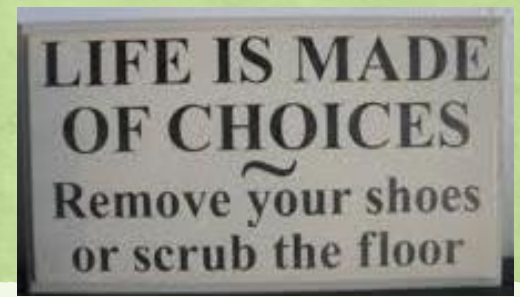


Let's Analyze Some Budgets

<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	Total	\$720
		Retirement savings	\$200		
		Emergency savings	\$50	Total Income	\$4,000
		Vacation savings	\$50	Total Expenses	\$3,500
		Total	\$2,780	Difference	\$500

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	Total	\$1,845	
		Retirement savings	\$300			
		Emergency savings	\$50			
		Vacation savings	\$50	Total Income	\$5,000	
		Total	\$4,410	Total Expenses	\$6,255	
				Difference	(\$1,255)	



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.

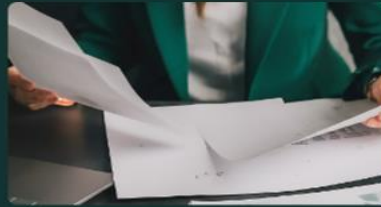


Saving and Investing



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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