

# MEMBERS 1st FEDERAL CREDIT UNION

# THE ART OF BUDGETING



# **Budgeting: What is it?**

- Budgeting is a step-by-step plan for your money.
- Budgeting can also be called a personal spending plan.



#### 3 THINGS A BUDGET CAN DO

- 1. Put you in control of your money.
- 2. Reduce your moneyrelated stress and anxiety.
- 3. Help you keep of track where all your money is going.



### WHY BUDGET?



Living beyond your means is a dangerous practice.

Many individuals don't realize they are overspending until they are deeply in debt.

Credit cards and easy access to funds make it easier to be mindless about spending.

The absence of a budget is one of the greatest contributors to stress about money matters.



### INCOME VS. EXPENSES

**INCOME** is defined as the money you receive on a regular basis.

**EXPENSES** are defined as the charge or cost of something.



**CAN YOU PROVIDE EXAMPLES OF EACH?** 



## FIXED VS. VARIABLE EXPENSES

FIXED EXPENSES

are expenses that do not change from month to month

FLEXIBLE EXPENSES are expenses that may change month to month.



**CAN YOU PROVIDE EXAMPLES OF EACH?** 



# SETTING FINANCIAL GOALS

Before creating a budget, you need to understand your personal goals.

#### WHEN SETTING YOUR SHORT & LONG TERM GOALS....



#### Be realistic.

A student working part-time is not likely to be able to afford a new car every couple of years.



#### Have a timeframe.

"I want to save \$5,000 for a down payment to buy a car within the next 18 months."



#### Be specific.

"I want to save \$5,000 for a down payment to buy a car."



#### State the action to be taken.

"I want to save \$5,000 for a down payment to buy a car within the next 18 months. I will start depositing \$280 into a savings account each month until I reach my goal."



### STARTING TO BUDGET

Develop a plan: what are your financial goals?

Determine all sources of income.

Determine all expenses, fixed and variable.

Identify plan in case of emergencies.

Track all your spending to ensure you stay within your budget.

Research ways to decrease spending.

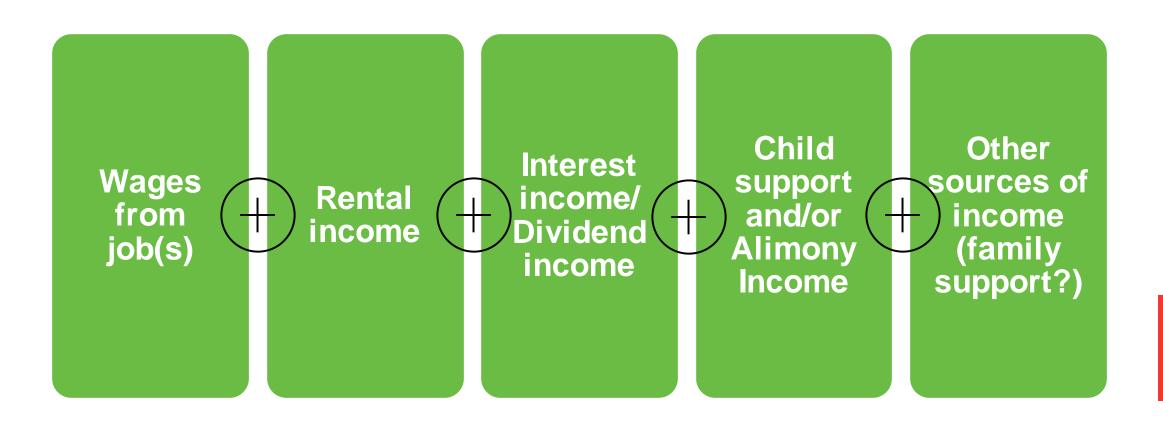
Research ways to increase income.

Revisit and update your budget as needed.



# **CUSTOMIZING YOUR BUDGET**

List and add all your sources of income for one month:





# **CUSTOMIZING YOUR BUDGET**

Next, list all your expenses for one month.

- □ Savings (Pay Yourself First)
- Mortgage/Rent
- Utilities
- Auto Expense/Other Transportation
- ☐ Groceries/Eating Out
- ☐ Insurance (auto, medical, home)

- □ Medical Expenses (out-of-pocket)
- Entertainment/Recreation
- ☐ Child Care
- ☐ Credit Card Payments
- ☐ Clothing/Shoes
- ☐ Household/Personal Care Products
- Miscellaneous



# **BUDGET-WRECKERS**



Emergencies

The \$1,100 Cup of Coffee

UNUSED/UNNECESSARY monthly services

Impulse purchases

Improper use of credit cards

