Slide 1: Make Your Money Matter: Use a Budget

Slide 2: Objectives

- Identify factors that influence spending.
- Define budget.
- Identify benefits of establishing a budget.
- Identify steps in the budgeting process.

Slide 3: Money Decisions

- Establish what influences your spending
  - Why do you buy what you buy?
- Understanding influences is necessary for creating and following a budget

Slide 4: Factors Impacting Spending

- Needs: essential for daily living
- Wants: nice to have, but not necessary

Slide 5: Identifying Values

- What do you value?
  - To identify values, look where you spend your time and money

Slide 6: SMART Goals

- Specific
- Measurable
- Achievable
- Relevant
- Time bound

Slide 7: Examples: SMART Goals

- Short-term (less than 1 year)
- Mid-term (1-5 years or less)
  - I will save $25 each month for 2 years for a washing machine that costs $600 or less
- Long-term (more than 5 years)
  - I will save $200 each month for 6 years to fully fund my emergency fund to $14,400

Slide 8: Goals and Family

- Family buy-in and cooperation are important to reaching financial goals

Slide 9: What Is a Budget?

- A guide for spending money
- Can be written on paper or prepared electronically
- Tell your money where to go instead of wondering where it went

Slide 10: Why Develop a Budget?

- Controls spending so you can meet family priorities/goals
- Encourages mindfulness in financial decisions
- Creates long-term savings and investment options
- Helps you live within your means/income
- Reduces family stress

Slide 11: Budget Components and Categories

- Income
  - Wages/salary
  - Alimony
  - Child support
  - Retirement income
  - Social Security
  - Public welfare
  - Disability income
- Expenses
  - Savings/emergency fund
  - Food
  - Housing
  - Utilities
  - Transportation
  - Insurances
  - Clothing

Slide 12: Fixed, Variable, and Periodic Expenses

- Fixed expenses stay the same each month
- Variable expenses change or vary each month
- Periodic expenses come one or more times each year at predictable times

Slide 13: Gross vs. Net Pay

- Gross pay: income prior to deductions
- Net pay: income after deductions
  - Also called take-home pay

Slide 14: How Much to Spend Per Category

- Percentages may differ based on several factors
- One strategy is the 50-30-20 Rule (Balanced Money Formula)
  - 50% on needs
  - 30% on wants
  - 20% on savings and debt reduction

Slide 15: How to Create a Budget

- Step 1: Track current income and expenses
- Step 2: List your income sources and expense categories
- Step 3: Record the amount of money you plan to spend per category
- Step 4: Track spending and look for changes that could be made to cut spending
- Step 5: Evaluate the plan and adjust

Slide 16: Review of Objectives

- Identify factors that influence spending.
- Define budget.
- Identify benefits of establishing a budget.
- Identify steps in the budgeting process.

Slide 17: Budgeting Tips

- Small purchases can add up quickly and waste money
- Use the wait and remember strategy
- Decrease or eliminate a routine expense for a period of time

Slide 18: Make Your Money Matter: Use a Budget