



Taking Control Of Your Personal Finances

Strategies tips and tools for budgeting your paycheck effectively

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Getting To Know DMCC

DMCC is a 501 (c)(3) non-profit organization with a goal of providing education, counseling and other services to improve your financial literacy and assist you in the management of your personal finances.

Free Services

Budgeting Counseling
Student Loan Counseling
Foreclosure Prevention (Loan Mods)
First-Time Homebuyers Assistance

Discounted Services

Loan Qualification Assistance
Identity Protection and Monitoring
Online Homebuyer Course
Bankruptcy Counseling Certificate



Why Budget?

- ▣ Planning For Short or Long-Term Purchases
- ▣ Gaining Control Of Personal Finances
- ▣ Eliminating Wasteful Spending
- ▣ Realizing Savings
- ▣ Reducing Debt And Improving Credit
- ▣ Ensuring Adequate Financial And Other Resources Are Available



Why Don't People Budget?

- ❑ Too Much Trouble Or Time Consuming
- ❑ Perceived As A Setting Of Limits On Spending
- ❑ No Established Financial Goals
- ❑ Lack of Education Or Family Examples

Needs versus Wants

- ❑ I want a new car and it must be a Mercedes.
- ❑ I need a new car and a Fusion is just fine.
- ❑ I want a New I Phone 10.
- ❑ Maybe the I Phone 7 will work just fine.
- ❑ I need new designer clothes.
- ❑ Marshalls will work just fine.

Needs versus Wants Continued

- ❑ Many budgets fail because consumers confuse needs and wants.
- ❑ “Keeping up with the Jones’s” mentality will wreak havoc on the best thought out budget.
- ❑ Research all alternatives before making a purchase and shop for discounts. Don’t be intimidated by a car dealer to “hurry” a decision. Many times walking away could work in your favor.
- ❑ Impulse (unplanned) purchases destroy a budget! Do you have clothes in your closet w price tags still on them? Items you purchased and never used?

Do you know where the money went?

- Where are you spending too much? What are you spending it on?
 - ▣ Are you living paycheck to paycheck? No savings?
 - ▣ Do you know how much money you bring home?
 - ▣ Are you relying on payday loans?
 - ▣ Maxing out your credit cards?



Maybe a Spending Plan can help you:

- ❑ Keep track of your daily spending
- ❑ Determine your monthly income and expenses
- ❑ Find ways to decrease spending
- ❑ Find ways to increase income



#1 Track your expenses!!

- ❑ Go through your checking statement and make a of list your expenses.
- ❑ Try not to use cash as it is difficult to track (except your weekly allowance)
- ❑ Don't forget to track all the ATM withdrawals.
- ❑ Fixed expenses do not change from month to month, easier to plan.
- ❑ Flexible expenses often change from month to month. Try and convert these to fixed (i.e. budget billing from FPL)
- ❑ Use the following daily/weekly tracker form (4 copies for 4 weeks)
- ❑ Take totals and add to monthly budget form

Write it Down!

- Journalize your spending by entering totaled monthly expenditures and net income on the monthly budget form.
 - ▣ Provides Insight As To Where Funds Are Being Expensed
 - ▣ Identifies Areas Where Unnecessary Expenses May Be Reduced

<u>Income</u>	<u>Expenses</u>
Allowance	Money I owe
Odd Jobs	Money I put in savings <small>(think of this as Paying Yourself First!)</small>
Part-time job	Food/snacks at school
Gift Money	Movies
Debt owed to me	Meals with friends
	Cell phone bill
	Clothes

#2 Calculate your income.

Income is money that comes from:

- ▣ Wages
- ▣ Self-employment income
- ▣ Public assistance
- ▣ Child support or alimony
- ▣ Interest and dividends
- ▣ Social Security
- ▣ Other sources (e.g., tips)



Net Income pays the bills

- ❑ Gross income = **total income**
- ❑ Net income = **total income – deductions**
- ❑ Social Security income includes:
 - ❑ Retirement benefits
 - ❑ Disability benefits
 - ❑ Family benefits
 - ❑ Survivor benefits
 - ❑ Medicare benefits



Activity Example



Income	Expenses	
\$3,500	Rent	\$1,000
(\$2,100 + \$1,400)	Loans & bills	140
	Child care	400
	Savings	75
	Telephone	40
	Food	400
	Transportation	200
	Personal Expenses	150
	Total	\$2,405

#3 Setting Financial Goals

- ❑ After calculating net income, create goals as to what *you* would like to achieve within a certain time period. Expenses cannot exceed income!
- ❑ Identify and write down your financial goals, Establish Short, Mid and Long Term Goals Be Descriptive and define the means to the end. Review often!
- ❑ Short-Term: _____ Est. Cost _____ Target Date _____ Monthly Savings _____
- ❑ Mid-Term: _____ Est. Cost _____ Target Date _____ Monthly Savings _____
- ❑ Long-Term: _____ Est. Cost _____ Target Date _____ Monthly Savings _____



Modify Spending to Achieve Goals

- ❑ Reduce Your Spending
 - ▣ Withdraw A Set Amount Of Cash For Each Week (weekly allowance and no, I don't mean \$200 😊)
 - ▣ Consumer Research has concluded when shopping with a credit card you spend 30% more than using cash!
 - ▣ Do Not Create More Debt
 - ▣ Remember Your Weakness
 - ▣ Rethink Your Shopping Styles



Savings, always a goal!

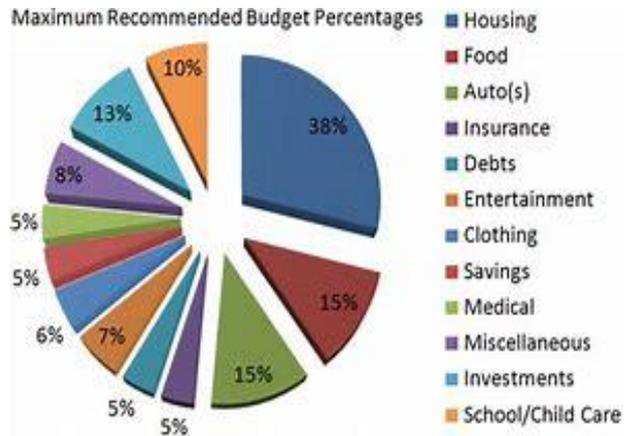
□ **Pay Yourself First!**

- ▣ Developing A Behavior of Saving (use direct deposit)
- ▣ Consider making savings a planned expense that must be paid each month!
- ▣ Have 3 months expenses in savings



INVEST
— IN —
YOURSELF

Personal Budget Guidelines



- Total expense in a particular category and divide by income and multiply by 100.
- Example; Housing costs \$800/mo. Income \$3000/mo. $800/3000 = .26$ Multiply by 100 = 26%. These are guidelines, budget accordingly.

Increase Income?

- Tax credits that may help to increase your income include:
 - ▣ Earned Income Tax Credit (EITC or EIC)
 - ▣ Child tax credit
 - ▣ Credit for child and dependent care expenses
 - ▣ Part time job
 - ▣ Do you qualify for State or Federal Assistance?
 - ▣ Large refund tax returns should be evaluated, consider changing deductions to have a larger paycheck each week (see tax advice)

Emergency budget, in case of loss of income

- What payments should you make first if you cannot pay all of your bills?
 - ▣ Pay your necessary household expenses first (rent, mortgage, food)
 - ▣ Think about the health and safety of your family when prioritizing bills
 - ▣ Seek assistance to help cover expenses

Tips to be Successful

- ❑ **Family involvement. It is easier to make a budget work if everyone is on the same page. Teach your children how to spend responsibly by taking them shopping for groceries and limiting their spending. DMCC FLP**
- ❑ **How many hours must I work to make a large purchase, shop a deal.**
- ❑ **Spending too much money on gas? Stop sitting in line at the drive thru with your engine running. Why are you picking up snacks at the convenience store?**
- ❑ **Don't food shop on an empty stomach or shop w/o a planned purchase list and coupons! Coupon clippers save \$50 per week shopping smart.**

If all else fails?



- ❑ Contact DMCC and a certified credit counselor will help.
- ❑ Have your income and a list of your expenses.
- ❑ Call toll free 866-724-3328.

Questions?



Thank You!



Your Guide To Debt Freedom

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