Financial Fitness: Living Within a Realistic Budget

Welcome and Introductions

Agenda

• Develop a realistic budget that will allow your money to work for you
• Identify common money mistakes
• Provide practical tips for living within a budget
Aspects Affecting Your Budgeting Ability

• Beliefs about money from childhood
• Emotional spending
• Commitment to improving your situation
• Knowledge level about money in general
• Knowledge level concerning the allocation of your funds

How to Work for Your Budget

• Stick with your new budget
• Believe that your financial success is possible
• Be willing to give up some money
• Realize all that you have

Poll

How financially fit are you?

A. I don’t have a budget
B. I’m working on developing a budget
C. I adhere to my budget
“A budget tells us what we can’t afford, but it doesn’t keep us from buying it.”

~William Feather

Keep the Reality in Your Budget

• Match your needs
• Allow room for the unexpected
• Avoid feeling deprived
• Leave money for savings
• Allow yourself to reach your goals

Financial Goals

• Short-term - within 2 years
  – Examples: Pay off credit card debt in 2 years
  – Save 3 months of income for emergencies in 1 year

• Intermediate - 3-9 years
  – Examples: Have money for a house in 5 years
  – Pay off student loan in 8 years

• Long-term - 10+ years
  – Examples: Have money in 10 years for child’s college education
  – Have money for retirement in 5 years
Good Reasons to Budget

- Guides you in the direction you want to be headed
- Allows you to better manage your money
- Helps you meet your savings goals
- Prepares you for emergencies
- Reveals areas where you can cut expenses

Creating Your Budget

- Compile your expenses
- Total your income
- Subtract expenses from income
- Rework your budget (repeat as needed until you reach a balance)

Principles to Guide Your Budget

- Make savings contributions automatically
- Define spending priorities
- Pay down expensive debt
- Build a safety net
- Live within your means
Formula for Financial Fitness

The Road to Total Financial Fitness

Your Budget + Debt Reduction + Savings and Investment

Re-evaluate Often

Evaluate Goals Every Six Months
Review Expenses and Income Monthly
Frequently Adjust Expenses to Stay in Balance

Common Mistakes

• Not understanding your credit report
• Making an unrealistic budget
• Continuing un-checked spending
• Ignoring the income versus expense connection
Poll

Budgets never work. Something always happens to throw it off and it's so hard to get back into a budget after that.

A. I agree
B. I disagree

No-Win Situations

- Omitting fun
- Sporadically saving
- Relying on credit
- Paying only minimums
- Ignoring an emergency fund
- Spending beyond means

Make This Fun!

- Learn to cook gourmet, not pay gourmet
- Learn when your local zoo, museums, and parks offer free or discount days
- Be creative
Keep it Simple, Keep it Practical

- Clean out and sell unwanted/unused items
- Hunt for bargains for clothing, electronics, housewares, etc.
- Focus on buying only what you need, not what you want
- Re-use and re-purpose what you already have
- Don’t fight over finances

Using Your Money Wisely

- Invest
- Plan ahead when making large purchases
- Access EAP resources

Quote

"But, my friends, haven’t I always said that when it comes to your money, it’s not about doing what’s easy—it’s about doing what’s right?"

Suze Orman, 2009 Action Plan
Contact your EAP or Work-Life Program for Assistance

Thank You!

Questions?

Works Cited


