

Financial Fitness Bootcamp 2016





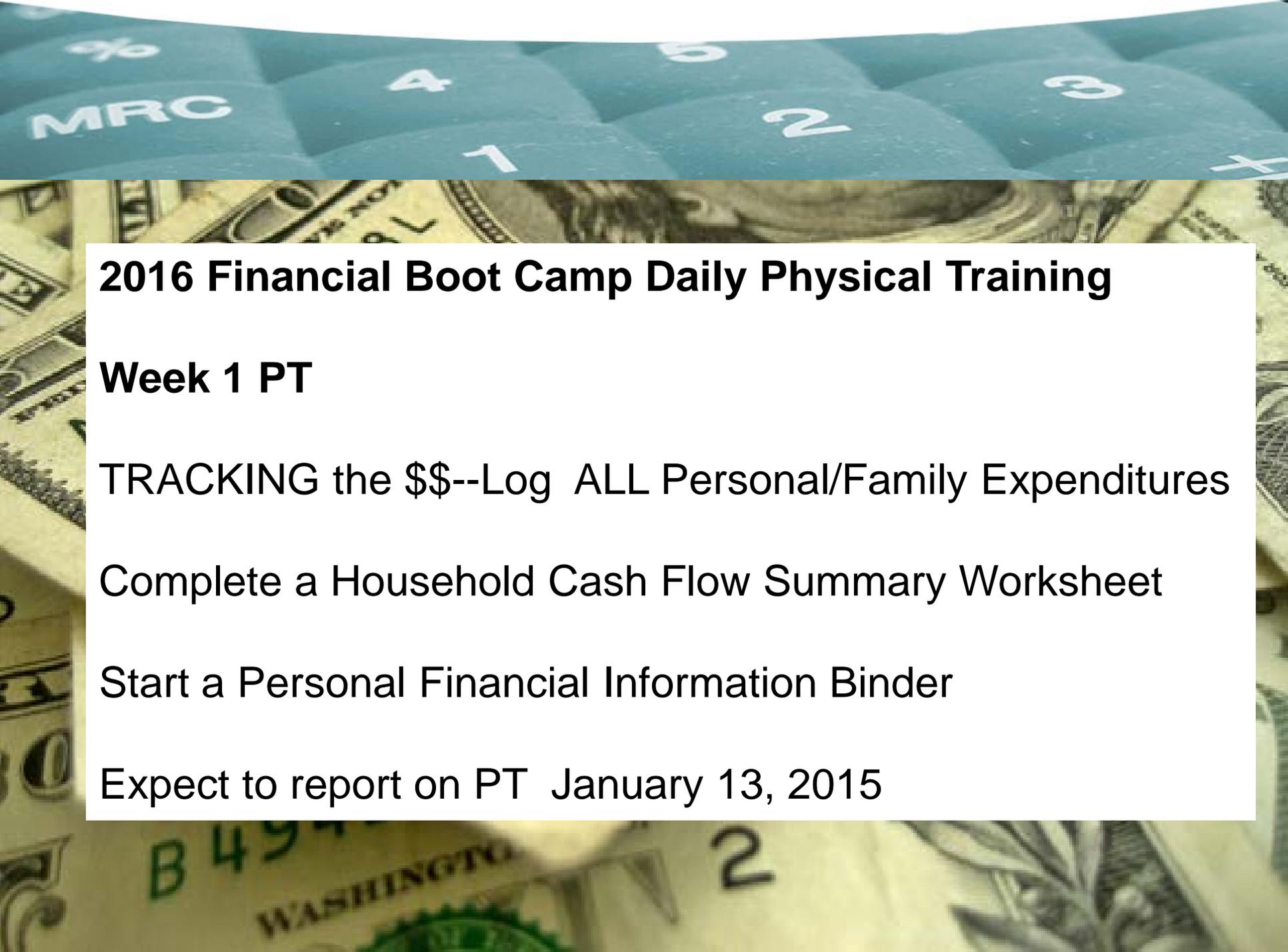
Financial Fitness Boot Camp

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BUDGET DEVELOPMENT

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2016 Financial Boot Camp Daily Physical Training

Week 1 PT

TRACKING the \$\$--Log ALL Personal/Family Expenditures

Complete a Household Cash Flow Summary Worksheet

Start a Personal Financial Information Binder

Expect to report on PT January 13, 2015



Spending your income

1. What? Why? When? Where?
2. What are you thinking about when you buy?

**Do you have spending habits?*

*Where did these habits come from?**

Personality Types

We all fit somewhere on the scale between each of these two extremes:

- Spender or Saver
- Conservative or Risk Taker
- Worrier or Avoider
- Detail or big picture oriented



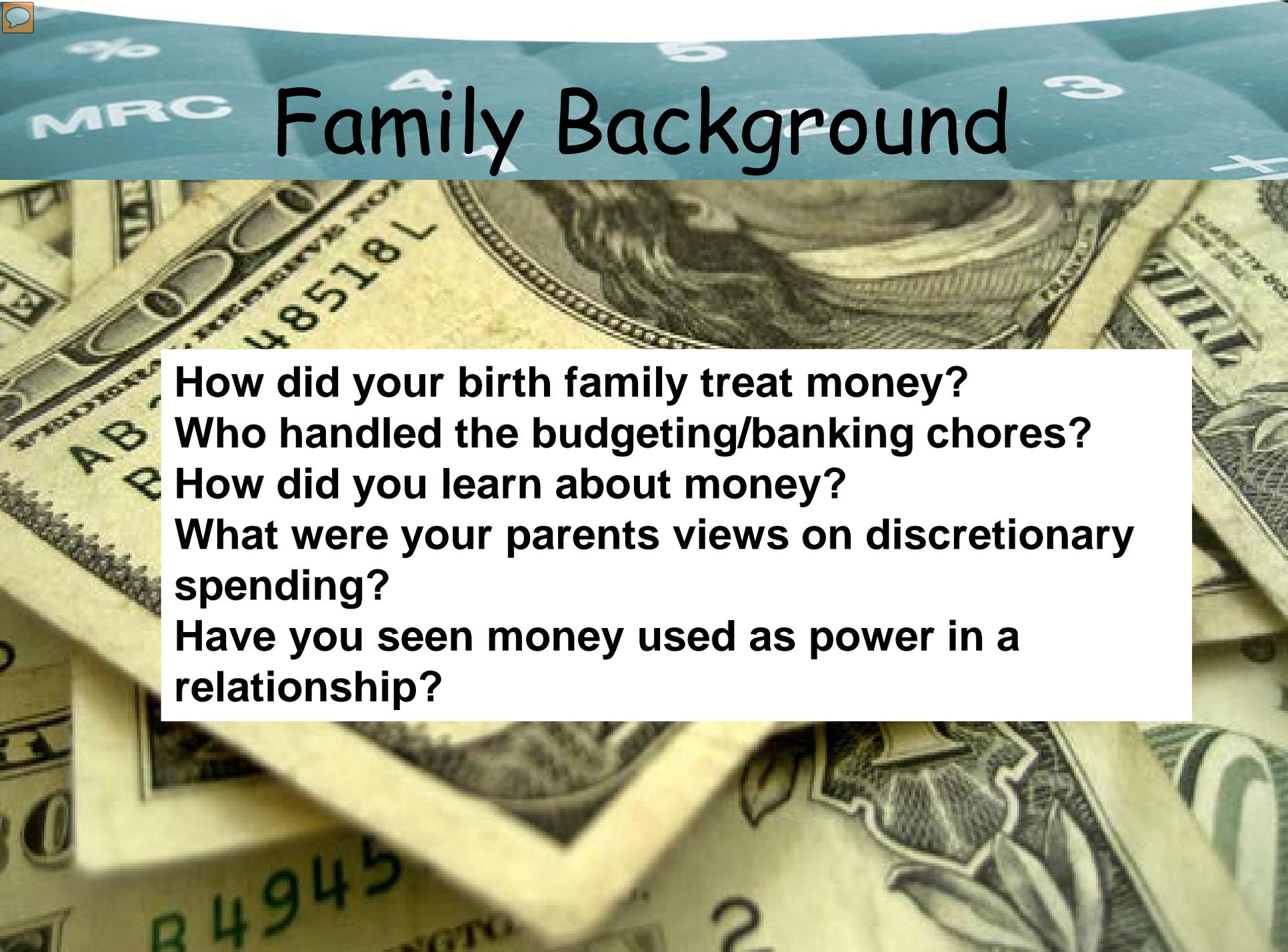
What influences how **you approach money?**



Emotions

Does your mind or your emotions control your money use?



The background of the slide features a close-up, slightly blurred image of a teal-colored calculator and several US dollar bills. The calculator has buttons for 'MRC', '4', '5', and '3'. The dollar bills are scattered, showing various details like the number '781584', the number '2', and the number '485181'.

Family Background

**How did your birth family treat money?
Who handled the budgeting/banking chores?
How did you learn about money?
What were your parents views on discretionary spending?
Have you seen money used as power in a relationship?**

Personal Values

- What do you/does your family value?



Family

Fortune



Freedom

Education

Recreation



Entertainment

Security



Career

Acceptance

Stability

Power

Peace

Fame

Risk

Hobbies



Marriage and Money

- Recognize that each partner brings his/her own family background, set of goals, standards, values and rules regarding money to the relationship.
- Communication = family finance success



Relationships are about compromise.

So far...

We have identified how our family, emotions and values influence our finances

This background is a key foundation for creating personalized goals and a spending plan that will work for you!





Goals

Short, medium, or long-term, and SMART

Specific
Measurable
Attainable
Relevant
Time-related

Written Down & Posted

Make a Plan

- Identify the steps needed to take in order to accomplish your goal and place them in a timeline.



- Write down all the resources you need such as money, time, energy, people, and where to seek helpful information.



Take Action

- Take one step, the **first** step
- Acknowledge that finance is complex
- When you run into roadblocks, don't give up!
Go over or around them, find a way
- You can do hard things!

Short-Term Goals-Less than 1 year to achieve

Goal	Total Cost	# Months to achieve	How much \$ to save a month	Comments & Progress

Middle-Term Goals-Between 1-5 years to achieve:

Goal	Total Cost	# Months to achieve	How much \$ to save a month	Comments & Progress

Long-Term Goals- Over 5 years to achieve:

Goal	Total Cost	# Months to achieve	How much \$ to save a month	Comments & Progress

Savings

- Putting aside money from present earnings to provide for the future to:



- Cope with emergencies
- Purchase “big ticket” items
- Fund high-cost goals
- Generate low risk income
- Have security and peace of mind



Emergency Fund

Everyone should have an emergency fund consisting of 3-6 months expenses in case of lost income due to illness or job loss.

Example: Expenses of \$3,000 a month

- Dual Wage Household: Three month's savings of \$9,000

- Single Wage Household: Six month's savings of \$18,000





How To Save

- Develop a habit- Pay yourself first.
- Motivation based on family values.
- 30 Year Vision

*The Ideal: Save 10%
of your income*

What is a Financial Plan?

- aka budget
- A spending plan is a **positive** motivational tool which helps you plan for long-term financial achievements and
 - Guides your monthly purchases
 - Still allows you to indulge now and then



What a financial plan can do for you...

- Allow you to learn how finances work in your life
- Enable you to make good decisions about how you use money
- Make you aware of where your money is going
- Give you a way to save for specific items
- Help you to live within your budget
- Show you where you can cut spending
- Allow you to spend money without feeling guilty
- Create a way to measure your progress



Income

- Sources:

- Salaries and Wages

- Bonuses

- Disability

- Dividends

- Pensions



- Tips

- Child Support

- Unemployment

- Social Security

- Rental Income

- Your monthly income:

- Gross income is the total you actually earned

- Net income is what is left over after your employer takes out deductions for taxes, Social Security, etc...

Expenses

- Fixed:
- Variable:
- Periodic:
- If you don't plan where the \$\$ goes,
you'll wonder where the \$\$ went...



A close-up, slightly blurred image of a teal-colored calculator keyboard. The keys are visible, including the percentage sign, MRC, M+, 4, 5, 3, and +. The title "Spending Plan formats" is overlaid in a large, black, sans-serif font.

Spending Plan formats

- Paper and pencil
- Checkbook register / spreadsheet system
- Accounting book system
- On-line tools: *www.Mint.com*
- Bank or Credit Union
- Smart phone apps



Envelope System

- Set up several envelopes, each identified for a different expense:
 - Mortgage/Rent
 - Utilities
 - Eating Out
 - Entertainment
 - Food
 - Lunch
 - Vacation
 - Other
 - Auto Payment
 - Gifts
 - Savings
- Each time you get paid, allocate a portion of your paycheck into the different envelopes. Any money left over should automatically go into the savings envelope.



Cash Flow

- After you have completed your monthly spending plan and compared your net income against your living expenses, you will be left with either a positive or negative cash flow

Budget Tips

Spending Plans:

- Review and Revise
- Keep it simple
- Avoid quick fixes
- Add a fudge factor
- Give it time
- Others?



Tracking

- What is the purpose of tracking income and expenses?
- How to track.....& for HOW long?



“If you can’t measure it, you can’t manage it”

-George Odiorne

Financial Information Binder

- Provides a quick reference to your entire financial situation
 - To help the person who must manage for you in the event that you become temporarily incapacitated or die
 - To ‘grab and go’ in the case of an emergency

Folder/Binder Guidelines

- A sturdy 3-ring binder, at least 16 dividers, plastic page protectors

Suggested Binder Items

- Personal Directory
- Professional Directory
- Financial information
- Goals List
- Personal Property Inventory
- Net worth Statement
- Budget/Special Expenses
- Loan Papers
- Income Tax Info and Documents
- Rental or Lease Agreements
- Insurance Policies
- Social Security Benefits Statement
- Pension/Retirement Benefits Statement
- Birth Certificates, Immunization Records, Social Security Cards
- Credit Report
- Paycheck Stubs





“If you keep doing what you are doing,
you will keep getting what
you are getting.”

-Bernard Poduska



Next Week

- Personal Financial Binder
- Financial Institutions
- Credit and Loans
- Debt to Income Ratio
- Insurance
- Investing Basics Whew!!!

Review

Rich people plan for four generations.
Poor people plan for Saturday night.
-Gloria Steinem

