

Household Budget 2022

Net Income

Item	Amount
Income 1	
Income 2	
Income 3	
Total	\$0.00

Balance

Item	Amount
Monthly Payments	\$0.00
Daily Expenses	\$0.00
Debt Payments	\$0.00
Savings	\$0.00
Difference	\$0.00

Savings

Item	Amount
Emergency Savings	
Travel Savings	
Home Savings	
Kids Savings	
College Savings	
Total	\$0.00

Debt Payments

Item	Amount
Mortgage or Rent	
Student Loan	
Auto Loan 1	
Auto Loan 2	
Credit Card 1	
Credit Card 2	
Total	\$0.00

Daily Expenses

Item	Amount
Groceries	
Gas	
Dining Out	
Entertainment	
Healthcare	
Personal Care	
Online Shopping	
School	
Auto	
Home	
Supplies	
Gifts	
Clothing	
Convenient	
Miscellaneous	
Total	\$0.00

Monthly Services

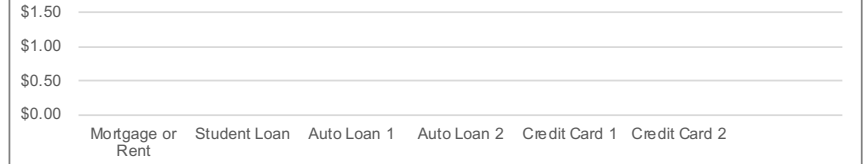
Item	Amount
Electric	
Gas	
Water	
Trash	
Cell Phone	
Cable & Wifi	
Insurance	
Gym	
Lawn Care	
Total	\$0.00
Today's Date	3/16/22

Budget Graphs

Savings



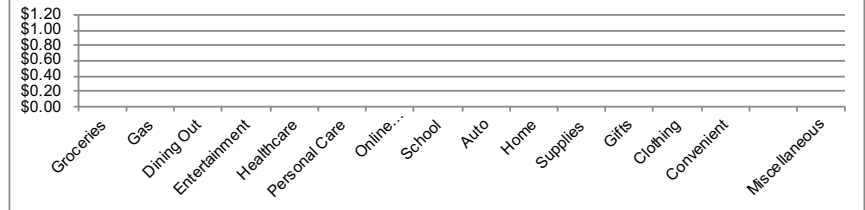
Debt Payments



Monthly Payments



Daily Expenses





Basics of Budgeting

Financial Education Center

Overview

- Set short- and long-term financial goals
- Understand steps to set up spending plan
- Identify spending leaks
- Track spending, find ways to save
- Use financial tools to reach goals
- Audit progress, revise goals



Content is for educational purposes only.

Problems Solved by a Budget

- Spending more than you make
- Living beyond your means
- Paying yourself last
- Charging items instead of saving for them
- Failing to build an emergency fund
- Spending uncontrollably



Set SMART Financial Goals

Specific

More likely to be accomplished

Measurable

Know how much you need each month

Achievable

Is it within your budget and time-frame?

Relevant

Important and align with your values

Time-Oriented

Create a sense of urgency, track progress



3 Types of Goals

Time-Frame	Goal	Target date	Total needed	Monthly deposit
Short-term	Emergency savings	1 Year	\$1,800	\$150
Mid-term	Repay debt	3 Years	\$5,000	\$200
Long-term	Fund retirement	30 Years	\$500,000*	\$400
Total monthly savings for all goals				\$750

*With average annual return of approximately 7%

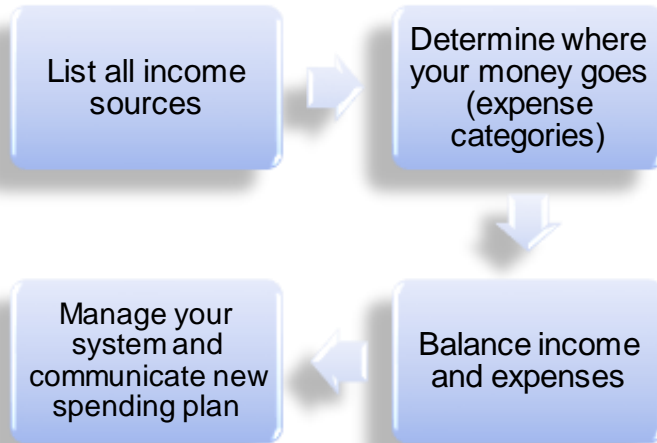
Take Stock Financially

Determine net worth

- Knowing where you stand allows you to establish a starting point



Steps to Create a Budget (Spending Plan)



Step 1: List All Income Sources

Paycheck	Bonus
Social Security	Tax refund
Rental income	Child support/alimony
Dividends	Gifts
Interest	Earned income credit
Pension	Other

Step 2: Determine Monthly Expenses

How do you spend money now?

Categories

- Fixed ⇨ Mortgage, car payment
- Flexible ⇨ Food, clothes, utilities, gifts
- Periodic ⇨ Insurance, taxes

Alternatives

- Necessary ⇨ Basic needs
- Discretionary ⇨ Not necessary for survival
- Miscellaneous ⇨ Unplanned expenses

❖ Create categories that make sense to you



How Much are You Really Spending?

Find spending leaks

Little (and big) things add up



Step 3: Balance Income and Expenses



How will you manage cash flow?

Set your proposed spending

Goal = Match income with expenses

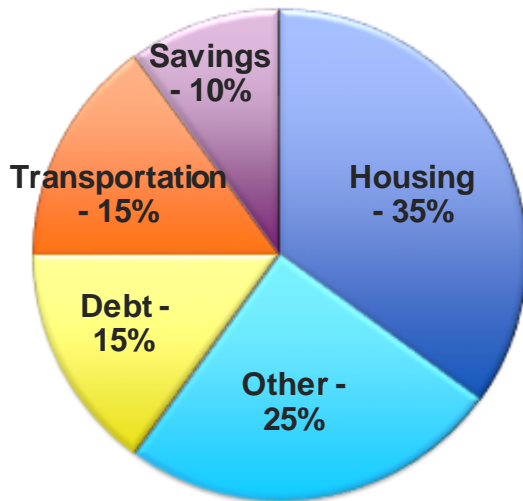
If Income > Expenses:

Save more or payoff debt

If Expenses > Income:

Where can changes be made?

Suggested Budget Guidelines



50/30/20 Budget Rule
Alternative to Zero-Based

Step 4: Manage Your Plan



Methods to Track Spending

MONEY MANAGEMENT™

Delta Community's personal financial management tool.

- ✓ Online banking tools
- ✓ App or website
- ✓ Computer program
- ✓ Spreadsheet
- ✓ Checkbook ledger
- ✓ Receipt method
- ✓ Envelope method



Drains on a Budget

Major Pitfalls (Lack of planning)

- Lack of emergency fund
- Medical emergencies
- Repair bills
- Auto accidents
- Holidays & gifts
- Vacations

Spending Leaks (Impulse or indifference)

- Unused subscriptions
- Ignored repairs
- Late fees
- Shipping fees
- Interest charges
- Impulse shopping
- Eating out frequently

Look for Ways to Save Money

- Pay down debt
 - Lower rates if possible
- Use credit cards wisely
 - Pay balance in full
- Shop around for insurance
- Make saving an automated habit
- Take advantages of employer matches to retirement
- Save bonuses and tax refunds



Develop Your Personal Action Plan

- Set SMART financial goals
- Create spending plan
- Set spending limits
- Track spending
- Review spending plan annually
- ❖ Audit progress and adjust goals



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Budgeting and Money Management
Credit Report Reviews and Debt Management

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Money Management Planner





The Money Management Planner is a guide to help you take control of your finances. It will help you determine your net worth, set goals, monitor your cash flow and track expenses. A sound spending and savings plan is the foundation for your long-term financial success.

Examine your past finances to create a plan for all future spending and saving. This is the first step toward developing a realistic monthly budget. During this process, you may find that certain financial behaviors may have kept you from achieving your financial goals in the past.

If your expenses exceed your income, call BALANCE to schedule a money management session. One of our Certified Counselors can help you design a realistic spending and savings plan that will help you get back on track and achieve your financial goals.

Financial Goals

Your financial goals are specific things you want to do with your money within a certain time period. Short-term goals are accomplished under one (1) year, mid-term goals are accomplished within one to five (1-5) years, and long-term goals generally take more than five (5) years to achieve.

Your goals		Target date	Total needed	Current savings	Additional savings needed	Pay periods until target date	Savings needed per pay period	Savings needed per month
Short-term goal (under 1 year)								
Mid-term goal (1-5 years)								
Long-term goals (over 5 years)								

Net Worth

In order to evaluate your progress as you work toward your goals, you must determine what your overall financial picture looks like today. Your net worth is simply the difference between what you own and what you owe. To make sure you are staying on track, it's a good idea to calculate your assets and liabilities annually. If you conscientiously follow your plan you should see a gradual, steady increase in your net worth.

What you own	Amount
Checking/saving accounts	
Investment accounts	
Stocks & bonds	
IRA/401(k)	
Home/real estate	
Automobile(s)	
Other asset(s)	
Total owned (a)	

What you owe	Amount
Mortgage	
Credit cards	
Student loan(s)	
Auto loan(s)	
Other loan(s)	
Income tax due	
Other debt(s)	
Total owed (b)	

To figure your net worth, subtract the total owed from the total owned:

Total owned (a)	Total owed (b)	Net worth
	-	=

Essential Expenses

Household expenses are categorized into essential and discretionary. Since many expenses are variable, such as utilities and groceries, it is important to average these expenses. Other expenses are periodic (such as insurance or vehicle registration). Again, calculate the annual amount and divide by 12.

Category	Expense	Average per month	Goal per month
Housing	Rent/mortgage		
	2nd mortgage/equity line		
	Homeowner's/renter's insurance		
	Condo fees/HOA dues		
	Home maintenance/monitored alarm		
	Lawn/garden/pool		
	Gas/electric		
	Water/sewer/garbage		
	Internet/cable/satellite		
	Landline/cell phone		
Food	Groceries/household items		
	At work/school		
Insurance (exclude payroll deducted amounts)	Health/dental/vision		
	Life/disability		
Medical care (exclude payroll deducted amounts)	Doctor/chiropractor		
	Optometrist/lenses		
	Dentist/orthodontist		
	Prescriptions		
Transportation (exclude payroll deducted amounts)	Vehicle payment #1		
	Vehicle payment #2		
	Auto insurance		
	Gasoline/oil		
	Maintenance/repairs		
	Public transportation/tolls/parking		
Child care (exclude payroll deducted amounts)	Daycare		
	Child support/alimony		
Miscellaneous	Banking fees		
	Union dues		
Income Taxes	Federal/state tax repayment		
	Estimated tax payments (self-employed)		
Savings	Emergency		
	Goals		
Total essential expenses			

Discretionary Expenses

Category	Expense	Average per month	Goal per month
Personal	Beauty/barber		
	Clothing/jewelry		
	Laundry		
	Cosmetics/Manicure		
Entertainment	Movies/Concerts/Theater		
	Books/magazines		
	CD/DVD		
	Dining Out		
	Sports/Hobbies		
	Vacation Travel		
	Other		
Miscellaneous	Tuition/Lessons		
	Pet Care		
	Postage		
	Holiday/Birthday/Gift		
	Cigarettes/Alcohol		
	Charity/Religious Contributions		
	Other		
	Other		
Total discretionary expenses			

Monthly Income

Enter your gross and net (after taxes) income from all sources. For income received infrequently, such as bonuses or tax returns, calculate the annual income, then divide by 12 to find the monthly amount.

Source	Yours	Spouse/partner
Income Source/Employer		
Part-time Employer/Second Job		
Retirement/Pension		
Child Support/Alimony		
Social Security		
Food Stamps		
Unemployment Insurance		
Support from Family/Friends		
Rental Income		
Other Income (variable or periodic)		
Total monthly income		

Unsecured Debt

List all debts (except auto loans and mortgages) along with the name of the creditor, interest rate, total balance owed and the required minimum payment. This includes credit and charge cards, installment loans, personal loans and outstanding medical bills.

Creditor name	Interest rate	Monthly payment	Balance
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			

Bottom Line

Once you have determined the total of your take-home pay and expenses, you are ready to determine your bottom line. Subtract the total of all expenses including debt payments from your net income. If the result is a positive number, you can add the extra money to your savings to reach your goals sooner. If your expenses exceed your income, you'll need to make some adjustments to bring your finances back into balance.

Monthly net income	Total essential expenses	Total discretionary expenses	Total debt payment	Balance
	-	-	-	=

Tracking Day-to-Day Expenses

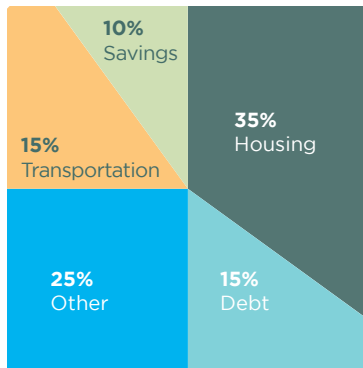
If you don't know where your money is going, it's time to start tracking your spending. Different methods of tracking work for different people – some like to save receipts while others prefer to jot down all purchases in a small notebook they carry with them. Remember, tracking is only effective if you count every expense, including the morning newspaper and the 75 cents you put in the office vending machine. Use the sheets on the next two pages to record weekly and monthly spending totals. (We suggest you make copies of the charts so that you can track for longer than one week.)

Monthly Expenses

Item	Week 1	Week 2	Week 3	Week 4	Week 5	Total expenses	Monthly budget	Over/under
Savings								
Groceries								
Restaurants								
Laundry/ dry cleaning								
Medical/dental								
Auto/gas/ parking								
Other transportation								
Child care								
Personal care								
Clothing								
Bank fees/ postage								
Entertainment								
Books/music/ video								
Cigarettes/ alcohol								
Gifts/cards								
Home/garden								
Church/ charity contributions								
Other								
Other								
Other								
Other								
Other								
Other								
Other								
Monthly expense totals								

Notes

Recommended Budget Guidelines



Housing

Spend no more than 35% of net income on housing. Depending on whether you rent or own, that can include: mortgage/rent, utilities, insurance, taxes, and home maintenance.

Savings

Save at least 10% of income throughout your working life. Make sure you have three to six (3-6) months' income in an emergency fund before you start saving for other goals.

Transportation

Spend no more than 15% of net income on transportation. That includes: car payment, auto insurance, tag or license, maintenance, gasoline, and parking.

Debt

Spend no more than 15% of net income on all other consumer debt: student loans, retail installment contracts, credit cards, personal loans, tax debts, and medical debts.

Other

Spend no more than 25% of net income on all other expenses: food, clothing, entertainment, childcare, medical expenses, tithing/charity, and vacations.

Adjust Your Plan

If the amount you are now saving falls short of the amount you need to save to reach your goals, here are some questions to ask yourself:

- Are you paying yourself first by putting away at least 10 percent of your after-tax income?
- Could you increase the amount you're saving by earning more or spending less?
- Did you set reasonable, achievable goals?
- Could you delay the target date of any of your goals?

You should reevaluate your spending and savings plan annually, or whenever there is a big change in your financial wants and needs. Remember that a budget is simply a priority list – by following it you are ensuring that your money is used to acquire the things, or reach the goals, that are most important to you.





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