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Budgeting Tips

Speaker:

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THE LIFETIME
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BUDGETING
Tools and Tips

What’s your why?

Set Goals

- **S** **Specific**
- **M** **Measurable**
- **A** **Achievable**
- **R** **Relevant**
- **T** **Time-Based**

Budget is a 4-Letter Word

Conscious Spending Plan

BUDGETING
Tools and Tips

Spending & Savings Ratios

50% for Needs

20% for Savings

30% for Guilt-Free Spending

Needs Versus Wants

NEEDS

Food
Basic clothing
Transportation
Shelter
Medical insurance

WANTS

Eating out and entertainment
Travel/vacation
Hobbies
Electronic gadgets
Shoes, shoes and more shoes

Budgeting Strategies

Zero-Based Budget

Bucket Strategy

Budgeting Apps and Tools

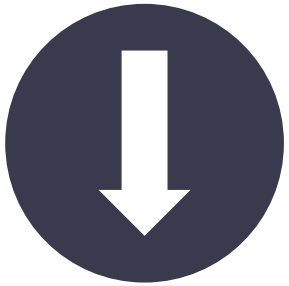
- eMoney Wealth Management
- You Need a Budget (YNAB)
- Personal Capital
- Mint
- Every Dollar
- Quicken
- Free Budgeting Spreadsheets

Budgeting Challenges

- Expenses exceed income
- Heavy debt load
- Irregular income
- “Unanticipated” expenses
- Emergencies

Expenses Exceed Income

Increase income



Decrease spending

Develop a “DMP”

Debt Snowball

Debt Avalanche

Key Debt Ratios

Consumer Debt:

Should not exceed 20% of Net Monthly Income

Housing Costs:

Should not exceed 28% of Gross Monthly Income

Total Debt:

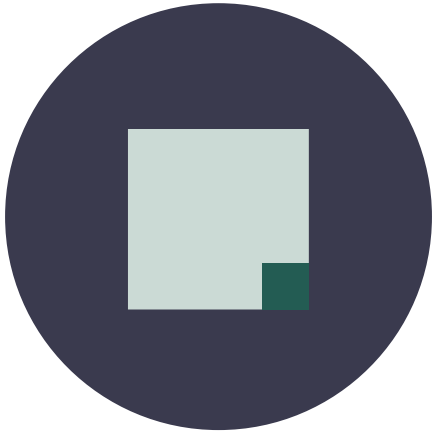
No more than 36% of Gross Monthly Income

Irregular Income

- Determine your minimum household spending
- Income should cover that spending first
- Allocate “extra” income to other budget categories and savings
- Build an emergency fund of 12 months of expenses for the lean times

Unanticipated Expenses

Add a budget line item

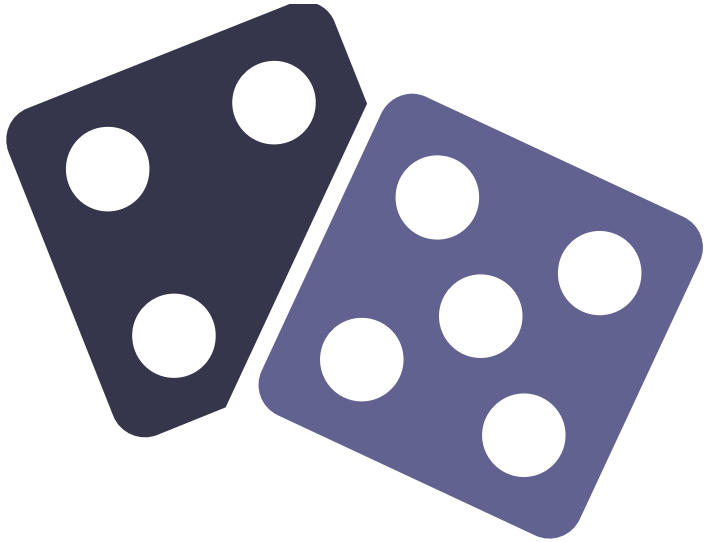


Create a sinking fund

Emergencies

- **Single-income household:**
  - 6-12 months of non-discretionary expenses
- **Dual-income household:**
  - 3-6 months of non-discretionary expenses

Staying Motivated



- Try a savings challenge
- Create visual cues
- Track progress in a fun way
- Follow a personal finance blog or podcast
- Team up with an accountability partner

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QUESTIONS?