# Financial Mentoring: Budgeting



Attah Obande AGO Design Group





# **Context**

### **Consumerist Culture**

### Poor

- 1. Daily Survival
- 2. Relationships
- 3. Entertainment



- Not having a financial road map
- No system of bill paying
- Addicted to spending
- Car loans only good car is a new car
- Use CC when don't have cash
- Only making minimum payments
- Reacting to peer pressure
- Ignoring financial goals—I earned it I can spend it
- Thinking your kid must have the best thing
- Thinking money buys happiness
- Thinking its not worthwhile saving small amounts



- 1. Help people admit where they are with money.
  - Controlling you? Out of Control?
- 2. Know where you are spending money
- 3. Know the difference between Needs & Wants
- 4. Money Tracking





### **Choices**

- Life is a series of choices. Some choices we are more conscious about than others.
- Some choices are made by habit
- Choose to accept circumstances or choose to change
- We often make poor choices
- Sometimes we make poor choices out of habit



- Awareness Examine the situation before you make a decision
- 2. <u>Assessment</u> Consider what might happen with each choice
- 3. <u>Action</u> Make your decision based on what's best with your spending plan





### **What's The Real Cost**

- Paying minimum on \$2000 CC will take 20 years and \$5000 in interest.
- Some car sales places charge as much as 30% on loans
  - 3yr \$10k car = \$425 payment (\$5300 in interest)
  - 5yr \$10k car \$325 payment (9,440 in intrest)





### What's the Real Cost

- Rent to own places charge 3 4 times the cost
  - Rent A Center \$29 a week for 2 years
    - · \$3016
  - Best Buy
    - \$899 (8 Months)

# Did You Know?



- 1. Document total Monthly income
- 2. Organize bills by due date
- 3. Track ALL spending

### Month/Year:

| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
|--------|--------|---------|-----------|----------|--------|----------|
|        |        |         |           |          |        |          |
|        |        |         |           |          |        |          |
|        |        |         |           |          |        |          |
|        |        |         |           |          |        |          |
|        |        |         |           |          |        |          |
|        |        |         |           |          |        |          |
|        |        |         |           |          |        |          |
|        |        |         |           |          |        |          |
|        |        |         |           |          |        |          |
|        |        |         |           |          |        |          |





### **Steps For Sound Financial Choices**

- Know the difference between wants and needs
- Use the 24 hour rule
- Use cash
- Make a budget and live by it
  - A spending plan isn't something to dread its seeing a consequence before you have to live it.
- Save 10-15% of checks





### **Steps For Sound Financial Choices**

- Pay of credit cards monthly
- Any left over money in a month should pay of debt or go in savings
- Take advantage of 401k matches
- Track your spending and accounts





# **Budgeting Tools**

- Mint.com
  - Anonymous
- BudgetSimple.com \$5 a month
  - Create Budget / Reports
- BudgetPulse.com
- PersonalCapital.com
- MySpendingPlan.com





# **Budgeting**

- Document all income and expenses
- Track and categorize ALL spending
- Set spending amount for all categories

### Balanced Monthly Spending

|                                |                                  | ATTENDED TO STATE OF THE PARTY  |
|--------------------------------|----------------------------------|--|
| l                              |                                  |  |
|                                |                                  |  |
| GROSS INCOME PER MONTH         |                                  | - 300 - F. C.  |
| 1st Salary                     | 7 Debes (59/2)                   | 2  |
| 2nd Salary (actual)            | 7. Debts (5%)                    |  |
| Ziid Salary (actual)           | Credit Cards                     |  |
| Salary Analysis                | Loans/Notes                      | 100 mg (100 mg)  |
| hildcare                       | Family Debts                     |  |
| as amily meals out             | Other                            | 4 1  |
| lothing                        |                                  | THE RESERVE TO SERVE AND ASSESSMENT  |
| xtra Car                       | 8. Entertainment/Recreation (5%) |  |
| ifts at work                   | Eating Out                       |  |
| unches                         | Baby Sitters                     | A STATE OF THE STA |
| OME AFTER EXPENSES             | Activities/Trips                 |  |
|                                | Vacations                        |  |
| Other                          | Pets/Other                       | 11   |
| Home business                  | Cable TV/Internet                |  |
| Gov. Assistance                |                                  |  |
|                                | Alcohol/Drugs                    | 07   |
| LESS:                          | Cigarettes/Lottery               | 2 2 1 1 1 2 1 E 1 1  |
| 1. Charitable Giving (10%)     |                                  |  |
| 2. Tax (Est. all tax deducted) | 9. Clothing (5%)                 | - C - C - C - C - C - C - C - C - C - C  |
| 2. 2 (200 0 0.000000)          |                                  |  |
| NET SPENDABLE INCOME           | 10. Savings/Investments (5%)     | 10 10 10 10 10 10 10 10 10 10 10 10 10 1   |
| THE OF ENDABLES IT COME        |                                  | The second second  |
| 2 IIanaina (200/)              | 11. Medical Expenses (5%)        |  |
| 3. Housing (38%)               | Doctor                           |  |
| Mortgage/Rent                  | Dentist                          | St. 35.  |
| Insurance                      | Prescriptions                    |  |
| Taxes                          | Other                            |  |
| Electricity                    | - Culci                          | at the same of the same  |
| Gas                            | 12. Miscellaneous (5%)           |  |
| Water                          |                                  |  |
| Sanitation                     | Toiletry/Cosmetics               |  |
| Telephone                      | Beauty/Barber                    | The second second  |
| Maintenance                    | Laundry/Dry cleaning             | THE RESERVE THE PARTY OF THE PA |
| Other                          | Allowances/Lunches               |  |
| Ошег                           | Subscriptions                    | A STATE OF THE STA |
| 4 E 1 (400/)                   | Gifts (including                 |  |
| 4. Food (12%)                  | Christmas)                       |  |
|                                | Cash                             | The state of the s |
| 5. Automobile(s) (15%)         | Other                            |  |
| Payments                       |                                  | 100  |
| Gas & Oil                      | 12 01 11 1 / 0 11                |  |
| Insurance                      | 13. Childcare/College            |  |
| License/Taxes                  |                                  |  |
| Maint./Repair/Replace          | TOTAL EXPENSES                   |  |
| maint./ Repair/ Replace        |                                  |  |
|                                | INCOME VS. EXPENSES              |  |
| 6. Insurance (5%)              | Net Spendable Income             | De la constantina  |
| Life                           |                                  | E STATES FOR   |
| Medical                        | Less Expenses                    |  |
|                                | TOTAL (should be "0")            | 1000   |
|                                |                                  | NCAT SERVICE STREET  |

| Week of:             |      | N      | lame:   |         |           | *                   |        |          |       |
|----------------------|------|--------|---------|---------|-----------|---------------------|--------|----------|-------|
|                      | PLAN | Sunday | Monday  | Tuesday | Wednesday | Thursday            | Friday | Saturday | TOTAL |
| Pood                 |      |        |         |         |           |                     |        |          |       |
| Gas                  |      |        |         |         |           |                     |        |          |       |
| Intertainment        |      |        |         |         |           |                     |        |          |       |
| Eating Out           |      |        |         |         |           |                     |        |          |       |
| Baby Sitters         |      |        |         |         |           |                     |        |          |       |
| Activities/Trips     |      |        |         |         |           |                     |        |          |       |
| Pets/Other           |      |        |         |         |           |                     |        |          |       |
| Movies/Videos/Cable  |      |        |         |         |           |                     |        |          |       |
| Alcohol/Drugs        |      |        |         |         |           |                     | -      |          |       |
| Cigarettes/Lottery   |      |        |         |         |           |                     |        |          |       |
| Clothing             |      |        |         |         |           |                     |        |          |       |
| Miscellaneous        |      |        |         |         |           |                     |        |          |       |
| Beauty/Barber        |      |        |         |         |           |                     |        |          |       |
| Laundry/Dry Cleaning |      |        |         |         |           |                     |        |          |       |
| Allowances/Lunches   |      |        |         |         |           |                     |        |          |       |
| Magazines/Newspaper  |      |        |         |         |           |                     |        |          |       |
| Gifts                |      |        |         |         |           |                     |        |          |       |
| Childcare/College    |      |        |         |         |           |                     |        |          |       |
|                      |      |        |         |         | · .       |                     |        |          |       |
|                      |      | 18     |         |         |           |                     |        |          |       |
|                      |      | WEI    | EKLY CE | IECKS   | MONE!     | V ORDE              | RWRI   | TTEN     |       |
|                      | PLAN | Sunday | Monday  | Tuesday | Wednesday | Thursday            | Friday | Saturday | TOTAL |
| Giving               |      |        |         |         |           |                     |        |          |       |
| Housing              |      |        |         |         |           |                     | ļ      |          |       |
| Utilities            |      |        |         | ŀ       |           |                     |        |          |       |
| Phone                |      |        | i le    |         |           |                     |        |          |       |
| Other                |      |        |         |         |           |                     |        |          |       |
| Food                 |      |        |         |         |           | . 19 <sup>1</sup> 2 |        |          |       |
| Automobile           |      |        |         |         |           |                     |        |          |       |
| Insurance            |      |        |         |         |           |                     |        |          |       |
| Debts                |      |        |         |         |           |                     |        |          |       |
| Entertainment        |      |        |         |         |           |                     |        |          |       |
| Clothing             |      |        |         |         |           |                     |        |          |       |
| Savings/Investments  |      |        |         |         |           |                     |        |          |       |
| Medical              |      |        |         |         |           |                     |        |          |       |

Childcare/Tuition





| racas ir Emperiors Exceed  |       |          |        |           | _    |
|--|-------|----------|--------|-----------|------|
|  | Yes   | No       | N/A    | \$        |      |
| DEBTS Do I have any debts that could be forgiven if I returned items?  | ,     |          |        |           |      |
| 1  |       |          |        | +         | _    |
| Could I sell anything to reduce debt?  |       |          |        | -         | _    |
| Could I work for any of the companies I owe money to, possibly cleaning their offices?   |       |          |        |           |      |
| indi dileesi   |       |          |        |           |      |
| GIVING   |       |          |        | 1         |      |
| Do I have skills that I could donate to someone?   |       | <u> </u> | -      | -         |      |
| Could I babysit someone's children for free so they can go to the doctor?  |       |          |        |           |      |
| Could I tutor someone?   |       |          |        |           |      |
| ENTERTAINMENT  |       |          |        |           |      |
| Could I pack my lunch rather than buying it at work or eating out?   | _     |          | -      | _         |      |
| Am I willing to do without cable TV/internet?  |       |          |        |           |      |
| Can I stop or greatly reduce eating at fast-food restaurants?  |       |          |        |           |      |
| Am I willing to cut down on or maybe stop smoking cigarettes?  | 1     | 1 10     |        |           |      |
| Am I willing to stop buying lottery tickets?   |       | -        | 1      | +         |      |
| Am I willing to discontinue buying sodas/coffee at the convenience store?  |       | +        | +      | $\dagger$ |      |
| The state of the s | -     | +        | +      | +         |      |
| Am I willing to have only one pet or no pets?  |       | 1        |        |           |      |
| MISCELLANEOUS  |       |          |        |           |      |
| Am I willing to limit my Christmas spending to only what I have saved?   |       | -        | -      | +         |      |
| Will I greatly limit my gift buying year-round, which includes birthdays, weddings, bridal and baby showers, graduations, and friend's gifts?  |       |          |        |           |      |
|  | -     | +        | +      | +         |      |
| Could I learn how to cut my children's hair myself?  |       | -        | -      | _         |      |
| Am I willing to keep track of my cash spending by writing down everything I spend?   |       |          |        |           |      |
|  |       |          |        |           |      |
| Other ideas: Po  | ssibl | e Toto   | ıl Fou | und       | Mone |
|  | \$    |          |        |           |      |
|  | Ψ_    |          |        |           |      |