

Financial Mentoring: Budgeting



**VOLUNTEERS
IN SERVICE**
Witnessing Christ's Love

Attah Obande
AGO Design Group



Context

Consumerist Culture

Poor

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

Causes of Overspending

- **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**

What Needs To Happen

- 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**

The AAA Plan

1. **Awareness** – Examine the situation before you make a decision
2. **Assessment** – Consider what might happen with each choice
3. **Action** – 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 interest)**

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?



Goal

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

GROSS INCOME PER MONTH

1st Salary _____

2nd Salary (actual) _____

2nd Salary Analysis

Childcare _____
Gas _____
Family meals out _____
Clothing _____
Extra Car _____
Gifts at work _____
Dues _____
Lunches _____

INCOME AFTER EXPENSES _____

Other _____

Home business _____

Gov. Assistance _____

LESS:

1. Charitable Giving (10%) _____

2. Tax (Est. all tax deducted) _____

NET SPENDABLE INCOME

3. Housing (38%) _____

Mortgage/Rent _____

Insurance _____

Taxes _____

Electricity _____

Gas _____

Water _____

Sanitation _____

Telephone _____

Maintenance _____

Other _____

4. Food (12%) _____

5. Automobile(s) (15%) _____

Payments _____

Gas & Oil _____

Insurance _____

License/Taxes _____

Maint./Repair/Replace _____

6. Insurance (5%) _____

Life _____

Medical _____

7. Debts (5%) _____

Credit Cards _____

Loans/Notes _____

Family Debts _____

Other _____

8. Entertainment/Recreation (5%) _____

Eating Out _____

Baby Sitters _____

Activities/Trips _____

Vacations _____

Pets/Other _____

Cable TV/Internet _____

Alcohol/Drugs _____

Cigarettes/Lottery _____

9. Clothing (5%) _____

10. Savings/Investments (5%) _____

11. Medical Expenses (5%) _____

Doctor _____

Dentist _____

Prescriptions _____

Other _____

12. Miscellaneous (5%) _____

Toiletry/Cosmetics _____

Beauty/Barber _____

Laundry/Dry cleaning _____

Allowances/Lunches _____

Subscriptions _____

Gifts (including _____

Christmas) _____

Cash _____

Other _____

13. Childcare/College _____

TOTAL EXPENSES

INCOME VS. EXPENSES

Net Spendable Income _____

Less Expenses _____

TOTAL (should be "0") _____

Week of: _____ Name: _____

	PLAN	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	TOTAL
Food									
Gas									
Entertainment									
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									

WEEKLY CHECKS/MONEY ORDER WRITTEN

	PLAN	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	TOTAL
1 Giving									
3 Housing									
Utilities									
Phone									
Other									
4 Food									
5 Automobile									
6 Insurance									
7 Debts									
8 Entertainment									
9 Clothing									
10 Savings/Investments									
11 Medical									
12 Miscellaneous									
13 Childcare/Tuition									

Transfer these totals to the Monthly Cash Spent sheet.

