

# Personal Budgeting



- Meaning: to some discipline; to others straight jacket
- Don't plan to spend more money than you have coming in.
- If your income is reduced, take time to determine where you can reduce your spending. (See spend plan... next slide)
- The objective is to:
  - Continue paying your bills on time to avoid late charges and increased interest rates that can adversely affect your credit score.
  - Ensure you have enough money in your account to cover any automatic payments you have signed up for.

# Design a Spending Plan

INCOME	Current (Net)	Projected (net)
TECH PAY - PPE 4 May	1,000	800
TECH PAY - PPE 18 May	1,000	800
May UTA - 15 May	500	500
Spouse Earnings	2,500	2,500
Other Income	0	0
<b>TOTAL INCOME</b>	<b>5,000</b>	<b>4,600</b>
<b>FIXED Expenses:</b>		
Home Mortgage/Rent	700	700
Car Payment	300	300
Car Payment	300	300
Other Loans		
Car Insurance	150	150
Child Care	300	300
Cable	50	50
Electric	150	150
Gas	100	100
Water	50	50
Phone	150	150
<b>TOTAL FIXED Exp</b>	<b>2,250</b>	<b>2,250</b>
<b>VARIABLE Expenses</b>		
Groceries	1,000	890
Clothing	250	200
Donations	500	460
Recreation	500	400
Savings	500	400
<b>TOTAL VARIABLE Exp</b>	<b>2,750</b>	<b>2,350</b>
<b>TOTAL EXPENSES</b>	<b>5,000</b>	<b>4,600</b>
<b>Balance of Funds</b>	<b>0</b>	<b>0</b>

- Benefits of a Spending Plan:
  - Cash Flow tells you where your money came from and where it went.
  - Fixed Expenses: rent, mortgage payment, utility bills.
  - Variable Expenses: groceries, clothing, donations, recreation etc.

# General Financial Tips

- Reduce variable expenditures (groceries, entertainment, clothing, donations) as much as possible
  - Don't eat out as much. Cook at home. Bring your lunch
  - Hit the bargain bins and resale shops for clothing needs
  - Instead of a night at the movies or bowling, go visiting friends and family (maybe around dinner time)
- Reduce monthly payment to minimum required payment
- Let your bank or credit union know your financial situation – They want their money and they will work with you.
- DO NOT rely on credit cards – if your income is reduced DON'T make up the difference using credit cards – this is Financial Death.
- Do not go out and create addition debt that your income can not cover (house, car, boat, anything that has a “convenient” payment plan)
- Consider reducing/discontinuing unnecessary services
  - Go to basic cable instead of the premium package
  - Don't renew your magazine subscriptions
  - Do your nails at home
- Future planning - Establish an emergency fund of at least one months income and add to it when you can.

# Don't rely on credit cards

You may have a credit card problem IF:

- You hide your monthly credit card statements so your family won't find them.
- More than 20% of your take-home pay is used to pay credit cards
- You delay paying other bills so you can pay your credit cards
- You usually pay only the minimum monthly payments
- You've considered a consolidation loan to pay off your credit cards
- You've received a phone call about a delinquent account
- You borrow from friends or relatives to make ends meet

# Resources

- Airman & Family Readiness Program Manager
- Local Bank or Credit Union
- Military One Source
  - 12 in-person non-medical counseling sessions per year