



Realizing *the* American Dream

# Managing Your Money



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## Agenda

- Getting started with making a plan for your money
- Planning how to spend your money
- Developing a spending plan to meet your goals
- Making your spending plan
- The importance of saving
- Getting help

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## Why Do You Need a Spending Plan?

- To prepare for large expenses
- To encourage savings
- To prepare for surprise expenses
- To identify wasteful spending
- To accomplish goals

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## How Do You Use Money?

- The Miser
- The Conservative
- The Carefree
- The Big Spender
- The Overspender

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## Rate Your Spending Habits

- What things would be easiest to change?
- What would be hardest?
- Is a house worth giving these things up?
- Are you ready to do this now?
- Are there other things you want to do first?

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## The Steps in Establishing a Spending Plan

- Determine your monthly net income
- Calculate your monthly expenses
- Subtract your regular expenses from your income

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## Keeping Track of Spending

- Save all receipts
- Use a small notebook

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## Setting Family Goals

- Talk about goals as a family
- Be specific
- Write down all family members' goals and rank them in order of importance
- Agree on your top goals
- Figure out how much it will cost to reach your goals

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## Wants vs. Needs

- Needs = items you must have for basic survival
- Wants = things you desire but can live without

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## Different Types of Expenses

- Fixed expenses
- Periodic fixed expenses
- Flexible expenses
- Indebtedness expenses

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## Trimming Expenses

- Clip coupons
- Use a list to do grocery shopping
- Make cost comparisons fun
- Get three quotes for large purchases
- Agree on allowance for each family member

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## Trimming Expenses

- Eat at home
- Take lunches to work
- Shop in resale stores
- Trade services with friends
- Find fun activities that are free

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## Money Management Tips

- Plan according to current income
- Plan ahead for six months
- Include spending money for all
- Keep record keeping simple

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## Money Management Tips

- Set money aside for maintenance
- Pay yourself first at least 10% of take-home pay
- Get consensus from entire family

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## Reviewing the Plan

- Is our spending plan working?
- Are all family members able to follow it?
- Which costs always seem to be over the planned amount?
- Are we getting closer to reaching our goals?

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### Ways to Make Money Management Easier

- Decide who pays bills
- Know when bills are due
- Use utilities' level billing payments
- Open a checking account
- Open a savings account

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### Ways to Make Money Management Easier

- Consider consolidating credit card accounts
- Consider selling a car
- Check your interest rates
- Stick to the plan

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### Controlling Day-to-Day Spending

- Carry written reminders of your goals
- Carry as little cash as possible
- Use direct deposit

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## Controlling Day-to-Day Spending

- Put items on layaway
- Buy only what you need
- Try to pay with cash, a check or a debit card

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## Importance of Saving

$\$2/\text{day}$   $2\%$  interest =  $\$1,504.09$  in 2 years

*Try to save 10% of your income on a monthly basis!*

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## Types of Savings Accounts

- Regular savings account
- Club account
- Certificate of deposit (CD)
- Money market account
- Matched savings account

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## Tips for Savers

- Pay yourself first
- Open a savings account far away from home and work
- Save change at end of day
- Bank your surprises

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## Getting Help

- NeighborWorks America
- National Foundation of Credit Counselors
- HUD

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## Summary

- Importance of creating a realistic spending plan
- Steps involved in developing a spending plan
- Setting financial goals and making a spending plan to meet your goals
- Trimming expenses and making money management easier
- Using strategies to increase savings

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