

BUILDING YOUR BUDGET

A Blueprint for Success



Agenda

- The Warning Signs that you need a budget
- Why plan a budget?
- Let's Build a Budget Together
- Tips
- The Final Words

Six Warning Signs of Financial Trouble

1. More than 20% of your income is going to pay credit cards.
2. You're borrowing money to make payments on loans you already have.
3. You're frequently at, near, or over your credit limits.



Six Warning Signs of Financial Trouble

4. You're paying only the minimum on your credit card bills.
5. You're paying bills late or putting off visits to the doctor because you don't think you have enough money.
6. You're working overtime or a second job to cover food, housing, and other living expenses.



Why plan a budget?

- A budget is a guide like a road map.
- It tells you if you and your money are going in the right direction.
- Lets you control your money rather than your money controlling you.
- It will tell you if you are living within your means and if you are using too much credit.
- A budget can help you meet your savings goals.



Why plan a budget? *(continued)*

- A realistic budget can free up spare cash because you are less likely to use your money on frivolous items.
- Helps your entire family focus on common goals.
- It helps you prepare for emergencies that might otherwise get you in financial trouble.
- A budget can improve your marriage!
- It is a communication tool that can reduce arguments about money.

Why plan a budget? *(continued)*

- Shows where you are spending too much so you can refocus on your goals.
- It can keep you out of debt or help you **get out of debt.**
- Actually creates extra money for you to use on things that matter to you.
- Helps you sleep at night because you won't be worrying about how you're going to make ends meet.



Let's build a budget together...

Please turn to your
budget worksheets





Step #1

Create A Budget Worksheet

Step #1 – Create a Budget Worksheet

1. Start with your budget worksheet.
2. Go through your check book or bills and add and delete categories from the worksheet.
3. Think about your hobbies and your habits and be sure to add categories for these expenses.





Step #2

List all Sources of Income

Step #2 – List all Sources of Income

1. Go through your pay stubs and calculate your average monthly net pay.
2. Do the same for any interest income, dividends, bonuses, or other miscellaneous income.





Step #3

List all Expenses

Step #3 – List all Expenses

1. For each expense determine an amount that realistically reflects your actual expenses.
2. Review your transaction history for other expenses.
3. Keep track of cash spent throughout the month and total and categorize these at the end of each month.
4. Don't forget unexpected or unusual expenses.



Unexpected or Unusual Expenses

- Car Repairs
- Medical Costs
- Holidays and Birthdays
- Weddings and Baby Showers
- Emergency Travel
- Office Parties
- Broken Appliances
- Change in Life Expenses



Step #4

Analyze the Totals

Step #4 – Analyze the Totals

1. Calculate the income and expense categories.
2. Subtract the total expenses from the total income to arrive at your net income.
3. If the number is negative, your expenses are greater than your income.
4. If you have a positive net income, transfer most of it to a savings or investment account.





Step #5

Evaluate your Progress

Step #5 – Evaluate your Progress

1. After you've tracked your actual spending for a month or two, analyze your spending to identify where you can comfortably make cuts.
2. Take an in-depth look at your largest spending categories, brainstorm about ways to reduce spending and set realistic goals.
3. Update your budget and expenses monthly.



Tips

- Tailor the budget's categories to fit your own situation.
- Make your categories detailed enough to provide useful information, but don't get bogged down in minor details.



The Final Words

*Think of your budget as
a tool to help you get out
of debt and save money,
not as a financial diet.*



Thank you!

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