



# Spending Plans & Saving

# NeighborWorks Salt Lake

1:1 Financial  
Coaching

Individual  
Development  
Accounts (IDA)

Opportunity  
Savings Accounts

Credit  
Counseling

Workshops and  
Classes

Payday Loan  
Help

Debt  
Management  
Program

Safe & Affordable  
Checking  
Accounts



# Today's Agenda

- Personal Money Habits
- Values
- Financial Goal Setting
- Budgeting Methods
- Savings



“Beware of a small expense. A small leak will sink a great ship.”

BENJAMIN FRANKLIN



# Latte Effect – Expense Calculator

- Buying lunch everyday- \$5.00 to \$15.00 per day adds up to \$5,475 a year.
- A cup of Coffee- \$2.00 to \$6.00 per day adds up to \$2,190 a year.
- Netflix (or other streaming service)- \$9.00 to \$18.00 per month adds to \$216 per year.
- Multiple subscriptions- \$75 per month adds to \$900 per year.

What could we do with that extra money?



# Why does money matter?

**Feel Secure**

**Share Affection**

**Status Symbol**

**Gateway To Goals**

**How did your upbringing affect your relationship with money today?**





# Emotions and Finance go Hand in Hand

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## What are your spending triggers?

- **Boredom**
- **Payday**
- **Sales**
- **Time crunch**
- **Holidays**
- **Peer Pressure**
- **People close to us**





# How to remove spending triggers:

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- Delete online shopping apps
- Shop with a list
- Remember that sales aren't always "good deals"
- Wait 48 hours before purchasing something you want
- Unsubscribe to email ads
- Leave your credit cards at home
- Other ideas?



my VALUES and GOALS



# POLL TIME!



How might valuing health affect your financial life?

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How might valuing  
technology or  
social media affect  
your financial life?

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Our values and  
priorities affect us  
financially.



# Goals

Take 2-3 minutes and write down 3-5 Major Goals

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. \_\_\_\_\_



# Setting SMART Goals

**Specific**  
**Measurable**  
**Achievable**  
**Relevant**  
**Time Bound**





# THE DANIELS

VACATIONING, QUALITY TIME, FREEDOM





# S.M.A.R.T. Goal

- Specific: “We’re going to save \$4,500 to go to Disneyland as a family.”
- Measurable: \$4,500
- Achievable: save \$187.50 a month for the vacation.
- Relevant: We value quality time together as a family sight seeing and experiencing.
- Time Bound: 2 years from today.

# S.M.A.R.T. Goal

• Specific: \_\_\_\_\_

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• Relevant: \_\_\_\_\_

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• Measurable: \_\_\_\_\_

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• Time Bound: \_\_\_\_\_

• Achievable: \_\_\_\_\_

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# Sticking to your goals:

- Meet as a household to discuss the goals.
- How can everyone contribute?
- Make decisions together.
- Never place “blame”, as the past cannot be changed.
- If you are a household of one, find a person you can discuss your goals with – like an FCF coach!





# How do I know I'm on track?

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- **Review your goals at least quarterly**
- **Find a visual way to track your goals**
- **Include everyone in the household**



# And remember... It's okay to reward yourself for all your hard work!

- **Periodic rewards help break up the task of accomplishing large goals**
- **Don't over-reward and undo all the good that has been accomplished**





# How the Daniel family reward themselves while saving for a Disneyworld trip?

When a new Disney movie comes out, they could go see it. But during a matinee showing.

Make Mickey Mouse Pancakes

Go to the dollar store and buy Disney coloring sheets to color and place around the home.

What are your ideas?

**Let's take**  
**a break**





## INCOME

What do you bring in?  
Gross vs.Net



## EXPENSES

Where does my money  
go?



## SAVINGS

Where do I want my  
money to go?

# Spending Plan



# Evaluating Income

- **Difference between Net and Gross income?**
- **Gross income matters for loan calculations and benefits eligibility.**
- **Net is used with Spending Plan**
- **This is the actual amount of \$ available from your paycheck**



# Be sure to plan for ALL income sources!

- **Full Time Job**
- **Side Job**
- **Spouse's Income**
- **Seasonal Jobs**
- **Child Support**
- **Government Benefits**





# Tips for increasing your income:

- Work all available hours
- Schedule appointments and events around your work schedule
- Overtime hours
  - Work them when possible
  - Don't count them as a fixed income
- Look for opportunities with current employer
- Develop new skills and ask to be included in special projects

# Tips for increasing your income:

- Be open to new employment
- Education
- Start a small business





It doesn't matter how much we earn, we can still fail to manage our finances properly.

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# Expenses



## Fixed Expenses

Essential Expenses to maintain standard living



## Variable Expenses

A re-occurring expenses that changes in cost from month to month



## Irregular Expenses

Expenses that occur on an as-needed basis a.k.a Planned Spending



## Unexpected Expenses

An unforeseen expense

# Track your Expenses

## Needs/Wants Challenge

- Download your recent credit or debit card statement and highlight needs in one color and wants in another

## Tracking Exercise

- Receipts
- Statements
- Journaling
- Phone applications

# FIXED EXPENSES

Consider Moving

Bundle and save

Limit subscriptions

Reduce coverage

Refinance or Sell

Research child care  
options in your  
neighborhood

Ditch the storage unit

Don't upgrade your  
phone

# VARIABLE EXPENSES

Go on a spending freeze

Use Coupons

Dine in, not out

Grocery pick up

Use local resources

Shop with a list

Buy frozen

Program your thermostat

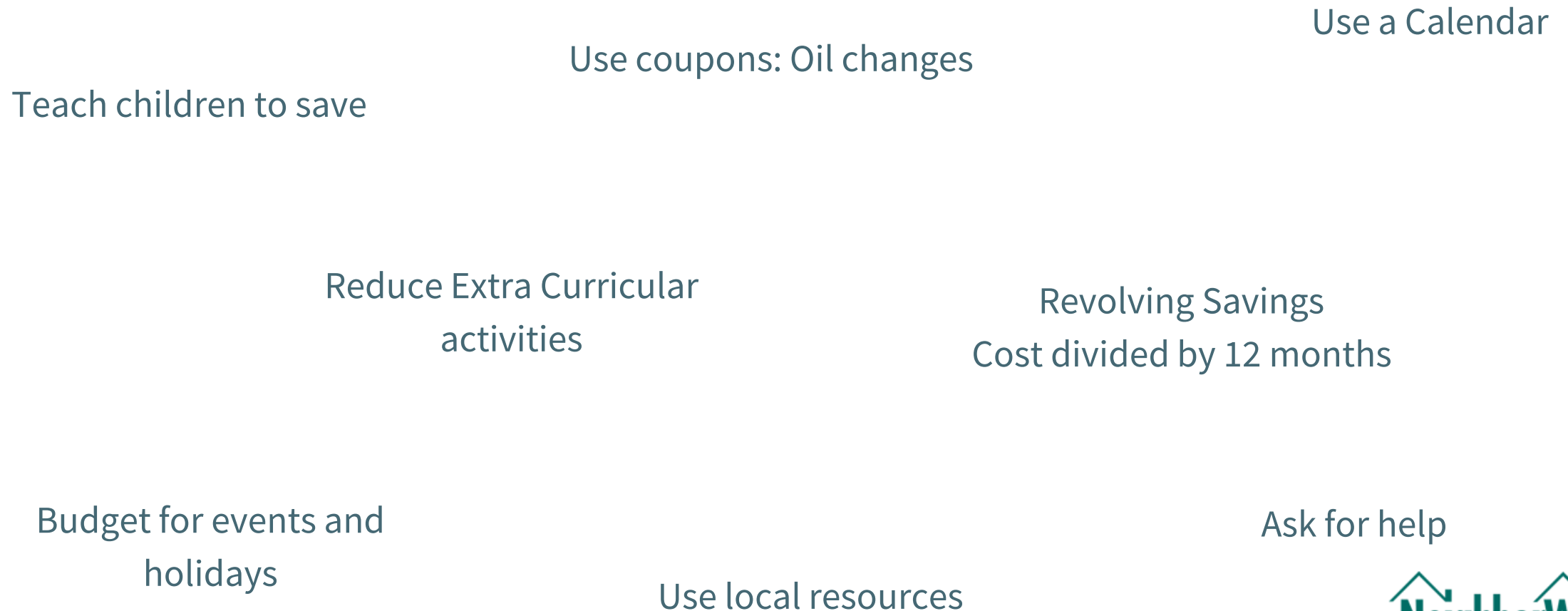
Drink water

Car Pool

Shop second hand or used

Turn off the lights

# IRREGULAR EXPENSES



# Unexpected Expenses

Save \$500-1,000  
for emergencies

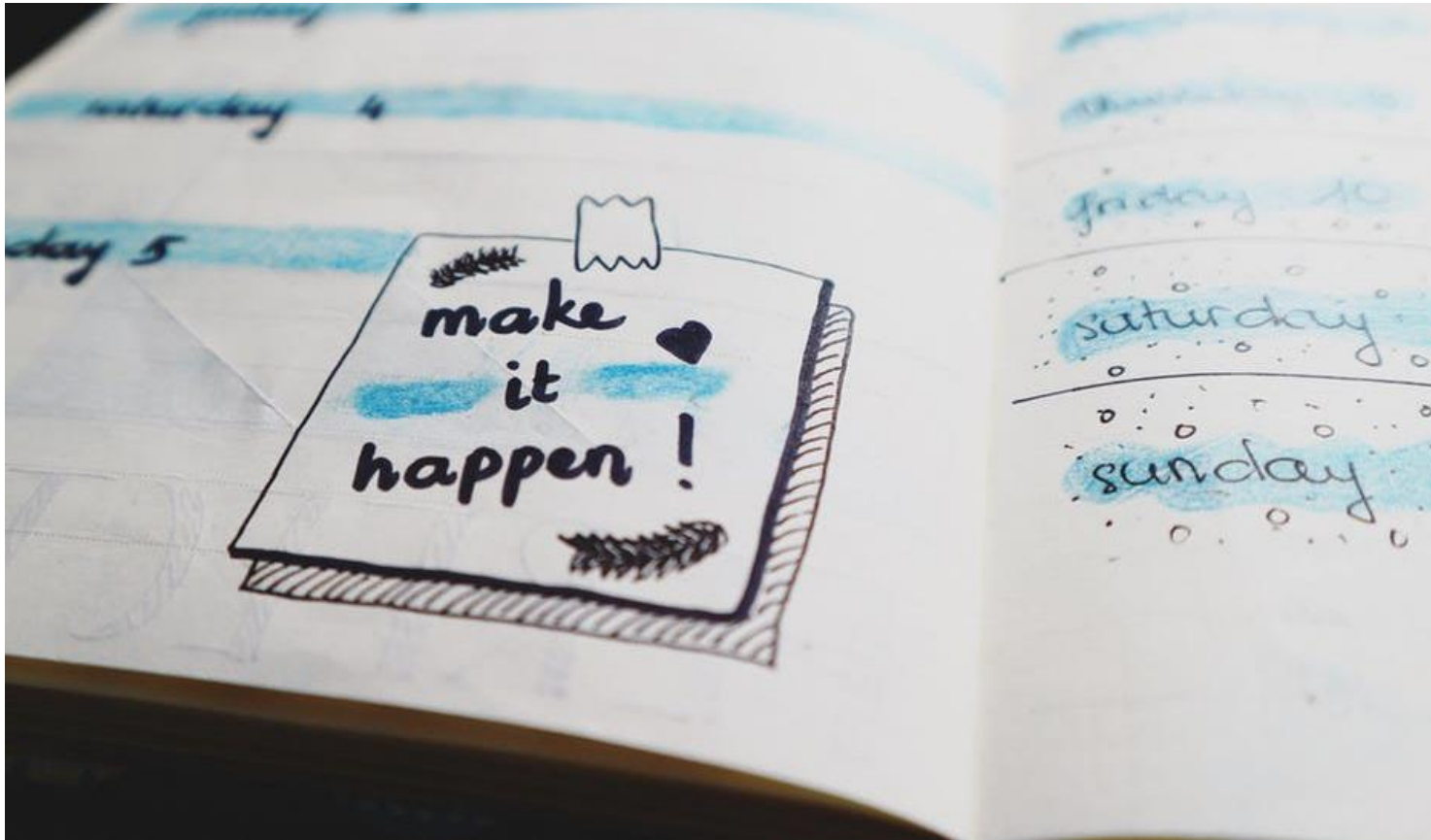
Have food storage

Have good  
insurance coverage

The rule of 3

Create a baseline  
budget





- **Who in your household will:**

- **Make sure bills are paid**
- **Handle the money**
- **Purchase goods for the house?**

## **Household financial roles:**



**What type of budget will work for YOU?**



# The Envelope Method

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- Make separate envelopes for each spending category: Gas, groceries, utilities, etc.
- Use cash from that envelope for purchases. When the cash is gone, you are done making purchases in that category.
- Adjust amounts as needed to manage your Spending Plan



# The Calendar Method

- Use a calendar to write down the due dates for specific bills
- Write down pay day dates
- Plan when to pay bills, and when \$ will be left over for groceries and other expenses





# The Ledger Method

- Track income in one column, expenses in another
- The final column should contain the balance of your income left
- Divide this into expense categories
- Cash Flow Goal = Spend less than you make

# Computer spreadsheets and phone apps

- Find Fair Credit Foundation's budget template on our website
- Make your own spreadsheet
- Try popular apps like Mint, MyDailyBudget, Dollar Bird, and others.



# Which Budgeting Method is Your Favorite?



Envelope System



Calendar Method



The Ledger



Computer Spreadsheets and Phone Apps





## Tips for a great budget:

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- Include all decision makers
- Set a time limit and ground rules
- Use this as an opportunity to educate children
  - Are they old enough to manage any expenses on their own?





## Tips for a great budget:

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- Personal money allocations
- Discussing purchases over a certain amount
- Recognize everyone's efforts to change behavior
- Set goals for your next spending plan



## Tips for a great budget:

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- Track all expenses! Cash, credit card, debit card or check - an expense is an expense.
- Select a method and *stick with it!*



**Remember, it takes time!**

- Review your budget weekly, bi-weekly, or monthly.
- As you get more familiar with your budget, you will not have to work on it as often.
- Use big mile stones as an opportunity to re-assess
  - Tax return
  - New year
  - Pay raise
  - Moving





# Savings

Savings and Spending Plans go Hand in Hand

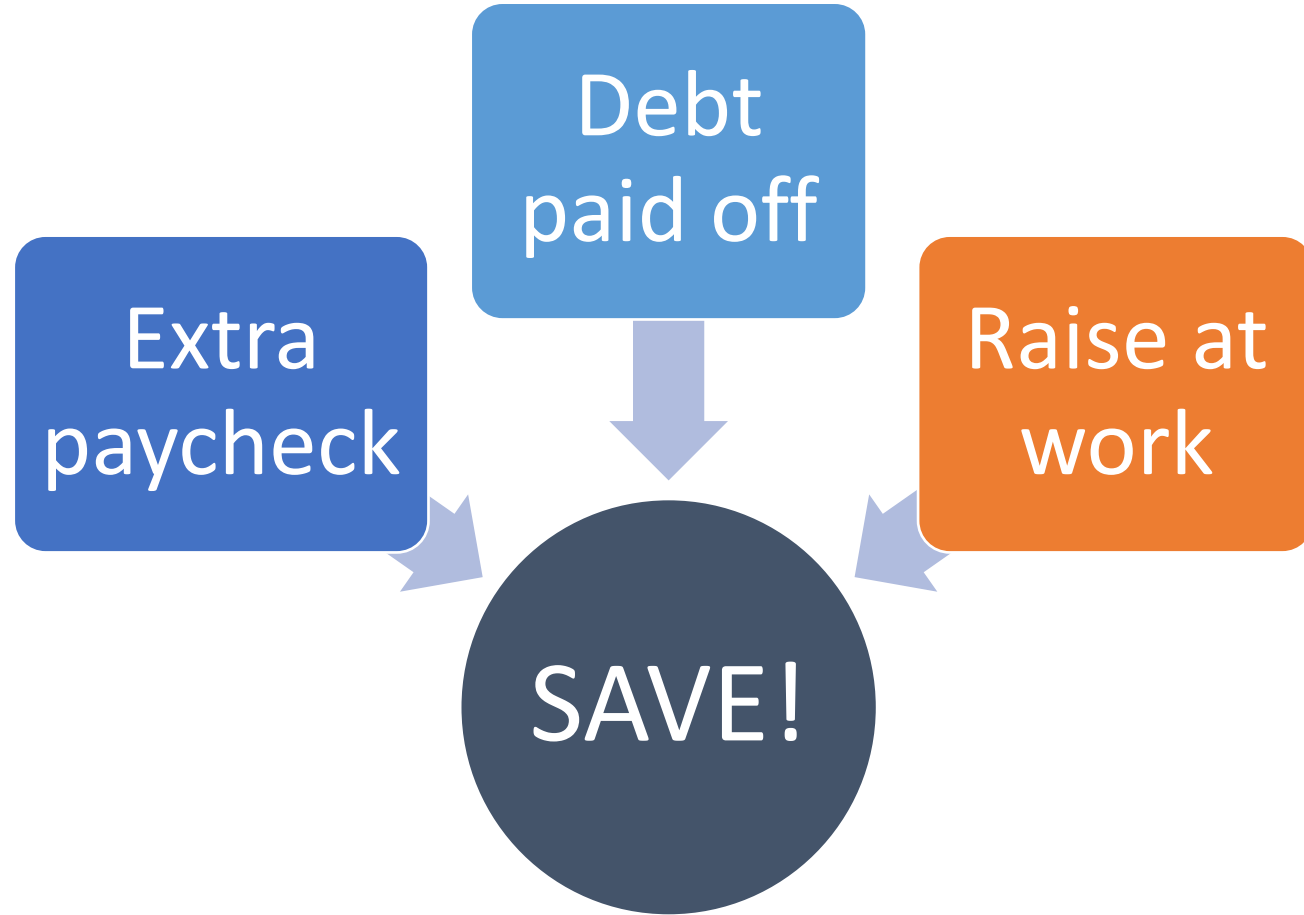


# Why save?

- Emergencies
- Periodic expenses
- Big purchases
- Vacations
- Pay off debt
- Education



# Where can you find money to save?



# Step Down Principle

- You can still enjoy what you love, but at a reduced cost.

Paying full price for a movie

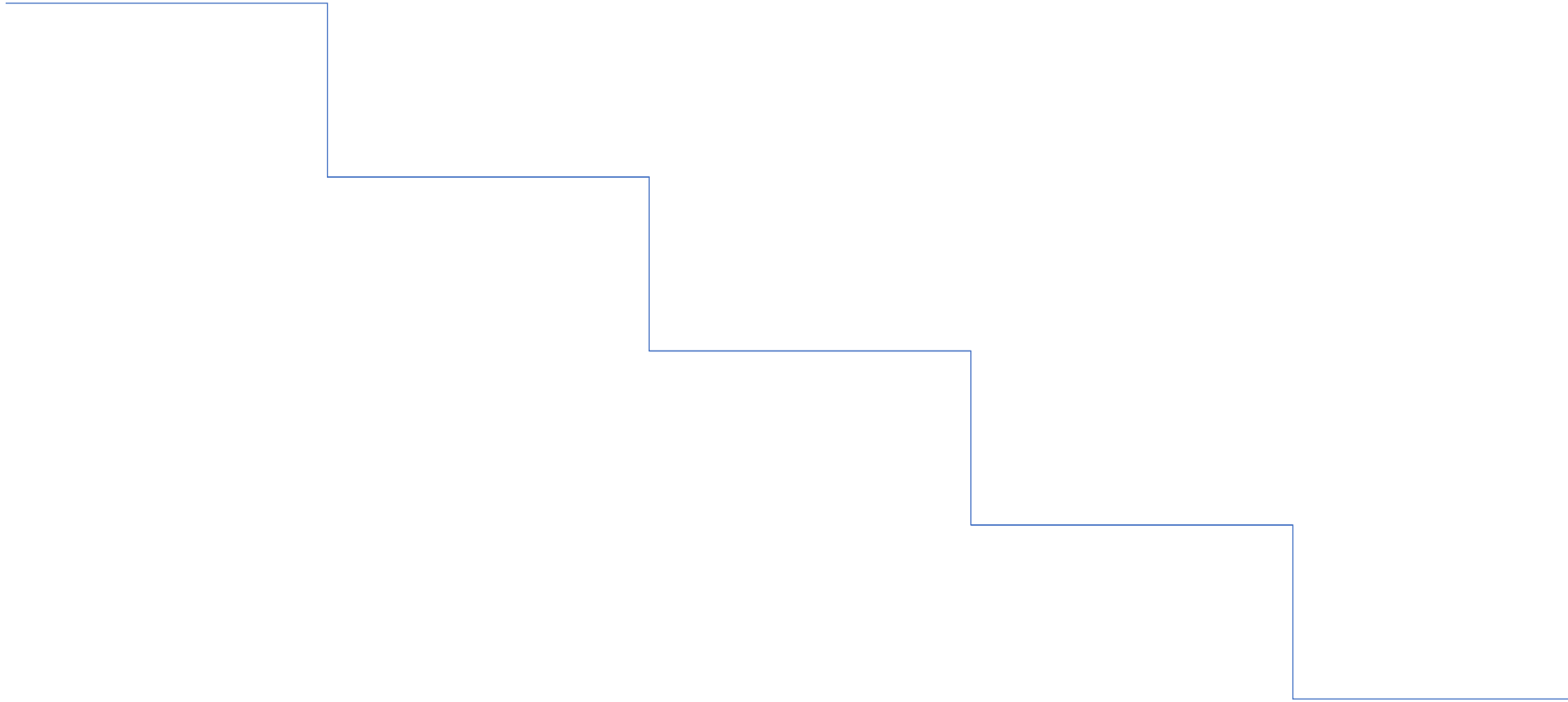
Going on \$5 Tuesdays

Renting a movie from Redbox

Borrowing a movie



# Step Down Principle







# THE DANIELS

VACATIONING, QUALITY TIME, FREEDOM

# Create Change

- Grocery shop 1x a week
- Delete Hulu
- Re-visit their insurance coverage





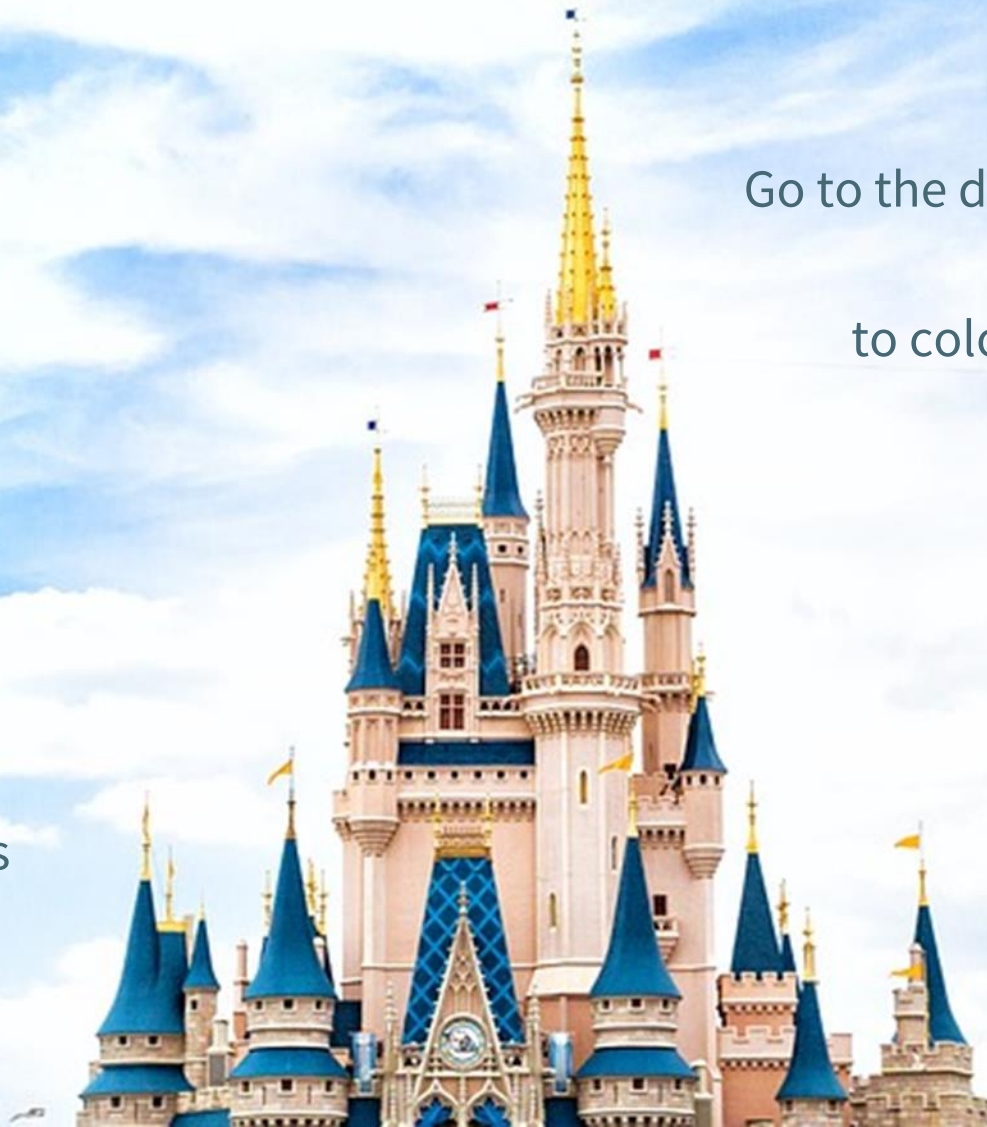
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# Where do I save?

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- Savings accounts with a bank or credit union
  - High interest, with no/low fees
- Long term savings accounts, like CD's
- Opportunity Accounts with Fair Credit Foundation
- Online savings accounts
  - Typically offer higher interest





# Saving for emergencies:

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- Start by trying to save \$1,000 for emergencies.
- Fair Credit Foundation recommends having 3 months of base expenses saved: housing, car payment, utilities, food, etc.
- Some people need bigger emergency savings than others. Are you a home owner? Do you have dependents?
- This money should be easily accessible and not tied up in investments.

# Saving for retirement:

- If you think you are too young to worry about retirement, when will you be old enough?
- Participate in employer matched savings accounts and save at least the maximum percent matched.
- 401(k)s are employer sponsored savings programs.
- IRAs are retirement savings that you can start on your own.
- Each year that you save can add up to thousands of dollars in interest.
- Learn about the tax implications of saving. Do you want to be taxed now, or later?







# Saving for big purchases:

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- Come up with a S.M.A.R.T. goal, and put your savings in an appropriate account. Some CDs accrue more interest than a regular savings account.
- Look for programs that can supplement your savings
  - Home buyer assistance
  - FAFSA grants and scholarships
  - Individual Development Accounts



## Other savings tips:

- Keeping all of your savings in cash can be very risky, and you don't accrue interest.
- Automatic savings deposits can help you remember to save.
- Even if you can't save much, start building the habit now.
- Become a Utah Saver at [www.utahsaves.org](http://www.utahsaves.org) and commit to save today!



# Your keys to success:



Values



Set Goals



Create a  
Spending Plan



Start Saving



Adjust  
Spending



Stay Motivated



**At Fair Credit Foundation, our goal is to help you and your family improve your finances and well-being.**

**Take the first step with us today.**

Call us today at 801-483-0999.  
Or email [coaching@faircredit.org](mailto:coaching@faircredit.org)  
Together we'll figure out how we can help you.

