

UNDERSTANDING AND MANAGING YOUR MONEY



Most people have a limited amount of money to buy what they need. It's important to make decisions about how it is spent. Think of the worst-case scenario and create a plan, then act by setting small goals and working toward it. Think of a system to process every dime that flows into and out of your life.

If your bills are more than you make each month, consider increasing your income or work on reducing your monthly expenses.

WHAT'S INSIDE

MONEY MANAGEMENT

Understanding your money and how to manage it.

MASTERING CREDIT BASICS

Understand credit and what impacts it.

BUDGETING

Understand the benefits and use the template to get you started.

STAY FOCUSED ON YOUR GOALS

5 tips to help you succeed.

WANTS VS NEEDS

Understanding the difference can help you to start saving.

LONG-TERM PLANNING

How to make savings and investing a priority for your retirement.

"You either learn to manage your money or the lack of it will always manage you." – Dave Ramsey

MONEY DECISIONS

You are in charge of how you spend your money. Advertising companies are paid a lot of money to separate you from yours. You can retrain your brain with the following questions: What is the short-term gain and the long-term impact? Does this financial choice help you and your family get to where you want to go? Who in your life will be affected by this course of action and how will it affect them? Make changes that fit your long-term strategy.

MASTERING THE CREDIT BASICS

Debt is using your future income to pay for today's expenses. Knowing how credit and debt works will help you to make better financial decisions to dramatically enrich your life.



It's important to have a full understanding of how credit scores work, including its purpose and what can impact your score. A credit score predicts how likely you are to pay back a loan on time. Your score will range from 300-850. The higher your score, the more responsible you are to lenders and the more likely you are to receive that loan, credit card, product, or property you are applying for.

Where do the numbers come from? Your score is calculated by using information from your credit report: payment history, debt amounts, type of debts, and your length of credit history.

Want to work on fixing your credit score? Search for any debt you have and write it down. There is no quick fix to repairing your credit score. Create a plan on how to begin to pay off your debt. Use any credit card wisely and pay it off at the end of every month.



BUDGETING

Track your income and your expenses. Notice when and where you are tempted. Invest in yourself, look at yourself as a financial asset.



SETTING "S.M.A.R.T." GOALS

Setting a SMART financial goal, creating a budget, and being aware of your spending will help you to achieve your dreams by providing a realistic plan to follow that works with your income. You can reach your goals by focusing on areas for improvement and actions into your future.

Specific Where do I want to be financially?

Measurable What do I need to do?

Attainable What are my obstacles?

Relevant What is my motivation?

Timely When do I want to be at my goal?



SPENDING LEAKS

Once you create your budget, know your income so you can track your spending. You can see where your spending leaks are coming from. Use this information to become aware of where your money goes and create a plan to prevent going into debt. Don't forget about any annual subscriptions and unused streaming services.



Cash Value of Emotional Spending

Build in a pause by controlling your environment. Beware of emotional spending, AKA retail therapy. It's where you are feeling a type of way and go to a store and "shop till you drop." You are feeling on top of the world until you get to your car and realize that you couldn't afford those purchases. Begin to examine how you feel when you want to buy something you don't need. Give yourself a cooling-off time of 48 hours for every \$100.



How many hours of work will it take to pay for an item?



Item Cost divided by your Hourly Pay Rate = the # of hours of work it will take to cover the cost of the item.

WANTS

Anything that makes life more enjoyable but are not necessary for our survival.



NEEDS

Food, shelter, utilities, transportation, and clothing are necessities and come first. Debts come next.

- Live within your means.
- Don't Use credit to fund a lifestyle .
- Understand the difference between needs and wants.

Set aside time at the end of each day to review what you spent and how well you followed your budget. Any extra money should be used to pay off debts. After your debts are paid, you can build your savings.

EMERGENCY FUND

If you save \$20 a week, you will have \$1,040 in a year. Try starting off with \$1,000 and then build 3-6 months of living expenses. This will help you to be covered in case of emergencies. If you must use any of the money, be sure to replenish it quickly.

5 TIPS TO STAY FOCUSED ON YOUR GOAL

1. Recognize tactics used by advertisers.
2. Notice when and where you are tempted.
3. Control your environment.
4. Build a pause.
5. Surround yourself with supportive people.



LONG-TERM PLANNING

Save what you can for your retirement. The younger you are when you start will help ensure your investments grow. Make regular investments and when you start, remain disciplined to make saving for your retirement a priority.

POWER OF COMPOUNDING

Compounding is interest calculated using the original amount you deposit plus previously earned interest. It allows your money to grow over time.

A \$100 deposit plus adding \$50 per month of savings at 4% interest will be **\$3,437.04 in 5 years.**

\$2,000 deposited plus \$100 per month of savings at 5% will be **\$46,528.64 in 20 years.**



Deposit



Interest



Profit

