

Build a Basic

Budget

The Five Step Spending Plan



Tonight's Objectives

Know how to set up a
spending plan

Set financial goals

Identify spending leaks

Audit progress, revise
goals

Track spending, save
money

Use financial tools



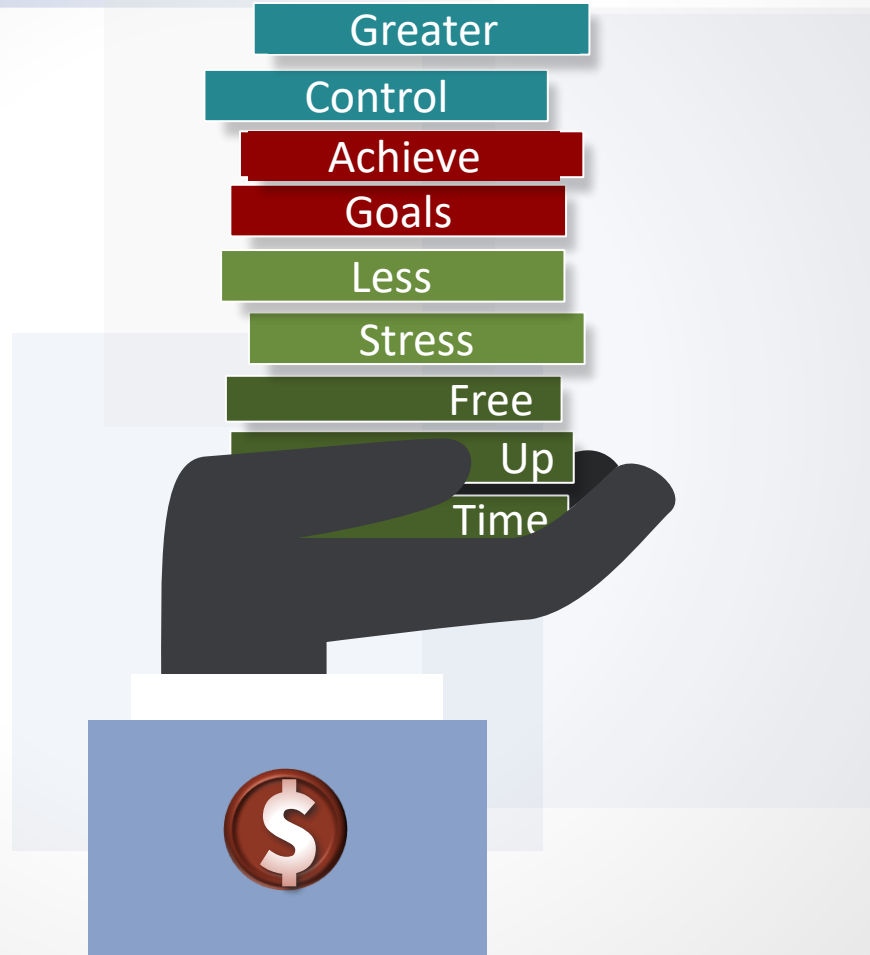
Benefits of Managing Money

Do things you
enjoy

Better health

Satisfaction

Peace of mind



Ask yourself: Do you...



SMART Financial Goals



Specific

Well defined,
clear, and
unambiguous,
and a reason
why

Measurable

Specific criteria
that measures
your progress
accomplishing
the goal

Adjustable

Flexible, can
adjust to
changing
circumstances

Relevant

Within reach,
realistic, and
relevant to
your life
purpose

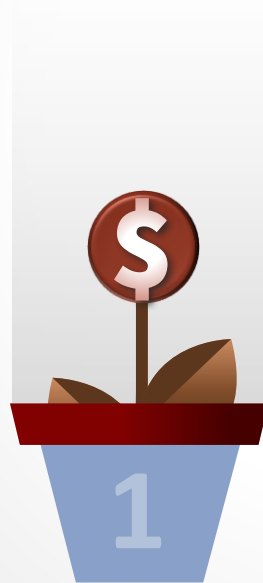
Time-Based

A clearly defined
timeline,
including a
starting and a
target date

Set 3 Types of Goals

Short Term

For needs
within 6
months



Intermediate

For uses
from 6
months to
5 years



Long Term

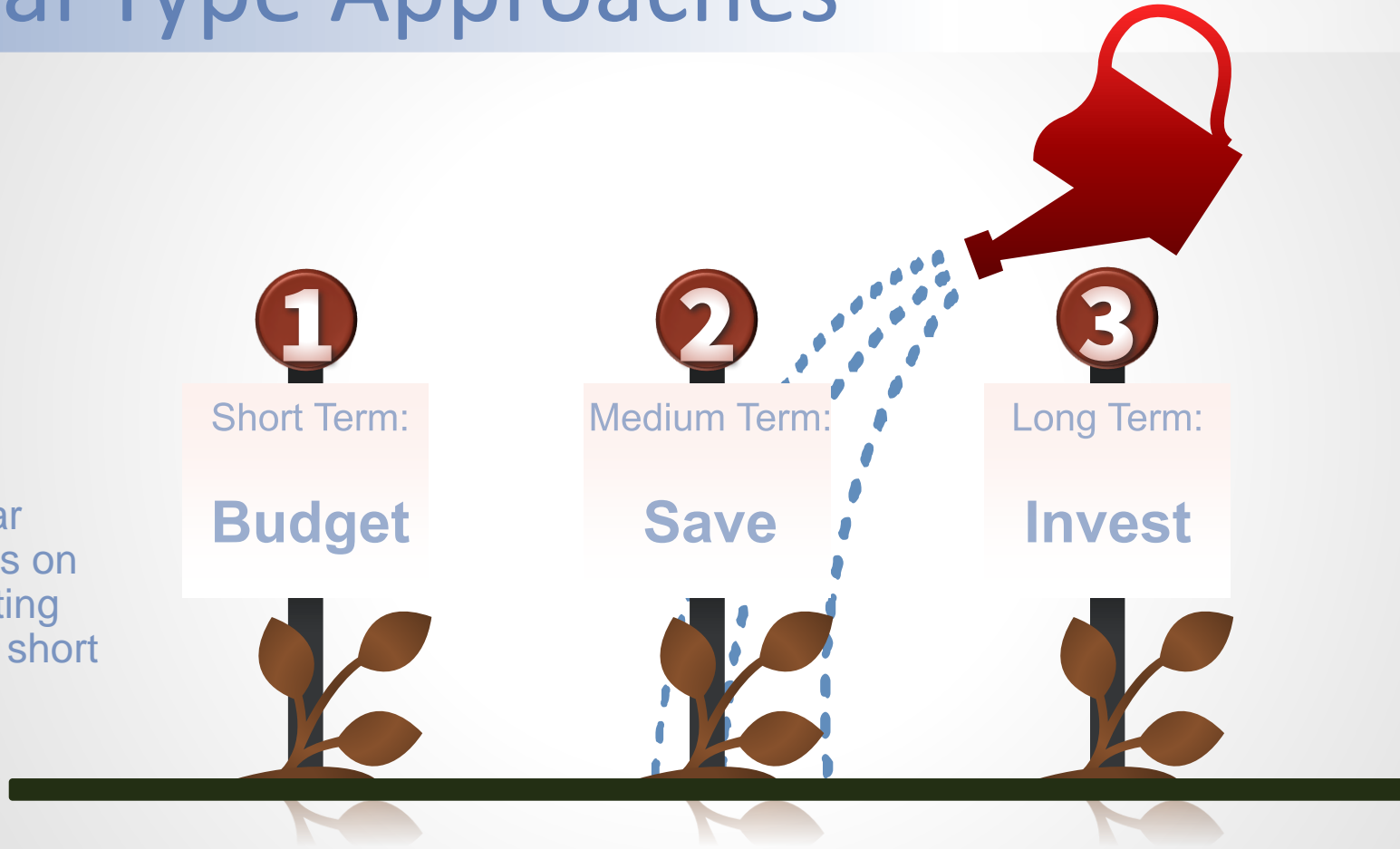
For uses
further out
than 5
years



*Your time frames
may be different

Goal Type Approaches

* This webinar focuses on budgeting for the short term



Your Spending Plan...

Will help you to:



Stay on track

Live within your means

Decide where your money goes

Make informed choices

Control financial future

Spending Plan Components

A spending plan is a simple, straightforward tool.

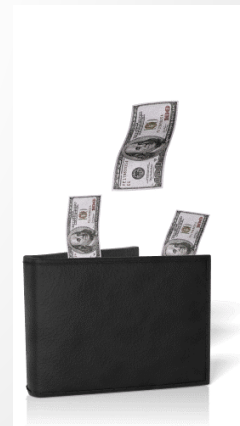
Income

Money coming in...



Expenses

Money going out.



5 Steps to Successful Spending

1

List monthly income sources.

2

List monthly expenses.

3

Balance income and expenses.

4

Review and communicate.

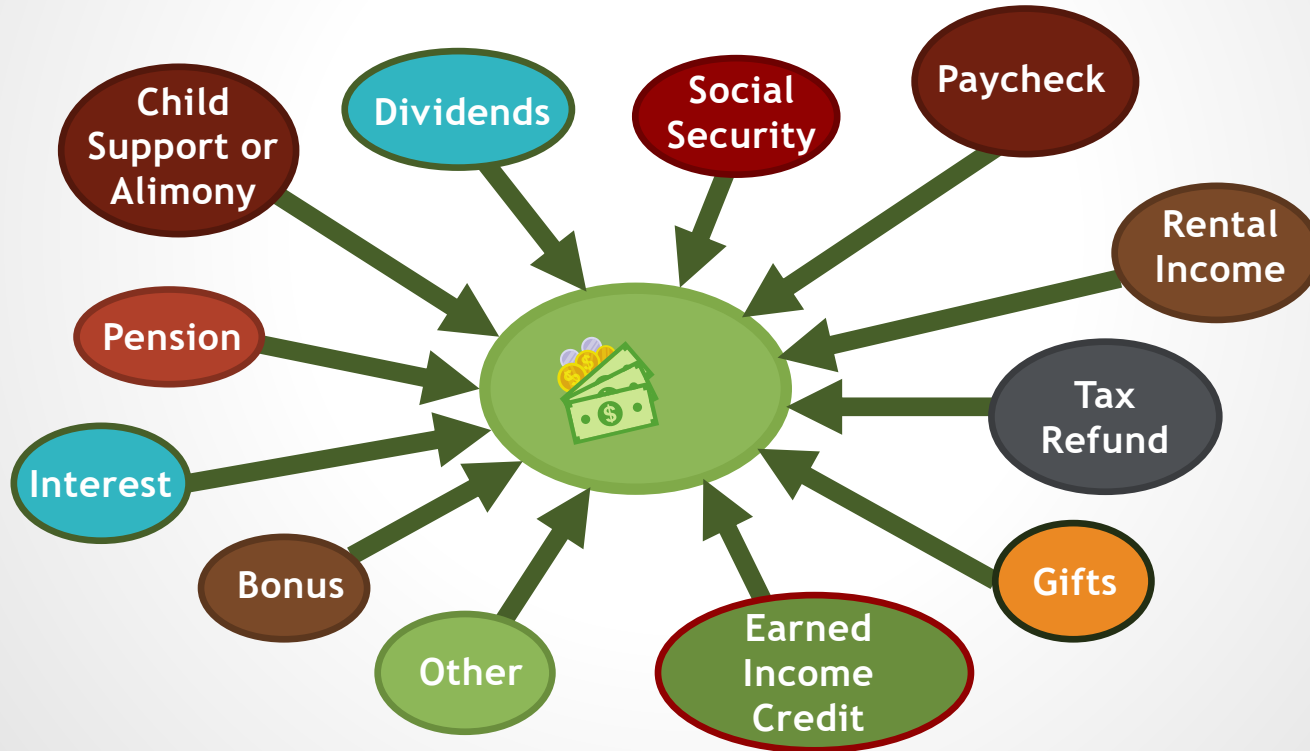
5

Manage your system.



Step 1:

List all Monthly Income Sources



Step 2:

List all Expenses



Determine
where your
money (really)
goes!

3 Types of Expenses

Fixed

The same
every month



Flexible

Varies from
month to
month



Periodic

Not every
month



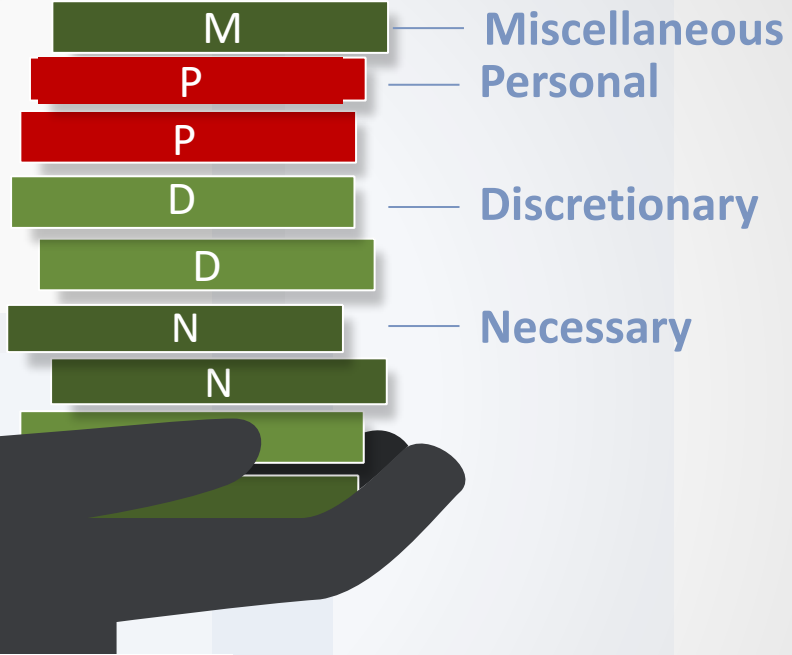
Expense Categories

Necessary: Expenses
that cannot be avoided;
Essential

Discretionary: Not
needed for survival;
think of “wants”

Personal: Don’t
need to account for
every penny

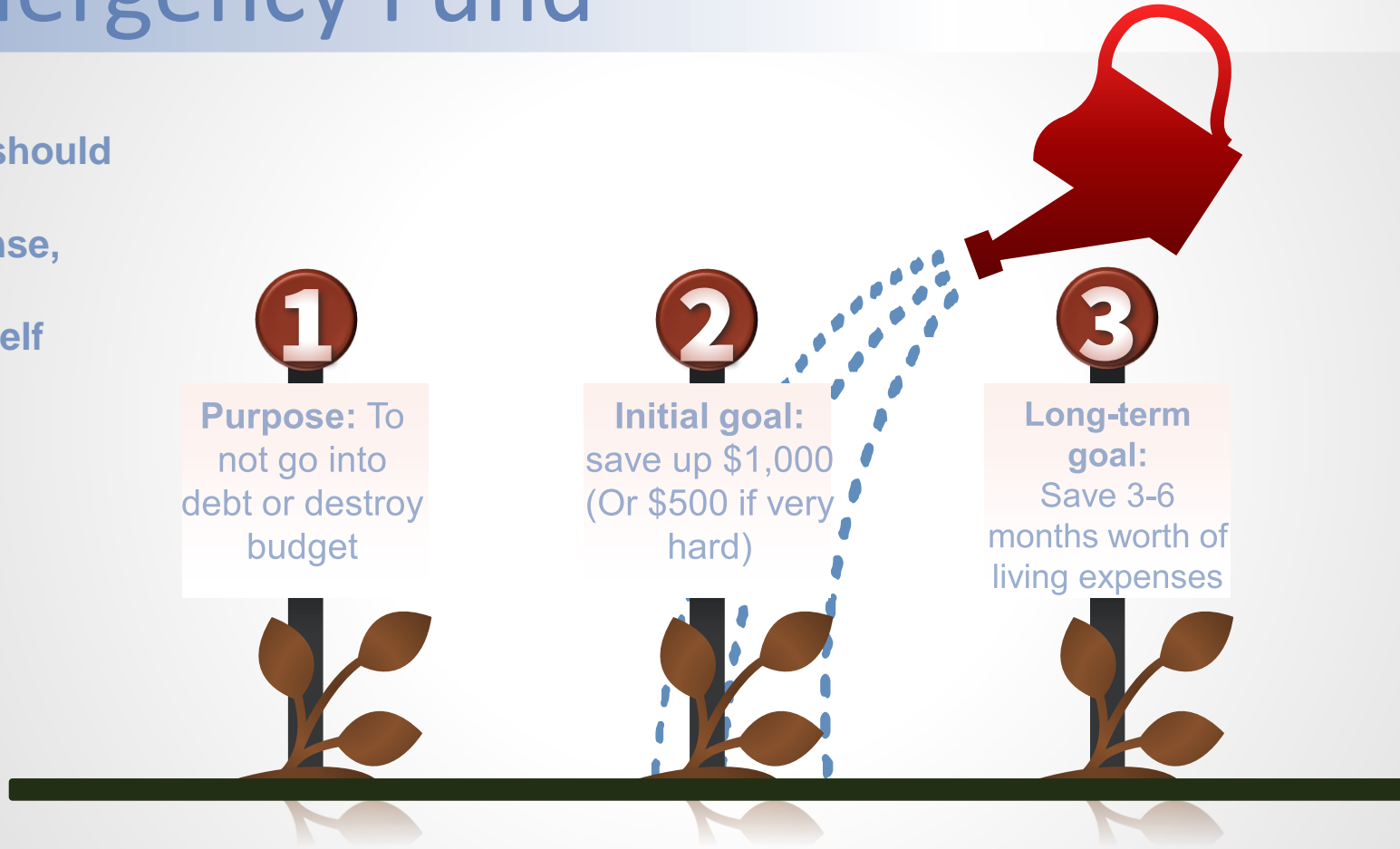
Miscellaneous:
Generally, for
expenses unknown
but happen



Categories

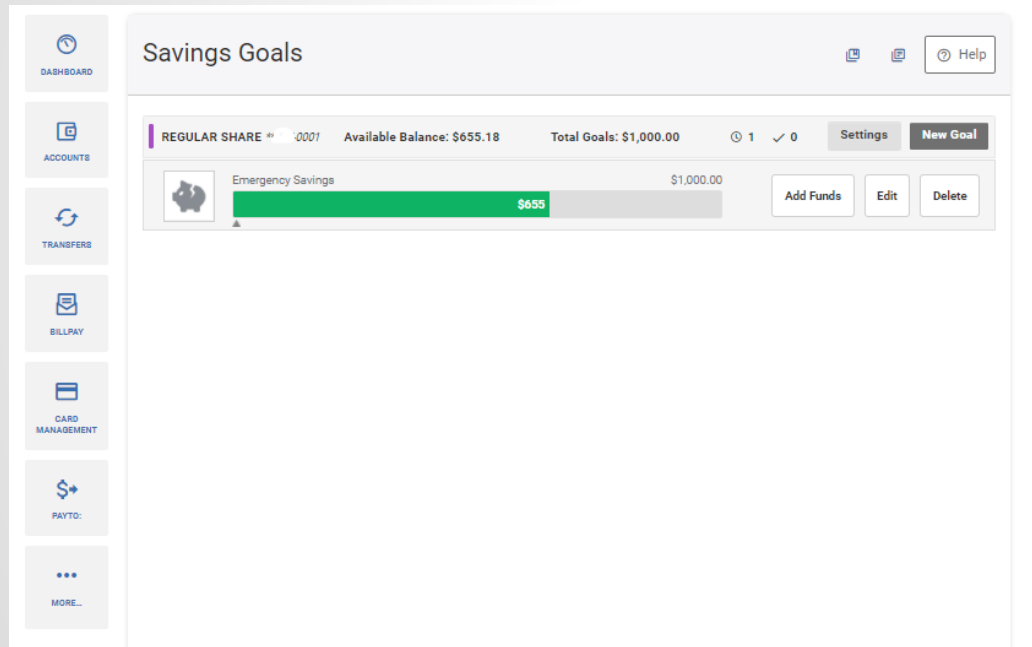
Emergency Fund

This should
be an
expense,
pay
yourself
first!



Mid Oregon Digital Banking:

Savings Goals



- Create a savings goals for something you want, like the Emergency Fund.
- Set your target date
- You'll see how much you need to deposit each month to meet your goal
- You can add as many goals as you like
- It's purely virtual: it doesn't change balances or tie up the money in any way



Questions?

Methods to Track Spending

Online
Banking



Apps



Computer
Programs



Checkbook
Ledger



Receipts



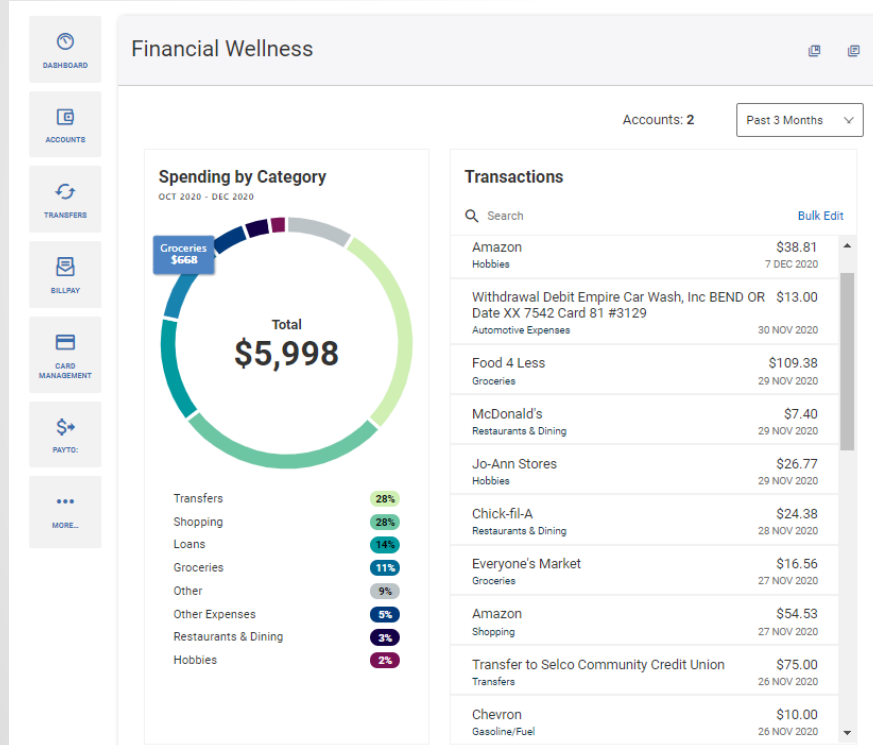
Envelopes



Account
Book



Mid Oregon Digital Banking: Financial Wellness



- Analyze your spending in various categories over time – 1, 3 or 6 months
- You can track and categorize your spending to make sure you are reaching your goals
- You can see a visual chart of your spending

Step 3:

Balance Income and Expenses



In slide show mode click mouse to advance animation

Cash Flow Statement



Where did our
money go last
year?

Cash Flow Statement

INCOME

Salary	\$35,400
Savings withdrawal	\$2,875
Tax refund	\$972
Gifts	\$800

TOTAL INCOME	\$40,047
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EXPENSES

Taxes	\$8,296
Mortgage	\$8,540
Groceries/Eating out	\$5,060
Miscellaneous	\$4,020
Medical	\$3,001
Clothing	\$2,070
Auto	\$2,190
Utilities	\$2,075
Home maintenance	\$1,758
Savings	\$1,200
Gifts	\$1,037
Insurance	\$800

TOTAL EXPENSES	\$40,047
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Where
did our
money go
last year?

Step 4:

Review and Communicate

Does your
plan fit with
your goals?



Track
expenses



Plug
spending
leaks



Analyze
Revise
Plan

Whatever Your Budget...



COMMUNICATE!



Hazards to Your Plan



Pitfalls that can destroy
your spending plan-Big
Expenses

Small “leaks” can also
wreck your budget.

Practical Money Saving Tips

Use credit wisely

Bundle Insurance

Pay down debt

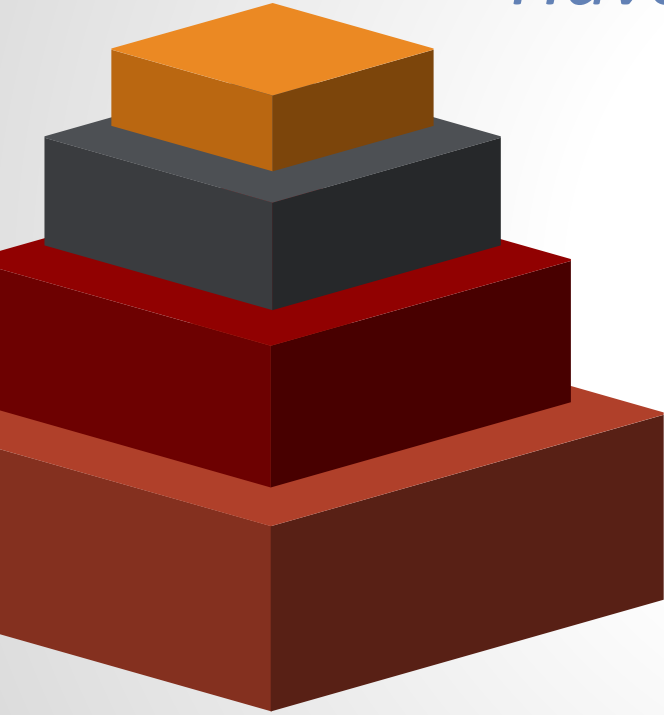
Shop Around

Refinance



Step Down Principle

Have a hard time reducing spending?



Use staircase to show choices

Top: Most expensive

Bottom: Least expensive

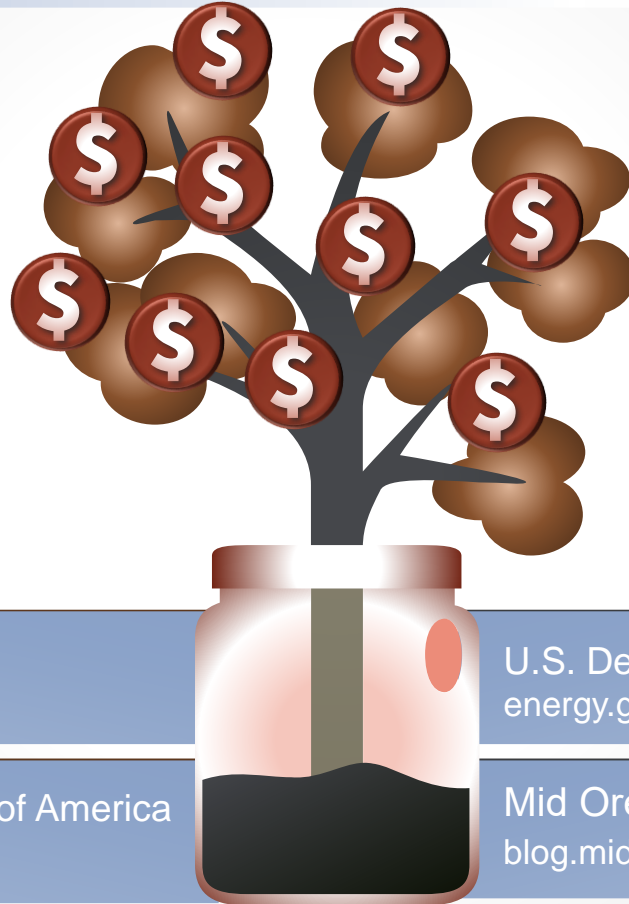
Advantages

Awareness of spending habits

Variety of purchasing options

Change purchasing frequency

Resources for Saving Money



A

America Saves
americasaves.org

B

Consumer Federation of America
consumerfed.org

U.S. Department of Energy
energy.gov | fuelconomy.gov

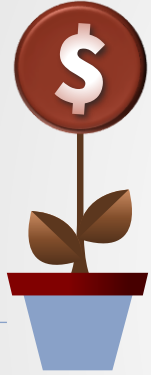
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Mid Oregon's Blog
blog.midoregon.com

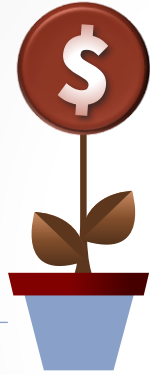
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Step 5:

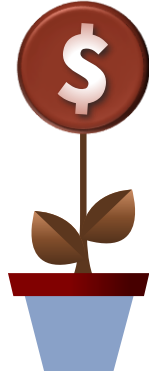
Manage Your System



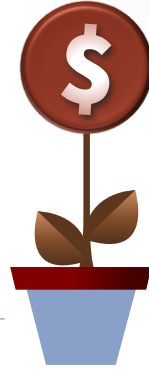
**Track
expenses
regularly**



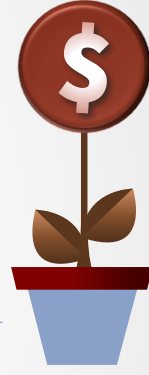
**Pay bills
regularly**



**Balance
checkbook
/account
regularly**



**Review
goals
annually
or after
major life
change**



**Does
spending
plan fit
with goals**

Develop Your Personal Action Plan!

How do you plan to...



Find spending leaks

Set SMART financial goals

Track spending

Create spending plan

Audit progress & adjust goals

Review spending plan annually



Questions?