

Session I –

Introductions

Who, Where, Why?

Personal Finance is just that “Personal”

Commitment to:

- Sharing openly & confidentiality.
- What is said in here stays here. We need to trust each other enough to freely share the good the bad and the ugly. Each of us has made bonehead money decisions. Each of us have financial junk in our trunks.

Objective of the workshop

Personal finances and peace of mind are two phrases that typically do not go together. They will come together in these workshops.

When you make a budget, you take the first step toward getting control of your money so you can achieve your financial goals/hopes/dreams. Without a budget, it's a lot harder to do.

Budgeting is most important life skill you can develop and follow to accomplish your financial goals/hopes/dreams. Budgeting gives you peace of mind as you gain control over your finances.

What you will have the opportunity to gain experience

Personal finance is 20% head knowledge and 80% behavior. In these workshops we will be focusing on the 20% head knowledge portion. The 80% behavior portion is up to you. You are not alone in this journey. Like any new life skill, it takes time. Give yourself the grace to roll with the punches.

You will learn the “nuts and bolts” of how to create a budget, track expenses and make progress toward your financial goals/hopes/dreams.

Instructing/coaching

My role in these workshops is that of a coach. I will impart technical knowledge, give you strategies and tactics and may on occasion like a good coach “call you out” on things you are doing that are not and will not serve you well. You have permission to ignore me.

Budgeting as a concept

What comes to mind when someone says “budgeting”?

- It is restrictive
- It is a club that has been used to beat me up. “It is not in the budget!”

Budgeting at its most basic level is simply a plan of spending money. It is a means to an end in accomplishing your financial goals and dreams. It is a road atlas – “How to get to Cleveland?”

Ranking the most common dreams and goals of budgeting (why have a map?) If you don't know where you are going, any road will get you there.

- What are the most common dreams/goals?
- What are your dreams/Goals? (Ranking exercise)
- Budgeting gives you financial freedom and permission to spend

Common excuses for not budgeting

1. I am already really good with money
2. Budgeting is restrictive I don't like feeling
3. I am bad at math
4. I am too busy
5. I can not get my spouse on board
6. Budgeting is confusing
7. I can't budget my income is too irregular
8. Nobody ever taught me how to budget
9. Budgeting is boring
10. My personal finances are too messy (I'll start budgeting when I get my act together.)
11. I am not good with spreadsheets and such
12. I do not make enough money to budget
13. I make enough money that I do not need to budget
14. Budgeting does not work – I have tried.
15. Unexpected expenses always derail my budgeting efforts

How to develop a budget

Pick a platform

- Paper, Pencil & a calculator
- Spreadsheets (Excel/Google Docs)
- On-line programs or apps
- In this workshop the lowest and most common platform will be paper and pencil. Once you get the hang of thing – move to a different platform to save you time and effort.

For those of you that are married how to get on the same page. “It is our money not your money and my money but our money.” If you are married combine your finances. Close your personal checking accounts and have only joint account. Do not combine your finances unless you are legally & lawfully married.

Budgeting needs to be a team effort with a common commitment. (Ideas to getting on the same page)

Money problems and money fights are the number one reason for divorces in the United States.

If you are not married find a trusted accountability partner.

Types of Budgeting Approaches

50/30/20 (Needs/Wants/Savings)

Zero Based Budgeting.

Common in business not so common in personal finance. (A plan at the beginning of the month for how ever dollar of income will be spent.)

Zero Based Budgeting is what we teach in this workshop. Why? Because it works. It does take more time at first (3 to 6 months to get the eb and flow of budgeting.)

Role with the punches - Give yourself grace – It feels goofy at first. How many of you know how to ride a bike or swim? How did you learn to do either or both? Did it feel goofy? How did you learn? Practice-Practice-Practice. (20% head knowledge and 80% behavior.)

How to Start Budgeting

Step 1: Write down your total income.

This is your total take-home pay (after tax) for both you and, if you’re married, your spouse. Don’t forget to include everything—full-time jobs, second jobs, freelance pay, Social Security checks, child support and any other ongoing source of income.

Step 2: List your expenses.

Think about your regular bills (mortgage, electricity, etc.) and your irregular bills (quarterly payments like insurance or HOA) that are due for the upcoming month. After that, add up your other costs, like groceries, gas, subscriptions, entertainment, and clothing. Every dollar you spend should be accounted for.

Step 3: Subtract expenses from income must equal zero.

We call this a zero-based or EveryDollar budget, meaning your income minus your expenses should equal zero. When you do that, you know every dollar you make has a place in your budget. If you’re over or under, check your math or simply return to the previous step and try again.

Step 4: Track your spending.

Once you create your budget, track your spending. It's the only way you'll know if your spending lines up with your plan. EveryDollar makes tracking your expenses (and budgeting for them) extremely easy.

Quick Start Budget (class exercise) Enough categories to be specific but not so many that it becomes overwhelming.

Homework –

Income less expenses must be zero (First Pass – likely will identify 80% of the items that will be in your on-going budget. (This will take about two hours)

Look at your checking account and credit card statements. Try and categorize each type of expense.

Session II

The Overall Financial Game Plan

(7 baby steps explained)

1. Save \$1,000 for Your Starter Emergency Fund
2. Pay Off All Debt (Except the House) Using the Debt Snowball
3. Save 3–6 Months of Expenses in a Fully Funded Emergency Fund
4. Invest 15% of Your Household Income in Retirement
5. Save for Your Children's College Fund
6. Pay Off Your Home Early
7. Build Wealth and Give

First three are consecutive (complete one then on to the next)

Steps 4-7 (Concurrently)

Four Walls of Your Financial Fortress

1. Food
2. Utilities
3. Shelter
4. Transportation

Once funded move on to the next item

Ways to budget with irregular income

- Fortress Approach
- Six Month Average

How to attack debt. (Debt is a thief)

There is no such thing as good debt vs. bad debt

Ways to pay off debt –

- Debt Avalanche (mathematically correct – but ridiculously hard to stay motivated and make tangible progress)
- Debt Snowball (Proven method – keeps you motivated, and you do make progress) (Most households can be debt free all but the house in 24 to 36 months.)

Example of a Debt Snowball (Class Exercise)

How to manage credit card in your budget

It is just another account

Credit Cards are not a substitute for a fully funded emergency Fund

If you can not pay 100% of the expenses charged to the credit card in that month – stop using them.

Fully funded “Emergency Fund”

Why have an emergency fund?

3-4 months if you are salaried worker with very predictable income

5-6 months self-employed / commission / Gig Work

Class Exercise –

Tracking Income and expenses (The mundane challenging work of Budgeting.) Like brushing your teeth need to do it regularly. (two to three days)

Using the weekly budget tracker (Walk through of a sample budget and monthly tracking.)

Homework – Your Budget for April 2022

- Budgeting meeting with your spouse
- An agreement on how this coming month’s income is going to be spent.
- Nerd makes the budget – the free spender must come to the meeting. The spender must make a change to the budget and commitment to it.

Secession III

Review of the 7 baby steps

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Budgeting landmines (What derails your budgeting)

- Go a full week without recording (tracking) expenses
- Crisis (an emergency)
- Feeling like you deserve something (Spring Break Go to Mexico)
- Going into more debt

Tips of Financial Success

Generosity

Friends/Family (Dos and don'ts)

The Dos

- Set boundaries and keep them
- Honesty about your financial situation

The Don't

- Loan Money
- Co-Sign

Vehicles

- Why folks buy a new vehicle
- What does it really cost?
- When is it OK to buy a new Vehicle?
- Don't buy used vehicles from car dealers (why?)

Unexpected or Found Money

- How to manage bonuses, tax refunds, inheritances, found money, etc.

Debt in collections and what to do about it.

- Don't Ignore Debt Collectors

What is a credit score?

- A high credit score is not the hallmark of personal financial success or being good with money.
- Getting and understanding your credit report

Identity Theft

- Unnecessary paranoia
- The types (Credit Card / Debit Card Protections)
- Fraudulent Loans
- ID theft Insurance
- Password vaults

Using Sinking Funds in your budget to plan for future expenses

- Christmas
- Insurance
- Repairs
- Vacations/Trips