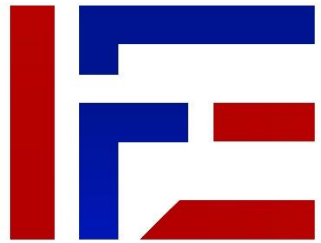


# Budgeting, Relationships and Life Events



THE INSTITUTE FOR FINANCIAL EDUCATION  
A NON PROFIT ORGANIZATION

# PREPARING FOR LIFE EVENTS

Job Transition:

- Change/Lose Job

Financial Market Changes:

- Corrections/Recession/Bear Markets

Emergencies:

- Health

- Major Repairs

- Lawsuit

- Accidents

# IMPORTANCE OF FINANCIAL FITNESS

## **Preparedness:**

Emergencies:

Health

Accident

Major Repairs

Pets

## **Job Loss**

Unemployment Resources

Economic Development

## **Improved Credit**

Purchasing Power

Home Buying

Lower Interest Rates

## **On the RIGHT side of Interest**

## **Long Term Planning:**

College

Retirement

Long Term Care

Estate Planning

## **Stress:**

Financial Stability is Less Stressful

Focus on other things

# A GOAL WITHOUT A PLAN IS JUST A WISH

A Financial Plan is imperative to your overall financial well being and is critical for LONG-TERM success

A plan includes:

- Budget – Understanding cash flow needs

- Debt Reduction – Getting on the right side of interest

- Improving Credit

- Saving/Investing for Retirement

- Estate Planning – Wills/Trusts/Longevity Planning etc.

Today we will focus on taking the first steps into creating a long-term plan

# #1 SET A FINANCIAL GOAL

Find a financial mentor or coach

A financial goal is a way of keeping track of how you're doing, just like a scoreboard

You should set at least 3 types of goals:

Short-term – monthly

Mid-term – 6 months to 1 year

Long-term – 5 to 10+ years

It is very important to  
**write down your goals**

and put them where you can read them every day!



## #2 CALCULATE YOUR PROFIT

**Gross income:** income before taxes

**Net income:** actual amount of money received after state, federal, social security and other taxes have been taken out

**If-come:** doesn't count

Net income minus expenses equals profit



# #3 CREATE A BUDGET

**Budget:** a **step-by-step** plan to help you reach your goals

Track **all** expenses

Categorize expenses

Evaluate your spending

Figure out where you can **reduce** your spending



**You need to be living on 70-75% of your net income**

## #4 UNDERSTANDING INTEREST

“Compound interest is the 8<sup>th</sup> wonder of the world. He who understands it, earns it; he who doesn't, pays it.” – **Albert Einstein**

Interest - money paid regularly at a particular rate for the use of money lent, or for delaying the repayment of a debt

Those who **OWE** pay it....Those who **OWN** earn it

The average rate of return of the stock market from 1999-2019 was Approx. 6.25% \*

You can GAURUNTEE yourself a 15% Rate of Return

The average credit card interest rate in America for 2019 was 15.09%

Where is your money best spent?

Pay your Debt! Increase Cash Flow!

\*Source: SP500 Annual Returns

#Source: CreditKarma



# #5 ROLL-DOWN DEBT REDUCTION

1. Pay yourself first – Emergency Fund
2. Make a list of all debts
3. Sort debt by lowest balance owed
4. Review your plan with a mentor
5. Pay off, or as much as you can, the smallest debt first
6. Pay the minimum payment on larger debts
7. Repeat steps 5 & 6, snowball method, until you're debt free
8. Feel confident as you pay things off



**debts**

# #6 TIPS ON PAYING OFF DEBTS AND INCREASING CASH FLOW

Consider leveraging of Assets:

- 401K Loans – Be Careful!

- Cash Back Re-Finance of Home

  - Rates are at all time lows

Utilize Roll-Down Debt Reduction

Look at Zero-Transfer Credit Cards

Reduce 401k Contributions to the Match

You have to get SOME traction – Consider dipping into emergency fund

# #7 IMPROVE AND UNDERSTAND YOUR CREDIT

## Credit Report

Personal Information

Account Information

Inquiries

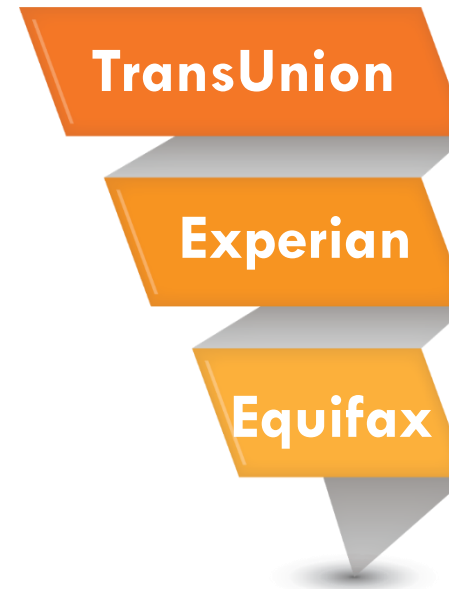
Collections

Public Record Information

Creditor's Contact

Retrieve at:

[click here for annualcreditreport.com](http://annualcreditreport.com)



# #8 HOW CREDIT IS MEASURED

Payment history 35%

Amounts owed 30%

Length of credit history 15%

New credit 10%

Types of credit used 10%

# #9 TIPS ON CREDIT BUILDING

Watch those credit card balances

Optimum 30%

Eliminate credit card balances

Consolidate spending

Leave old debt on your report

Oldie but a goodie

Use your calendar

Rate shopping 15-45 days

Pay bills on time



# #10 THE PATH TO WEALTH ACCUMULATION

Real estate strategies

College savings

Tax strategies

Life insurance

Investments

Budget

Emergency fund

Debt consolidation

# RESOURCES

## Books

*Age-Proof: Living Longer Without Running Out of Money or Breaking a Hip*

Jean Chatzky

*Rich Dad, Poor Dad*

Robert Kiyosaki

*The Total Money Makeover*

Dave Ramsey

*Why Didn't They Teach Me This in School?*

Cary Siegel

## Websites

- [click here for 360FinancialLiteracy.org](#)
- [click here for IFEonline.org](#)
- [Click here for MyMoney.gov](#)

## Podcasts

- [click here for Marriage, Kids, and Money podcast](#)
- [click here for Rich Dad Radio Show](#)
- [click here for So Money podcast](#)
- [The Dave Ramsey Show](#)

## Mobile apps

- [click here for Acorns](#) (Tiered pricing options)  
Micro-investing for your spare change
- [click here for Empower](#) (Free and paid options)  
Track spending, manage subscriptions, get tips for negotiating bills
- [click here for Mint](#) (Free)  
All of your accounts in one place; build/track budgets, pay bills, check your credit score

**YOUR EMPLOYEE ASSISTANCE PROGRAM**

**Call toll-free or visit us on the web**

**24 hours a day/7 days a week**

**Thank you!**