



# **Financial Literacy Budget: Live Debt Free & Credit: Within Your Means**

Brought to you by:



# Budgeting 101

*“Those Who Fail to Plan  
Plan to Fail”*



# Budgeting 101

*“A Budget is restraining  
and limits my freedom.”*



**Not so!**

It does the opposite. It puts you in control  
and helps you achieve your financial goals.

# Goal Setting

- Realistic
- Specific
- Limited in time
- Actionable

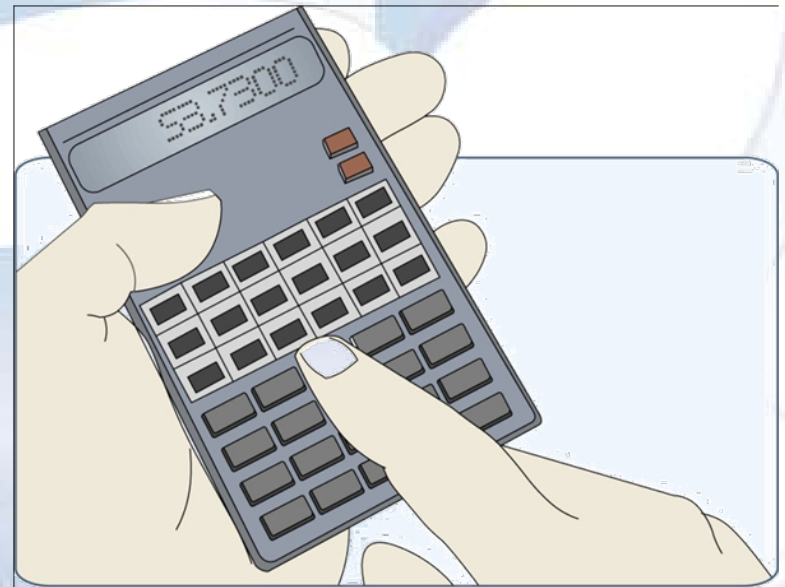


# Stop Spending on Autopilot

Every time you put gas in the car, pay the lawn or pool service, rent a movie, or grab a soda or coffee;

***Write it Down!***

*If you spend \$7 a day  
snacks, food and caffeine, it  
adds up to nearly \$2,000  
over the course of a year!*



# Income

- **Step One:**
  - **List all sources of monthly income**



Income	\$1,500
Secondary Income	\$0
Other Income	\$300



# Fixed Expenses



- **Step Two:**
  - **List Expenses**
    - **Fixed Expenses remain the same each month**

Mortgage/Rent	\$540
Car Payment	\$270
2 <sup>nd</sup> Car Payment	\$0

\* The Average American family consists of 3 people and spends \$2,900 per month, equaling approx. \$13,700 per person, per year.



# Flexible Expenses

Electric	\$90
Water/Sewage	\$0
Phone	\$50
Cable	\$45
Groceries	\$180
Gas	\$80
Insurance	\$100





# Discretionary Expenses



Barber/Salon	\$40
Magazines	\$0
Newspapers	\$0
Recreation	\$200
Internet	\$49
Cell Phone	\$75
Dining Out	\$100

# Totals

- **Step Three:**
  - **Total It Up**



Total Expenses	\$1,819
Total Income	\$1,800
Remaining Balance	-\$19

# Prioritize

- **STEP 4 – Black or Red?**

Is your expense total, greater than the income total?

- *Decide what steps you can take to reduce your monthly expenses or to earn additional income.*
- Prioritize your money! Think about what will positively affect your life in the next few years.



# Savings is the Key to Success

- Strive to put at least 10% of your weekly, biweekly or monthly paycheck in the BANK!

	<b>6 months</b>	<b>12 months</b>	<b>18 months</b>
Starting Balance	\$500	\$500	\$500
Add \$50 per month	\$300	\$600	\$900
Earn 2%	\$6.75	\$16.50	\$29.25
<b>Total</b>	<b>\$809.75</b>	<b>\$1,116.50</b>	<b>\$1,429.25</b>

Forgo instant gratification for Your Long Term GOALS!



# The Pros & Cons Of Using Credit

## Pros:

- The ability to buy items when you need them.
- Eliminate the need to carry cash.
- Receive a record of your purchases.
- Quicker and easier than writing checks.

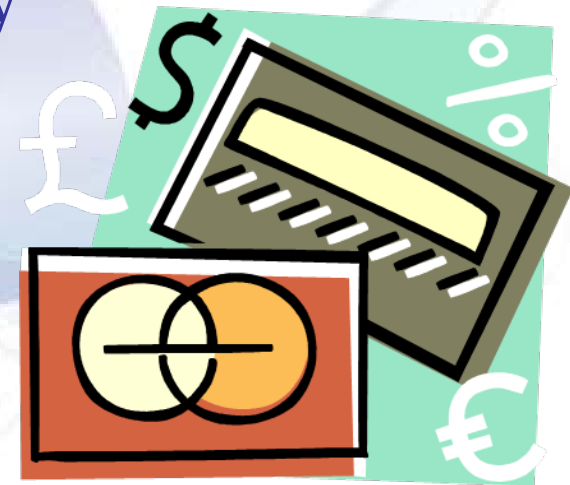
## Cons:

- Interest adds to your cost.
- Additional fees like late charges may apply.
- Financial difficulties can arise if you spend more than you earn.
- You may buy on impulse.



# Your Credit Responsibilities

- Borrow only what you can repay.
- Read and understand your credit card contract. Shop for credit cards ([cardratings.com](http://cardratings.com))
- Pay debts promptly.
- Notify your creditor if you cannot make payments.
- Avoid buying on impulse.
- Report lost or stolen credit cards promptly ([www.annualcreditreport.com](http://www.annualcreditreport.com))
- Never give your card number over the phone unless you initiate the call or are certain of the identity of the caller.







# The Payment Trap

*Paying the minimum payment on your credit cards and personal loans is a trap!*

**12 Years.....**

Is how long it would take to pay off a \$1,000 on a credit card at 18% interest rate if you pay only the minimum payment.



**Freedom**  
from  
high-interest

**Credit Card  
Debt!**

Ask yourself when you borrow money, how and when you'll repay the debt and how much it will cost you in the end.

# Price of Financial Anxiety

Researchers have found that students with credit card problems can cause:

- Depression in students
- Sleeping Disorders, Insomnia
- Affects study habits
- Affects academic performance



# **Free Online Educational Tools: ConsolidatedCredit.org and MissMoneyBee.com**

- Interactive Budgeting Tools with Personalized Advice
- Comparison Charts of How American's Spend Money
- Debt Analysis Quiz & Personalized Advice
- Free Downloadable PDF Self-Help Booklets



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