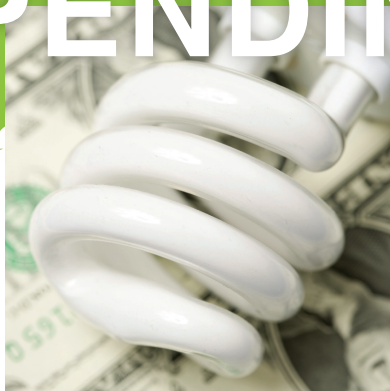


# My SPENDING PLAN



*spend wisely*



*save wisely*



*live wisely*

# So where do I begin?

## A Good Place to Start

Managing our finances is an important part of living a balanced life. Responsible money management helps us to pay our bills, build strong credit, establish realistic goals, and plan for the future. Simply put - it's the process of making sure we spend less than we earn.

Income and expenses vary from month to month, so keeping track of these in your head will only lead to trouble. Creating and following a plan is not hard once you get the hang of it. Don't focus on the math - focus on the benefits!

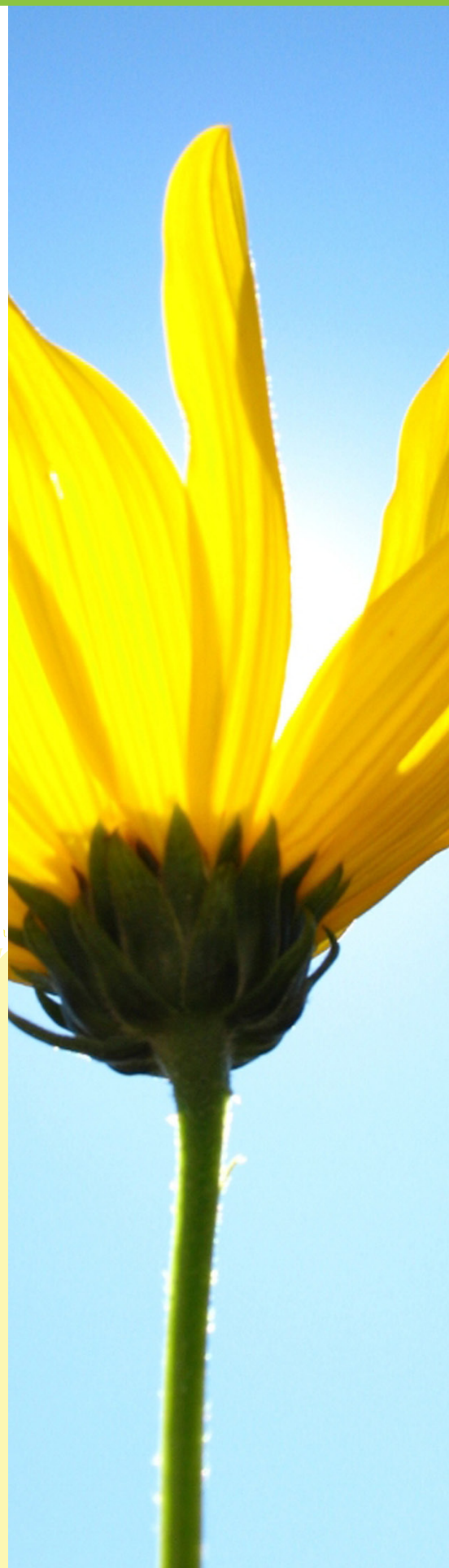
## Is Your Financial Future Worth a Few Minutes of Your Time?

*My Spending Plan* was designed with YOU in mind. This guide can be used on your own or with help from one of our certified credit or housing counselors. It doesn't require hours of your time, and many of the materials you need to get started are already at your fingertips. Once you begin, you'll wonder how you ever managed without.

Commit to following a spending plan today, and start living life to the fullest!

## Ready to Take Control?

- 1 *Gather your current bills.*
- 2 *Grab a sharp pencil (with a good eraser).*
- 3 *Use a calculator.*
- 4 *Complete the following pages.*
- 5 *Relax, and take your time!*



# Why do my goals matter?

## Setting Goals

According to a study by the University of Tennessee, less than 5 percent of Americans have clearly defined goals. Learning to set and reach our goals is key to developing a practical spending plan. Without a clear direction for our finances, it may be difficult to avoid debt and save for the things that really matter. Don't let poor planning prevent you from enjoying your life.

Having goals can prevent us from making foolish choices. Imagine for a moment you have a credit card with a balance of \$2,500 and an interest rate of 21%. Paying \$50 per month, it will take 10 years to pay off the balance. That means you will have paid an additional \$3,493 in interest by the time it is paid off. In other words - **You end up paying \$5,993 for borrowing \$2,500!**

*Just think of what you could do with \$3,493. If that money is going towards interest, it's like throwing money down the drain. Make a list of 5 things you would rather do with \$3,493:*

*for example: add to my emergency fund*

1. \_\_\_\_\_

4. \_\_\_\_\_

2. \_\_\_\_\_

5. \_\_\_\_\_

3. \_\_\_\_\_

Paying extra for interest, over-limit fees, or late charges will only set you back. Do your best to pay cash for the things you want to buy, and never use credit to purchase consumables such as groceries, gas, etc. If you must use credit, be sure your account is paid in full every month.

Is your money doing what you want it to do? List 3 financial goals you would like to reach in...

### 12 months

*example: save for a vacation*

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

### 2 years

*example: pay off credit cards*

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

### 5 years

*example: have \$5,000 in retirement*

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

# Where is my money going?

## Stop. Think. Save!

Think about all the money you've ever wasted. If you're like most Americans, your house is probably full of barely-used items cluttering your shelves, tabletops, closets, and drawers. Do you have DVDs still wrapped in plastic, CDs you never listen to, or clothes you rarely wear? Is your refrigerator littered with food that goes uneaten?

How much of your stuff would you return if you could get a full refund? Think about all the money you would have if you could simply take it all back. **You need to Stop. Think. Save!**

Stop. Think. Save! is not about denying yourself pleasures or luxuries. It is a process to help you set priorities, get the things you really want in life, and make your money do what you want it to do. As hard as you work to earn money, it is far too easy to spend it. Would you rather spend \$5 a day (\$1,825 per year) on lunch at your favorite fast-food chain, or would you rather put that money toward something else - perhaps retirement, a new television, or a vacation with the family? By making small changes in your daily spending habits and putting money aside, you'll be able to buy things that really matter to you in the future.

Before you approach the check-out line, **stop**: Do you really need what you're holding? If so, **think**: Is it more important than your goals, or is there a cheaper way to satisfy that need? Is it truly a *need*, or is it just a *want* - and will you still want it three months from now? If you can't honestly justify the purchase, **save**: Leave the store.

## Plugging the Leaks

1. Now that you've set your goals, put a picture or a reminder of those goals in your wallet, in your car, next to your computer, or wherever you usually spend money.
2. Figure out how much you need to save every month to reach your goals. Open a high-yield online savings account so you can watch your money grow. See page 12 for help finding products and rates to make your money work for you.
3. Every time you stop yourself from buying something you don't need, add the amount you saved to a "savings list". Put that money into your savings account every week.
4. Choose an inexpensive way to reward yourself at the end of the month when you meet a goal.
5. Resist the impulse purchases. When you find something you want to buy, give yourself a cooling off period. Wait a few days before spending your money.





# What's included in my income?

## Determining Your Income

You can't create a working plan if you don't know how much money you earn. There are two types of income: **gross income** (the amount before taxes are deducted) and **net income** (the amount we get to take home). Income not only refers to the money you earn at work, but it also includes any payments you receive on a regular basis (i.e. child support, disability, retirement, social security, and unemployment).

*Complete the form below to determine your total income. For best results, list only the net income for each working adult. Remember: Don't count income you can't rely on - such as bonuses, commissions, overtime, or gifts. If this is a major portion of your income, contact an expert at Family Credit for assistance with your plan.*

Income #1	\$ _____	Unemployment	\$ _____
Income #2	\$ _____	Rental Income	\$ _____
Child Support	\$ _____	_____	\$ _____
Disability	\$ _____	other	
Retirement	\$ _____	_____	\$ _____
		other	
Social Security	\$ _____	<b>TOTAL:</b>	\$ _____

## Free Up Some Extra Cash

A coffee on the way to work or lunch at your favorite fast-food restaurant may seem like small expenses, but over time they can really add up and keep you from reaching your savings goals. Take a look at how much you can save by plugging your spending leaks:

one soda = \$.75  
one soda x 5 days = \$3.75  
one soda x 5 days per week x 50 weeks of work per year = \$187.50

muffin & coffee = \$4  
muffin & coffee x 5 days = \$20  
muffin & coffee x 5 days per week x 50 weeks of work per year = \$1000

a pack of cigarettes = \$4  
a pack of cigarettes x 5 days = \$20  
a pack of cigarettes x 5 days per week x 50 weeks of work per year = \$1000

a carry-out lunch = \$6  
a carry-out lunch x 5 days = \$30  
a carry-out lunch x 5 days per week x 50 weeks of work per year = \$1500

**TOTAL ANNUAL SAVINGS: \$3,687.50** (after tax savings)



# How much credit card debt do I have?

## Listing Your Bank & Store Cards

List your credit cards, current balances, and monthly payments. Transfer your totals to the corresponding pages as listed below.

Creditor #1: _____	Balance: \$ _____	Payment: \$ _____
Creditor #2: _____	Balance: \$ _____	Payment: \$ _____
Creditor #3: _____	Balance: \$ _____	Payment: \$ _____
Creditor #4: _____	Balance: \$ _____	Payment: \$ _____
Creditor #5: _____	Balance: \$ _____	Payment: \$ _____
Creditor #6: _____	Balance: \$ _____	Payment: \$ _____
Creditor #7: _____	Balance: \$ _____	Payment: \$ _____
Creditor #8: _____	Balance: \$ _____	Payment: \$ _____
Creditor #9: _____	Balance: \$ _____	Payment: \$ _____
Creditor #10: _____	Balance: \$ _____	Payment: \$ _____

<b>TOTAL:</b> _____	<b>TOTAL:</b> _____
<i>transfer to pg. 11</i>	<i>transfer to pg. 6</i>

### Did you know?

Credit card companies can usually increase your interest rates at any time just by giving you notice.

Ever wonder how much you should be spending in each expense category? Consider the following suggestions:

**Housing (30%)** - Mortgage/rent, utilities, insurance, taxes, and home maintenance should not exceed 30% of your net income.

**Transportation (20%)** - Car payments, auto insurance, licensing, parking, city registration, maintenance, and gas should be less than 20% of your net income.

**Debt (20%)** - Keep debt payments under 20% of your net income, but your goal should be to have no debt.

**Family & Community (20%)** - Food, clothing, child care, entertainment, medical bills, personal hygiene products, gifts, tithing, and charity should not exceed 20% of your net income.

**Savings (10%)** - Save at least 10% of your net income.

To see where you stand, check out our Home Budget calculator at [www.familycredit.org/calculators](http://www.familycredit.org/calculators).



# Is it possible to track all expenses?

## Listing Your Expenses

Listing your expenses is a crucial step when creating and maintaining a spending plan. You cannot stick to a plan if you don't know how much you spend every month. It's easy to overlook small purchases, and it doesn't take much to turn your finances upside down. The key is to spend less than you earn.

*At the beginning of the month, record your expected expenses in the "planned" column. As you pay bills, fill in the "actual" column with the amounts you really spend and then determine your total. These totals will not only show you what you must spend every month, but they will also help you plan more effectively in the future.*

	Planned	Actual
Housing		
Mortgage / Rent	\$ _____	\$ _____
Condo / Association Fees	_____	_____
Property Tax (if not escrowed)	_____	_____
Home / Rental Insurance	_____	_____
Electricity*	_____	_____
Heating*	_____	_____
Water / Sewer	_____	_____
Garbage	_____	_____
Telephone	_____	_____
Cell Phone	_____	_____
Internet	_____	_____
Cable	_____	_____

### Transportation

Car Payment	_____	_____
2nd Car Payment	_____	_____
Car Insurance	_____	_____
Fuel	_____	_____
Routine Maintenance	_____	_____

### Debt Payments

Credit Cards (from pg. 5)	_____	_____
Student Loans	_____	_____
other	_____	_____

	Planned	Actual
Family & Community		
Groceries	\$ _____	\$ _____
Clothing	_____	_____
Medical Bills / RX	_____	_____
Child Care	_____	_____
Hygiene Products	_____	_____
Entertainment (movies, etc)	_____	_____
Dining Out	_____	_____
Allowance	_____	_____
Tuition	_____	_____
Gifts	_____	_____
Pets	_____	_____
Lessons / Sports	_____	_____
Subscriptions	_____	_____
Tithe / Charities	_____	_____
other	_____	_____
other	_____	_____
other	_____	_____
other	_____	_____

\* Contact your utility companies and ask them if they offer budget plans.

**TOTAL** \$ \_\_\_\_\_ \$ \_\_\_\_\_

*If these two totals are different, you need to determine what caused you to spend above and beyond your original plan. It may take a couple tries before your "planned" expenses and "actual" expenses match. Please visit our website to print additional copies of this page.*

# What do I do next?

## The Results

Now it's time to compare totals for income and expenses. Fill in the blanks below with your results from pages 4 and 6 .

$$\begin{array}{ccccccc} \underline{\hspace{2cm}} & & \text{—} & & \underline{\hspace{2cm}} & & \text{=} & & \underline{\hspace{2cm}} \\ \text{Total Monthly Income} & & \text{minus} & & \text{Total Monthly Expenses} & & & & \text{What's Left} \end{array}$$

## If Expenses are Greater than Income

If your expenses are greater than your income, its time to make some changes. You have three choices: you can increase your income, reduce your expenses, or do both. If you need to reduce your expenses, Family Credit Management's *100 Small Ways to Save Big* may help. You can view this guide online at [www.familycredit.org/news/publications.cfm](http://www.familycredit.org/news/publications.cfm) or contact us at 1-800-994-3328 to request a free copy. Here are some suggestions to increase your income:

- Ask your employer if over-time is available.
- Visit Indeed.com, CareerBuilder.com, Monster.com, and Hotjobs.yahoo.com for job listings and advice for your full-time or part-time job search.
- Have a special skill to teach others? Offer to tutor or give lessons. Talk to local coaches, teachers, band directors, and community centers for opportunities.
- Your kids can pitch in by offering to mow lawns in the summer, rake leaves in the fall, and shovel snow in the winter.

## If Income is Greater than Expenses

If your income is greater than your expenses, you're on the right track. Now you need to figure out how to make the extra money work for you. If you have debt, you should use the extra cash to pay off your debts or start an emergency savings plan. Contact our certified credit counselors for help creating a plan that's best for your situation.

Once your debts are under control, you will need to review your goals from page 2 and start planning for the future. Read on for more information about building your wealth.



# Why do I need to save money?

## Planning for the Future

We understand you will never have too much money, and there may never be a good time to save. However, if your boss were to reduce your pay by 5% tomorrow, you would manage to survive. In fact, you would still find a way to heat your home, fill up your gas tank, and put food on the table. Why not make those adjustments now?

Everyone should save at least 10% of their monthly net income. Having a financial cushion to fall back on will help reduce stress, improve your health, and provide peace of mind. Experts suggest having enough emergency savings to cover six to eight months of living expenses in case of:

- sudden unemployment
- a medical emergency
- an automobile accident
- illness or disability
- a death in the family

Beyond planning for emergencies, saving money can also help you plan for:

- a down payment on a new home
- college expenses
- retirement
- vacations
- a new car

The key to saving money is to pay yourself first. Ask your employer about direct deposit. You can have a portion of your paycheck put directly into your savings account, eliminating the temptation to spend it.

Here are some ideas for keeping track of your savings:

There is more than one way to keep track of your savings. You may choose a basic savings account, a Money Market account, a CD, a savings bond, or even a mutual fund.

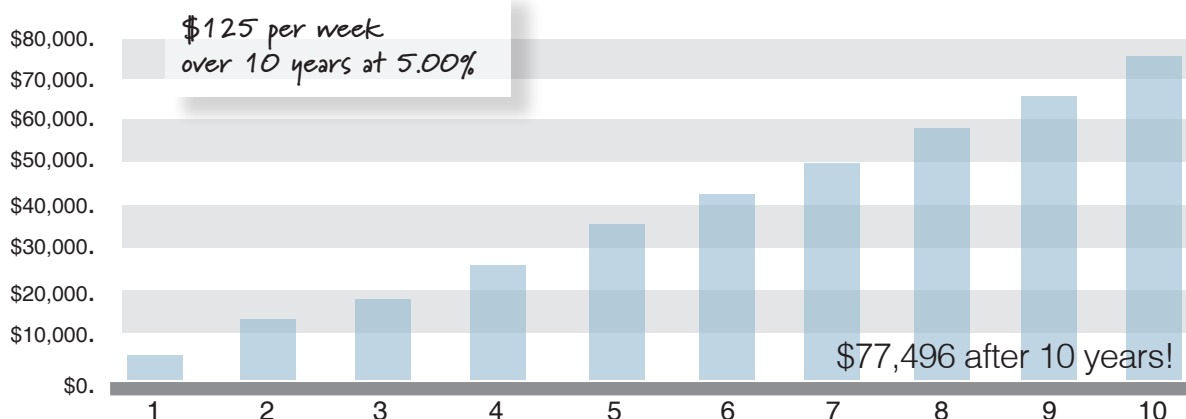
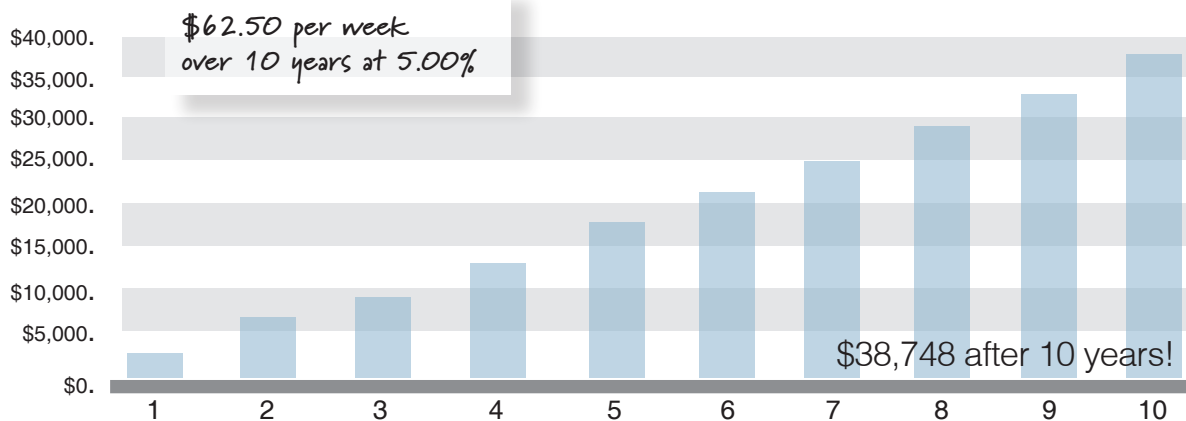
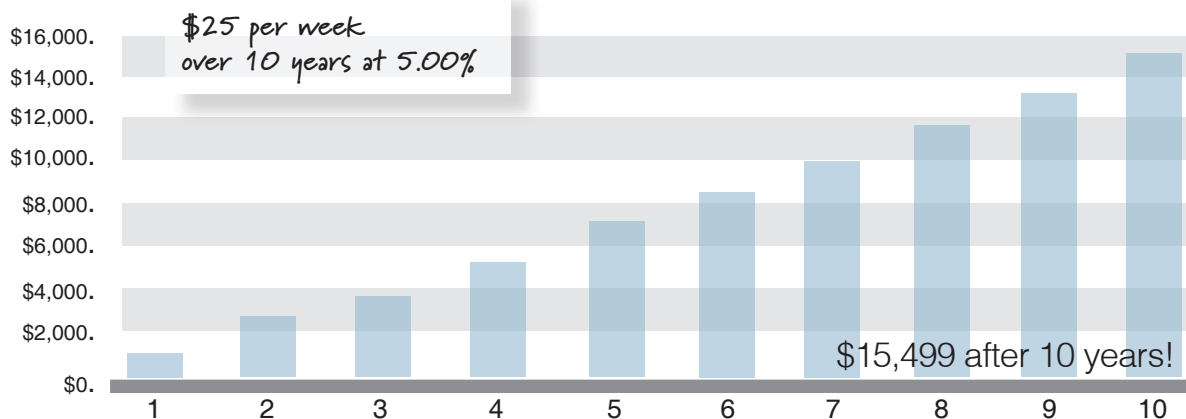
Most people use multiple bank accounts to separate checking and savings, but many also use multiple savings accounts to keep track of money for college, clothing, a new home, or a new car.

Others may benefit from the *His, Hers, Ours* method. Some couples have individual checking accounts for spending money, while keeping a joint account for shared expenses like housing, utilities, and car payments. This helps eliminate spending leaks that can sabotage your savings goals.

# How could my money grow?

## Imagine the Possibilities

Consistent contributions over a number of years can be an effective strategy to build up your savings. Even small additions to your savings will add up as time goes on. The following charts show savings possibilities over a ten year period by contributing \$25, \$62.50, or \$125 weekly at a return of 5.00%.





# How much am I worth?

## Net Worth

To manage your money effectively, it is important to keep track of your assets and liabilities. An asset is something you own that has value, and a liability is a debt you are responsible for paying. Subtract your liabilities from your assets to determine your net worth.

### ASSETS

#### Cash

Cash in Checking Accounts	\$ _____
Cash in Savings Accounts	_____
Cash on Hand	_____
Money Market Accounts	_____
Cash Value of Life Insurance	_____
Other	_____

#### Real Estate / Property

Home (market value)	_____
Land (market value)	_____
Other	_____

#### Investments

Certificates of Deposit (CDs)	_____
Stocks	_____
Bonds (current value)	_____
Mutual Funds	_____
IRAs	_____
401(k) or 403(b) Accounts	_____
Pension Plan	_____
Annuities	_____

#### Personal Property

Automobiles	_____
Recreational Vehicle / Boat	_____
Home Furnishings	_____
Collections / Art	_____
Jewelry / Furs	_____
Clothing	_____
Other	_____
<b>TOTAL ASSETS:</b>	<b>\$ _____</b>

### LIABILITIES

#### Current Debts

Household	\$ _____
Credit / Store Cards (from pg. 5)	_____
Taxes Owed	_____
Other	_____
Other	_____
Other	_____

#### Real Estate

Home	_____
Land	_____
Other	_____

#### Loans

Bank / Finance Company	_____
Auto	_____
2nd Auto	_____
Recreational Vehicle / Boat	_____
Education	_____
Other	_____
<b>TOTAL LIABILITIES:</b>	<b>\$ _____</b>

*Reminder: Subtract your total liabilities from your total assets to determine your net worth.*

<b>TOTAL ASSETS:</b>	<b>\$ _____</b>
<b>TOTAL LIABILITIES:</b>	<b>\$ _____</b>
	<i>minus</i>
<b>NET WORTH:</b>	<b>\$ _____</b>

Don't have time for math? Try our Net Worth Calculator at [www.familycredit.org/calculators](http://www.familycredit.org/calculators).

# Is additional help available?

## Help with Credit

[www.annualcreditreport.com](http://www.annualcreditreport.com) / 1-877-322-8228

AnnualCreditReport.com is a service for consumers to request free annual credit reports. It was created by TransUnion, Equifax, and Experian. The website provides consumers with the secure means to request and obtain a free credit report once every 12 months from each of the three major credit reporting agencies in accordance with the Fair and Accurate Credit Transactions Act (FACT Act).

[www.transunion.com](http://www.transunion.com) / 1-800-888-4213

[www.equifax.com](http://www.equifax.com) / 1-800-685-1111

[www.experian.com](http://www.experian.com) / 1-888-397-3742

TransUnion, Equifax, and Experian are the three largest credit reporting agencies in the U.S. They collect personal financial information about consumers, and then sell it to lenders, creditors, insurance companies, and others who use the information to make decisions about granting credit, loaning money, or providing other services.

[www.myfico.com](http://www.myfico.com) / 1-800-319-4433

MyFICO is the consumer division of Fair Isaac, the company that invented the FICO credit risk score lenders use. The website offers informative credit information to help people understand actions they can take to achieve and protect their overall financial health.

## Help with Money Management

[www.bankrate.com](http://www.bankrate.com)

Bankrate, Inc. publishes personal finance articles to help consumers make informed financial decisions. They also provide free rate information to consumers on more than 300 financial products - including mortgages, credit cards, and auto loans. Check out Bankrate's free FICO Score Estimator.

[www.kiplinger.com](http://www.kiplinger.com)

Kiplinger offers a published magazine, as well as an informative website containing articles and advice on issues of personal finance.

[www.themint.org](http://www.themint.org)

The site provides tools to help parents and educators teach children to manage money wisely and develop healthy financial habits.

[www.mymoney.gov](http://www.mymoney.gov)

MyMoney.gov is the U.S. government's website dedicated to teaching all Americans the basics about financial education. Whether you are planning to buy a home, balancing your checkbook, or investing in your 401(k) - this site offers resources to help you manage your money more effectively.



## Help with Food

[www.angelfoodministries.org](http://www.angelfoodministries.org) / 1-888-819-3745

Angel Food Ministries is a non-profit, non-denominational organization dedicated to providing grocery relief to families throughout the United States. No income requirements - anyone can participate! Receive a box of food for one low price.

## Help with Relief & Self-Sufficiency

[www.govbenefits.gov](http://www.govbenefits.gov) / 1-800-333-4636

GovBenefits.gov is a partnership of federal agencies with a shared vision - to provide improved, personalized access to government assistance programs.

## Help with Jobs

[www.indeed.com](http://www.indeed.com)

Indeed.com is an employment search engine that pulls job postings from other employment websites. Enter a job title and city, and the site will pull up job postings from CareerBuilder, Yahoo Hot Jobs, Monster, and many others.

## Help with Shopping

Compare prices, read product reviews, and print coupons at sites like:

[www.pricegrabber.com](http://www.pricegrabber.com)

[www.pricespider.com](http://www.pricespider.com)

[www.mysimon.com](http://www.mysimon.com)

[www.consumerreports.com](http://www.consumerreports.com)

[www.fatwallet.com](http://www.fatwallet.com)

[www.coolsavings.com](http://www.coolsavings.com)

[www.retailmenot.com](http://www.retailmenot.com)

[www.couponmom.com](http://www.couponmom.com)

Family Credit Management offers 25 free financial calculators. Try them all at [www.familycredit.org/calculators](http://www.familycredit.org/calculators).

# Congratulations!

You have now completed Family Credit Management's *My Spending Plan*. You're on your way to becoming financially secure.

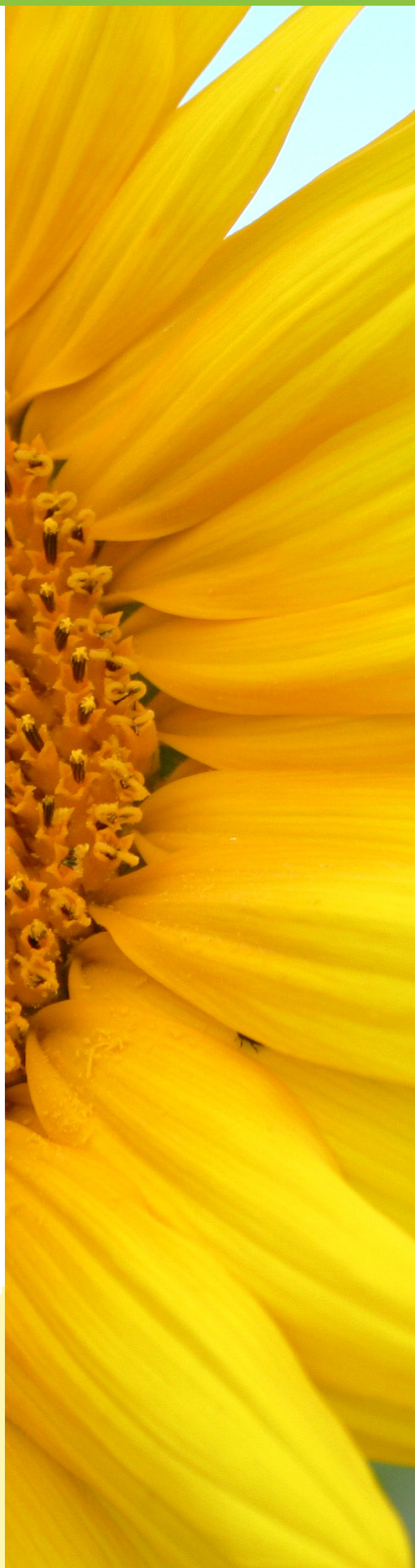
## But don't stop now!

This is only the first step in a life-long process.

Use our helpful planning forms regularly to ensure you are staying on track. Review and update your plan at least once per month. Many people choose to review their spending plans every payday.

If you would like more detailed assistance or financial counseling, contact us at 1-800-994-3328 to speak with a certified credit or housing counselor. We've helped over 100,000 individuals and families under all types of financial stress, and we can help you too!

Call us today at 1-800-994-3328, or visit us online at [www.familycredit.org](http://www.familycredit.org)!



“It’s not how much money you make, but how  
you handle it that really matters.”

- Michael J. McAuliffe, President of Family Credit Management

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**[www.familycredit.org](http://www.familycredit.org)**

**[www.stopthinksave.org](http://www.stopthinksave.org)**

The goal of this publication is to provide financial education and ideas for consumers to consider. The contents may address legal issues, but it should not be treated as legal advice. Such advice can only be properly given by qualified professionals who are fully aware of the reader's individual circumstances. All information is deemed accurate and reliable at time of printing. We are not responsible for inaccurate information. We are not a loan company. We are a licensed debt management service provider. 12/04/08