

WANNA BE A MILLIONAIRE?

STEP 1: PUTTING TOGETHER A BUDGET

BUDGETING 101

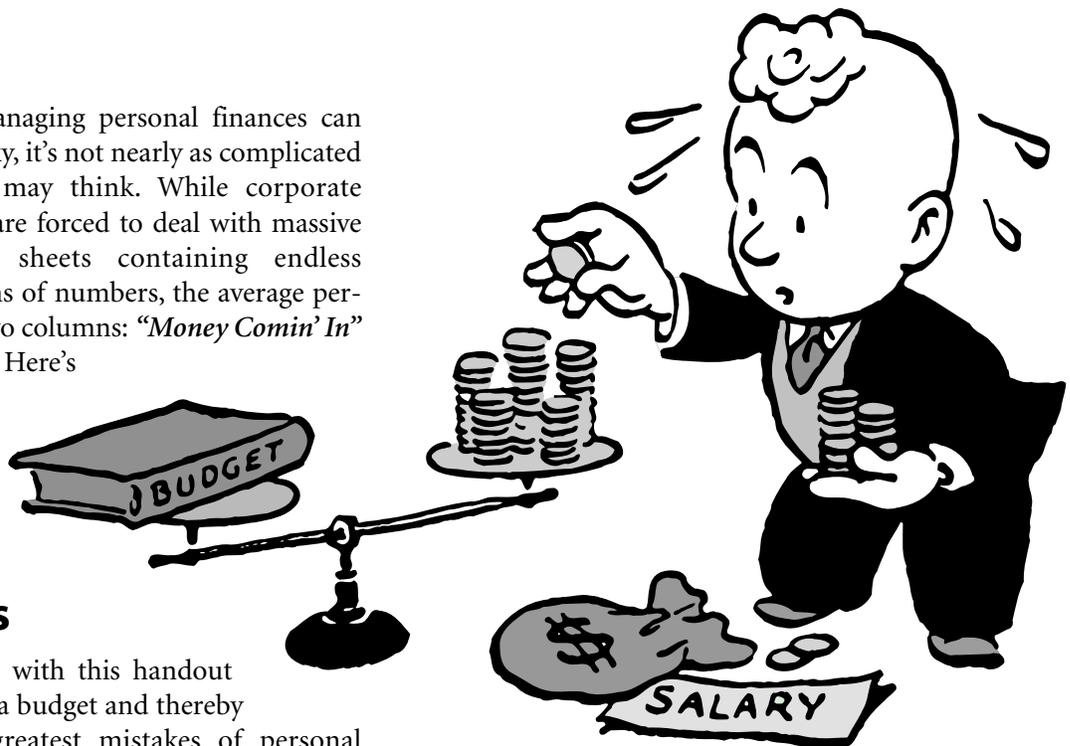
Personal Finance Made Simple—Strangely enough, most people believe that managing personal finances is so complicated that the average person is incapable of getting the job done.

Wrong, wrong, wrong, wrong, wrong!

While managing personal finances can be tricky, it's not nearly as complicated as we may think. While corporate giants are forced to deal with massive spread sheets containing endless columns of numbers, the average person usually needs only two columns: "Money Comin' In" & "Money Goin' Out." Here's some advice for putting together a budget.

Introduction to personal finance Questions that plague us

The worksheet provided with this handout will enable you to set up a budget and thereby eliminate one of the greatest mistakes of personal finance—the absence of a budget. There are many different budgeting templates you can use. The one provided with this handout covers all the basics and is a great way to get started. But before you fill out the worksheet, let's take a closer look at three of the critical questions of personal budgeting.



Why budget? Planning is everything! And, in today's world, achieving success without up-front planning is rare—very rare. Achieving success with your personal finances is no different. While some manage to sneak by

for months without sound planning and budgeting, their failure to plan inevitably comes back to bite them where it hurts—the pocket book. So why budget? Plain and simple, your financial wellness depends on it.

What are the barriers to budgeting? There are many things that keep us from budgeting—time, confusion, and commitment, just to name a few. At one time or another, most of us have started a budget, but somewhere along the way we failed to maintain it. With that said, it's not hard to understand why the number one reason adults fail to budget is because of past budgeting failures. In other words, we fail once or twice and then give up altogether. Hence, the number one rule of budgeting: *“temporary lapses in budgeting are just that—temporary!”* Remember at all costs, if you fail to budget one day, live to budget another.

How long will I have to keep budgeting? The benefits of budgeting last only as long as your budget is maintained. In order to keep on top of your financial life, you'll have to get in the habit of sitting down to do the budget. It's important to remember that budgeting doesn't have to be a job you “clock in” for—if you budget on a frequent basis, it can take as little as 10 minutes a week. Getting started is the hardest—and most time consuming—part. So once you put in the effort, make sure you stick to it.

Take Action

Getting started with your budget

- Save all of your income and expense receipts for one month.
- Enter the dollar amounts on the corresponding lines in the budgeting worksheet included with this handout.
- Calculate your monthly “bottom line.”
- Reflect carefully on what you see.
- Answer the following questions:
 - Where can you save more?
 - Where can you spend less?
 - What expenses can you live without?

Make it happen—remember the key to financial planning is spending less than what you make.

Financial Lifelines

Where to go for more info

Web Sites That Can Help

Forbes (question 8)
www.forbes.com

Money Magazine
www.money.com

Fortune
www.fortune.com

Books that can help

Get a Financial Life by Beth Kobliner

Wall Street Journal Guide to Understanding Personal Finance

Streetwise Finance & Accounting: How to Keep Your Books and Manage Your Finances Without an MBA, a CPA, or a Ph.D. by Suzanne Caplan

The Budget Kit: The Common Cents Money Management Workbook by Judy Lawrence

Brochures and Pamphlets That Can Help

Personal Finance: Tricks of the Trade

Wellness Councils of America

Just for You Brochure Series

To order call 1-402-827-3590 or go to www.welcoa.org

What You Should Know About Financial Planning

Wellness Councils of America

Just for You Brochure Series

To order call 1-402-827-3590 or go to www.welcoa.org

What You Should Know About Financial Planning

Federal Consumer Information Center

Title Number: 584G

To order call 1-888-878-3256 or go to www.pueblo.gsa.gov

Planning Financial Security

Federal Consumer Information Center

Title Number: 586F

To order call 1-888-878-3256 or go to www.pueblo.gsa.gov

WANNA BE A
MILLIONAIRE?

STEP 1: PUTTING TOGETHER A BUDGET

QUESTION 1:

An account that is said to be, “in the red” is:

- A) Located somewhere in the former Soviet Union**
- B) A liquidated account**
- C) An account with a positive balance**
- D) An account with a negative balance**

NAME

MAKING \$ENSE OF PERSONAL FINANCE

Sample Budgeting Worksheet

INCOME

Salary (before tax) _____
Pay from extra jobs (before tax) _____
Investment income, such as interest, earnings,
and dividends (before tax) _____
Scholarships _____
Other _____
TOTAL INCOME PER MONTH (BEFORE TAX) _____

EXPENSES

Federal, state, and local income tax and FICA _____
Mortgage or rent _____
Savings (amount regularly saved each month) _____
Groceries _____
Gas and electricity _____
Telephone _____
Clothes _____
Car loan payments _____
Car expenses (gas, repairs, maintenance) _____
Insurance _____
Tuition _____
Child care _____
Entertainment _____
Vacations _____
Health club fees _____
Miscellaneous _____
TOTAL EXPENSES PER MONTH _____

TOTAL INCOME PER MONTH _____

TOTAL EXPENSES PER MONTH _____ - _____

THE BOTTOM LINE _____ = _____