## Your Financiall Wealth Action Plan

## Adjusting Your Spending Plan

(Where do you want to be?)
© Target 1. Review the items on your Optional Expenses page - worksheet 4. These expenses are the least necessary page - worksheet 4 . These expenses are the least nec eliminate until you reach your financial goals. List the actions you will take below. Be specific: Do what? When?
© Target 2. Review the items on your Variable Expenses page - worksheet 3. These expenses are the next most adjustable. Choose ways you can lower any of these amounts can reduce these expenses, read More With Less listed in the To Find Out More section at the end of this publication. List the actions you will take below.
© Target 3. Review the items on your Fixed Expenses page - worksheet 2. Consider these expenses carefully. Ask yourse than I can afford? What items could I change? How much time and cost would be involved? List the actions you will tak below.
© Target 4. Review the items on your Household Income page - worksheet 1. Are there ways you or another family more hours at work, getting an additional job, or getting a new job that pays more? List the actions you will take below.

## - Actions I Will Take:

$\qquad$

## Spending Plan Follow Through

## Making It Work

Watch. Keep a close eye on three categories where overspending can most commonly occur: Clothing, Food and Gas. To help you track and control your spending here, you can use a journal, or a software program, or another method known as the "envelope system." For this last method, get three envelopes. Write one category title on
the outside of each envelope. Decide how much money you think is appropriate to spend per month on that category and place that amount of cash in the envelope. If you use it all up, you should not spend any more on that category until the next month. At the end of the month, if you hav money left over in an envelope then you can take half to reward yourself for doing well and put the other half into a savings account.

Record. Keep a record of every single thing you spend money on for the next month. This can be done by keeping your receipts or you can write down the expenses in a pocket notebook or something similar that you can keep with you. An old unused check register works great!
Update. Update your expenses, on worksheets 2 to 4, at east once a week and review them monthly. At the end of ne month, go back and fill in the "Actually Spent" colum djustments. Try to think ahead to anticipate the next month.

## Finally

V Create an emergency fund. Pay yourself first. Take little out of each paycheck until you have built up a a little out of each paycheck untill you have built up a emergency fund for things like car repairs, roof leaks, and ther unexpected events. With this fund, you will have money that is earning you some interest while there is no emergency. When the emergency happens, you can use that money instead of being tempted to use a credit card which often makes the situation worse in the long run.
$\square$ Give yourself "Reward \$" (spending cash) to use on something to reward yourself or to just spend spontaneously. Decide a reasonable limit in advance.
$\square$ Freeze your credit card spending. Leave the cards at home to avoid spending on impulse. If you have to go the item, you will have time to cool down and really think about it.
$\square$ Keep your eyes on the prize. Stay focused on your long term goal of financial health.

〇 Read the following articles available at our website www.knowdebt.org/education.php:

## - More With Less <br> Guide

- Making Cents Of The Holi-daze
- Be A Saver
- Managing Your Money
- Reaching Your Financial Goals


## The SPENDING PLAN:

Simple Steps To Financial Nellness

## Fonsumer Alert

## 1F|ANOE

Edward Tonini, Director of Education.
Did you know:

- 43\% of American families spend more than they earn
- On average, Americans spend $\$ 1.22$ for each dollar earned


Can You Answer "Yes"? In the last year, have you ever:
$x$ had an argument over money
issues?
$x$ used one credit card to pay off another?
$x$ had difficulty keeping track of your bills or credit cards?
$\times$ felt like you're living paycheck to
paycheck?
only been able to make your
minimum monthly payment?
If you answered "yes" to any of these questions, you might be headed for serious trouble or you may at least be suffering from money management blues. Fortunately, there is a cure - a good Spending Plan (otherwise know as budgeting).
What Is A Spending Plan? A Spending Plan is simply a plan for how you will spend your money. An effective Spending Plan is an important tool for creating and maintaining your financial health. Through budgeting, you will clearly see what money you (expenses). If you ever wonder where (expenses). If you ever wonder where your money seems to disappear to, this
plan will help you find the mystery leaks, plug the holes, and make choices that will help you reach your goals.

## Contents

## The Spending Plan...

Spending Plan Instructions
Monthly Household Income
Monthly Fixed Expenses
Monthly Variable Expenses
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Why Make A Spending Plan? A Spending Plan will help you: - gain control over your spending - feel better by relieving stress

- be prepared for emergencies
- get out of debt (and stay out)
- start saving and build financial wealth


Starting Your Spending Plan On the following pages, you will find clear worksheets and simple step-bystep directions for creating an effective monthly Spending Plan. The work sheets are designed to help you:
\& Clearly see your current income and expenses.

- Determine how much you are spending on certain types of expenses.
$\diamond$ Take better control of your expenses.
As you fill in the forms, remember that your Spending Plan is flexible. You can and should make adjustments needed, so you may want to use a prefer to use a computer (which pren save you time by do (Which can save uou an by doing the math online at www.knowdebt.org.

The budgeting process is broken down for you into five steps:

1. List your monthly Household ncome* - the amount of money you take in each month.
2. List your monthly Fixed Expenses - payments on things you need ea month in order to live (these amounts are usually the same each month)
3. List your monthly Variable Expenses* - payments on other things you need (but you have some control over the amount)
4. List your monthly Optional Expenses* - the amounts you including impulse choices and othe (including impulse choices and oth wants).
Create Your Financial Wealth
Action Plan* - calculate your totals, understand your numbers, choose targets, and take actions to meet your goals.
*For ease in preparation, a separat
worksheet is provided for each ste

Dealing With Budget Barriers Stuff happens. Let nothing distract you from your goal. When you encounter an obstacle or a set back, remember it is only temporary - this too, will pass. You should not be concerned about making adjustments to your worksheets or Spending Plan. is a natural part of the process. It took Edison more than 1000 tries to get his lightbulb right. If something doesn't go exactly as planned this month - relax, you are normal. Make the appropriate adjustments and refocus on your goals.
You will succeed!

Keep in mind the primary purpose of the Spending Plan is to help you spend less than you earn. Be open to new ways to make that happen especially when you encounter an obstacle. Living within your means is the keystone to financial wellness and future prosperity.

## Spending Plan Instructions

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## To Begin:

First Make yourself several copies of the five worksheets and action plan (enlarge them, if desired). You can use these copies to plan or to make changes to your budget.
Second Fill out a copy of worksheets 1 to 4 (income \& expenses) for the next month. To complete as much as you can, gather your paystubs for the last month, your monthly account statements, bills and receipts. If you haven't kept these, begin saving them.
As you go:

- If an item on the worksheet does not apply to you, leave it blank. The items listed are ot all inclusive, however, they should be enough to get started. If you want, you can
add items in the blank lines at the bottom of each category.
Q. For any expense that does not occur monthly, calculate what it works out to on a monthly basis. For example, if you pay $\$ 600$ for car insurance every 6 months that
For now, leave the "Actually Spent" column blank.
- To help you with your planning, below each category title there is a suggested range (\%) for how much of your Take Home Pay (THP) you might spend.

Third Use your individual results to complete Your Financial Wealth Action Plan (final worksheet).

Fourth Read the final section (Spending Plan Follow Through) and apply the points to make your plan a success!



Worksheet 4: Monthly Optional Expenses


## Worksheet 3: Monthly Variable Expenses




Understanding Your Numbers (Where are you?)
A $>$ If your Grand Total is a positive number: Congratulations, you are building financial wealth! If you have an emergency fund o
at least $\$ 1000$ and you save at least $10 \%$ of your income, please pas at least $\$ 1000$ and you save at least $10 \%$ of your income, please pass
on your financial wisdom to others. Please read the last page to look for possible tweaks to your Spending Plan.
B If your Grand Total is zero: Congratulations, you have what is known as a balanced budget. If you do not have an emergency fund of at least $\$ 1000$ or if you are not saving at least $10 \%$ of your income, please complete Your Financial Wealth Action Plan to take your Spending Plan to the next level.
C $>$ If your Grand Total is a negative number. Take heart, you have done much of the work needed to turn your situation around. Please continue to the next section.

