




Budgeting during a pandemic

Sound Credit Union
November 18, 2020

What we'll cover today

- Creating a budget
 - What to focus on and what to cut
 - Tools to help you
 - Money goals
- 
- The bottom right portion of the slide features several overlapping, light blue, abstract shapes that resemble stylized leaves or petals, creating a decorative background element.

Why Create a Budget

- Understand your finances
- Provides a sense of stability
- Plan for your future

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MONTHLY BUDGET

January

MONTHLY EXPENSES

| Item | Amount |
|----------------|--------|
| Rent | \$700 |
| Power | \$135 |
| Water | \$30 |
| Cable/Internet | \$90 |
| Cell Phone | \$90 |
| Car Insurance | \$75 |
| Groceries | \$300 |
| Miscellaneous | \$475 |
| Gym Membership | \$40 |

MONTHLY INCOME

| Item | Amount |
|-----------|---------|
| Salary | \$2,000 |
| Bonus | \$175 |
| Freelance | \$400 |
| Other | \$50 |

SUMMARY

| | |
|----------|--|
| Income | |
| Expenses | |
| Balance | |

% OF INCOME SPENT

NOTES

Vacation 1/11-1/14

January

February

March

April

May

June

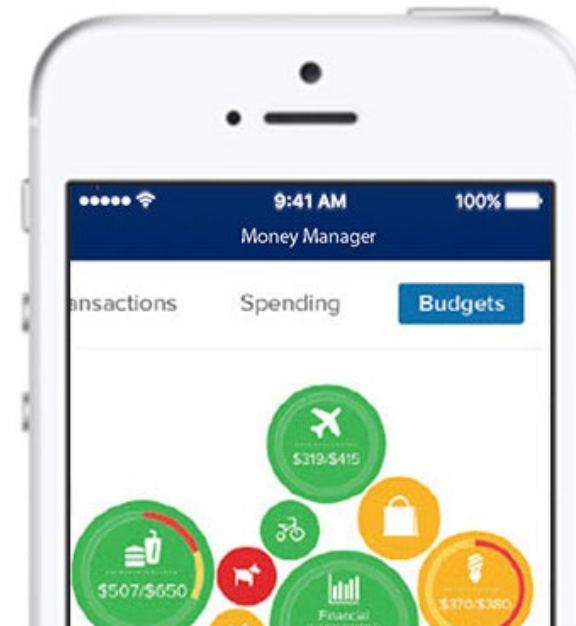
July

August

September

October

November



How to Create a Budget

- Find a tool that works for you
 - Excel spreadsheet, app, pen and paper
- Gather your paperwork
 - Most recent bank statements — preferably at least three months' worth.
 - Paycheck stubs, rental checks or disability payment stubs that document your monthly income.
 - Receipts for items you may have paid for with cash.

How to Create a Budget

- List your regular monthly income streams.
 - Include your monthly salary (make sure it's what you take home *after* taxes and payroll deductions).
 - Rental payments you receive, child-support or alimony payments, payments you receive for freelance work, monthly disability payments, and any monthly fees you receive as a result of a legal settlement.

How to Create a Budget

- Track your spending

Fixed expenses:

- Rent/Mortgage
- Auto Loan Payment
- Auto Insurance
- Student Loan Payment
- Monthly utilities

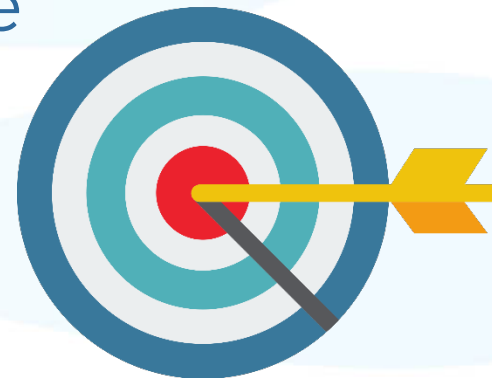


Varied expenses:

- Groceries
- Electric bills
- Cell Phone
- Gas
- Clothing
- Entertainment

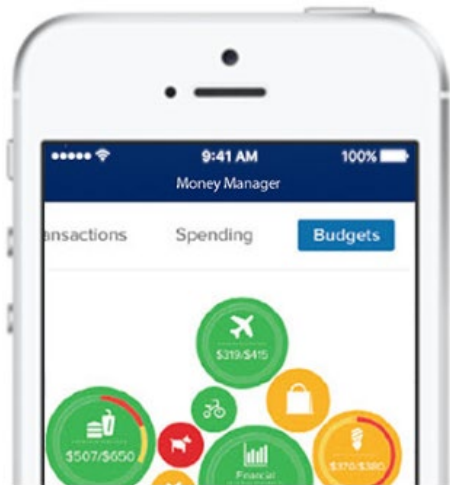
Set Goals

- Determine what you want to save up towards.
- Identify the goal:
 - Is this a **short-term goal**, something that can be achieved under a year?
 - Is this a **mid-term goal**, something that can be achieved in one to five years?
 - Is this a **long-term goal**, something that will be achieved in more than five years?



Make a plan

- Use tools to help keep you on track
- Automate as much as possible
- Notifications and reminders



My Accounts Bill Payment Move Money Manage Money Additional Services

My Bills & People I Pay

0 hidden Need to pay someone new? Enter person or business Add

Sort by: Name (Nickname) Find: Search my payee list

| | | | | | |
|---------|-----------------------------|---------|---------------------------------|----------|-----|
| JUN 2 | AT&T Mobility *1206 | Options | \$74.21 | 05/22/19 | Pay |
| 25 days | Cablevision *1234 | Options | Scheduled: \$120.00 on 06/15/19 | Edit Add | |
| 6 days | Chris Anderson **n/a | Options | Scheduled: \$150.00 on 06/21/19 | | |
| 6 days | Discover Credit Cards *1220 | Options | \$0.00 | mm/dd/yy | Pay |
| 26 days | Greene Landscaping **N/A | Options | \$0.00 | mm/dd/yy | Pay |

Add a payee Select from common payees below or use the search box Enter person or business Add

| | | | |
|--|---|---|--|
| Credit cards: | Household: | Insurance: | Other: |
| Chevron Credit Card | City National Home Mortgage | American Family Insurance | Capital One Auto Finance |
| Ford Motor Credit | Colonial Savings | Chase Auto Finance | Chase Auto Finance |
| Union Blue Credit Card | | Liberty Mutual Insurance | Domestic Automobile |

My Payments

Search payment history Search

Scheduled payments Click to edit and x to cancel

| Date | Payee | Amount | Action |
|-------|----------------|----------|--------|
| 06/15 | Cablevision | \$120.00 | |
| 06/21 | Chris Anderson | \$150.00 | |
| Total | | \$270.00 | |

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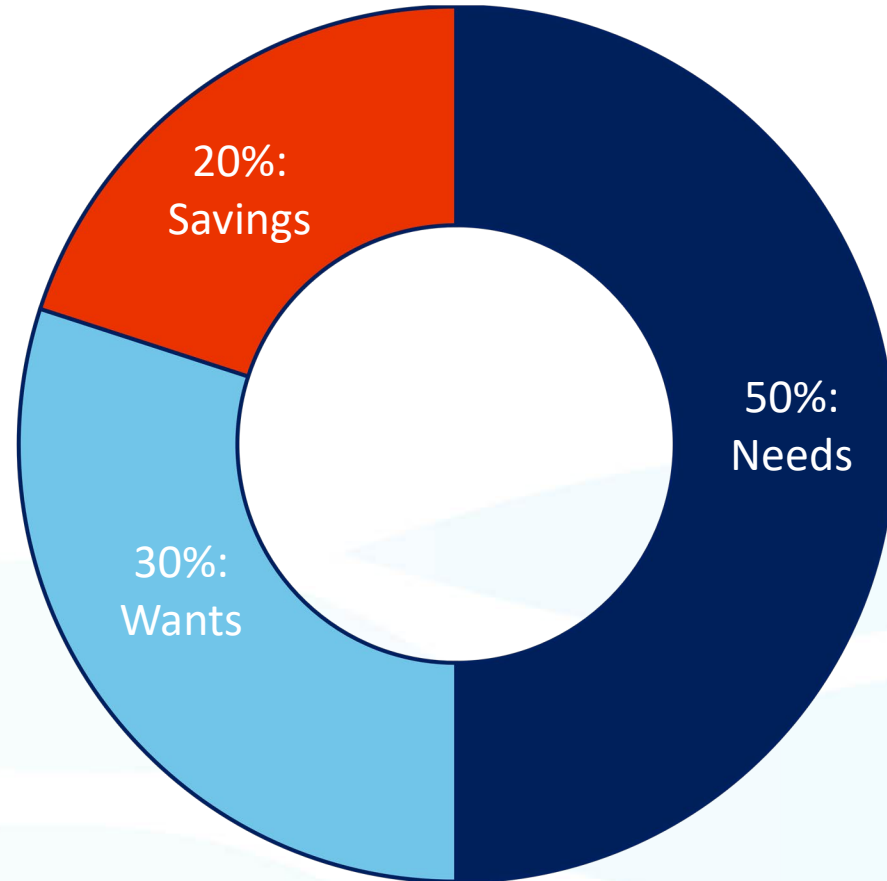
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Recently processed payments Click to view payment

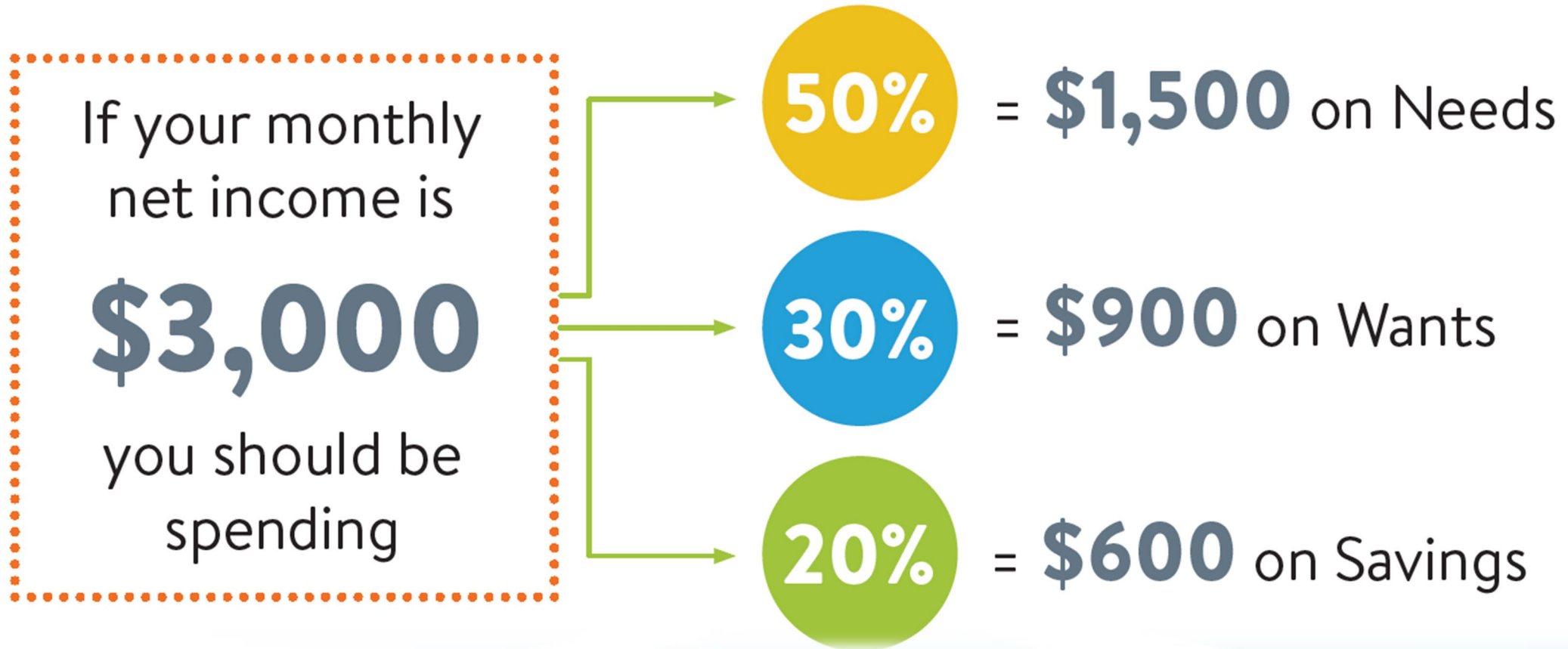
| Date | Paid Payee | Amount | Action |
|-------|--------------------|----------|--------|
| 04/14 | AT&T Mobility | \$74.21 | |
| 04/13 | Cablevision | \$120.00 | |
| 04/14 | Greene Landscaping | \$50.00 | |

Understanding Needs vs. Wants

- Make a list
 - Determine needs
 - Identify wants
- 50/30/20 rule
 - 50%: Needs or Necessities
 - 30%: Wants or nice to haves
 - 20%: Savings & debt



Understanding Needs vs. Wants



Hold Yourself Accountable

- If spending > earnings, you need to make cuts.
- Ask yourself, “Do I need this?”
 - If you say, “yes”, see if it’s an immediate need or if you can purchase it cheaper somewhere else.
- Prioritize saving – the sooner you save, the more you’ll have.

Adjust Your Habits

- Once you have a budget, try to stick to it.
- Take your savings seriously.
- Check your budget, not your balance.



Budget Tips

- Be realistic.
- Adjust your budget regularly.
- If you find that you are blowing your budget every month, you may need to change your budget or to your spending habits.



Emergency Fund

Life is **unpredictable**, and all it takes is one obstacle to derail your financial routine.

An emergency savings **minimizes** the stress and damage caused by surprise expenses.



Emergency Fund vs. Rainy Day Fund

- Emergency Fund:
 - Funds set aside for a financial emergency
 - Long term cost
 - Amount to saving: 3 months income (suggested)
- Rainy Day Fund:
 - Meant for smaller expenses
 - One time or short-term costs
 - Amount to saving: \$1,000 (good start)



What to focus on

- Rent or mortgage payments
- Transportation
- Utilities
- Groceries
- Necessities, like medications



What to cut or delay

- Subscriptions (i.e. Netflix, Spotify, StitchFix, etc.)
- Adjust your food expenses (i.e. name brands, high-end grocery stores, eating out)
- Consider paying the minimum amounts or seek relief on loans
- Talk to a financial advisor or your lender if you need help.

Questions? Contact us!



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Thank you!

