



**FOR THE BEST LIFE IN
YOUR TIME**

**SAVING AND BUDGETING
WORKSHOP**

LASHLEY FINANCIAL

2007

STEP 1: IDENTIFYING YOUR CURRENT INCOME AND EXPENSES

- INCOME

- Salary/wages before taxes
- Income from self-employment
- Retirement income
- Alimony and/or child support
- Rents and/or royalties
- Income from Trusts.



STEP 1: IDENTIFYING YOUR CURRENT INCOME AND EXPENSES

- **FIXED EXPENSES**
 - Taxes (income, property and national insurance)
 - Mortgage or rent
 - Insurance (medical, car, home, life and other)
 - Phone and utilities
 - Car (less insurance)
 - Dues and fees to associations/clubs.



STEP 1: IDENTIFYING YOUR CURRENT INCOME AND EXPENSES

- VARIABLE EXPENSES

- Food
- Clothing
- Home maintenance and repairs
- Furniture and appliances
- Entertainment
- Education
- Travel costs
- Medical care
- Vacations
- Fees to lawyers, accountants etc.



STEP 2: SETTING SMART BUDGET GOALS

- **SPECIFIC:** For example, what exactly do you want to do in your retirement?
- **MEASURABLE:** How will you know that you have achieved your goal?
- **ATTAINABLE:** Based on your resources, can you achieve your goals?
- **RELEVANT:** Will achieving this goal make you happy?
- **TIME-DEFINED:** When will you achieve your goals?.



STEP 3: CREATING YOUR BUDGET

BUDGET WORKSHEET

- Construct a table with 5 columns
 - Items
 - Last Year's actual
 - This Year's Budgeted
 - This Year's Actual
 - Over/Under Budget
- Can do it by hand or computer.



STEP 3: CREATING YOUR BUDGET SPENDING TEST

- Do you have a mortgage?
- Do you have a car loan?
- Do you have a personal line of credit?
- Do you have more than \$5,000 on your credit cards and HP accounts?
- Do you have more than one credit card?
- Do you save less than 10% of income?
- Do you plan to have a second home, extended trip or boat in the near future?
- Do you have children going to university?
- Do you need to do work on the house in the next 2 years?
- Are you paying a student loan?
- Are you too young to have a retirement plan?.



STEP 3: CREATING YOUR BUDGET

MANAGING YOUR DEBT

- Don't spend tomorrow's income today
 - Understanding this principle reduces the likelihood of falling into the debt trap
- Keep your expenses adjustable
 - Debt commitments prevent you from being able to deal with life's changes
 - Don't get into any other debt until you understand your current situation and future prospects
- Few people can reduce debt by simply spending less money
 - You must have a positive goal - why do you really want to reduce your debt?.



STEP 3: CREATING YOUR BUDGET

MANAGING YOUR DEBT

- Who do you owe, for what and how much?
And what is each debt costing you?
 - List all of your debts using 4 columns - who you owe, how much, interest rate and minimum payment
 - Put in order of interest rate, not amount owed
- Debt Management before Elimination
 - You must pay each debt, each month BUT focus on the highest interest rate debt first
 - After you have made the minimum payments to all creditors, pay all remaining to the creditor with the highest interest rate.



STEP 3: CREATING YOUR BUDGET

MANAGING YOUR DEBT

- Do you have money sitting in a bank account that you could use to reduce your debts?
 - Are you earning 0% to 5% on your savings and paying 21% on credit card debt?
- Get rid of your credit card and hire purchase debt - you can't afford the interest rates
 - Keep you credit card but repay the full amount charged each month
 - Plan for purchases to avoid hire purchase
 - Look to the credit union where there is a need for an unplanned purchase.



STEP 3: CREATING YOUR BUDGET MANAGING YOUR DEBT

- Can you get out of debt by getting into debt?
 - Will a loan from the credit union allow you to consolidate your debts and pay less interest?
 - If so, borrow sufficient (not a cent more) to repay all of the higher interest rate loans
 - Remember the ultimate purpose is to manage your debt, not to reduce the cost.

STEP 3: CREATING YOUR BUDGET

MANAGING YOUR DEBT

- Get to the source of the problem, what got you into debt in the first place?
 - We all have the same 100% of our money - the difference is where we utilise our percentages
 - So where are you spending your percentages?
 - Until you know where the money is going, you cannot stop it going there
 - To know where the money goes, we need to budget
 - Then we need to change the behaviour (spending) that got us into debt - remember debt is about attitude not incomes.

STEP 3: CREATE YOUR BUDGET

SAVE, SAVE, SAVE

- Start by cutting your spending - & *ALL* spending is discretionary!!
- How much can you save each year on the following?
 - Brand name clothing
 - Entertainment - every cat fight & dog fight?
 - Fast food - every week?
 - Buying lunch rather than bringing lunch
 - Call-waiting; three-way calling; call forwarding?
 - Cell-phones are a necessity?
 - ADSL?

STEP 3: CREATE YOUR BUDGET

SAVE, SAVE, SAVE

- Start by cutting your spending - & *ALL* spending is discretionary!!
- How much can you save each year on the following?
 - Impulse snack purchases
 - Soft drinks
 - Movies and video rentals
 - Long distance calls
 - Bulk purchasing of groceries
 - Auctions and classifieds?
 - Late fees and credit card annual fees
 - Household supplies

STEP 3: CREATE YOUR BUDGET

SAVE, SAVE, SAVE

- Start by cutting your spending - & *ALL* spending is discretionary!!
- How much can you save each year on the following?
 - Every Crop-Over event, tent and CD?
 - Grocery shopping with a list
 - Electricity and water
 - Daily newspapers - both?
 - Direct TV and MCTV - all of the channels? More than one box?
 - Gas and car maintenance?
 - Bank charges (e.g. ATM).

STEP 3: CREATE YOUR BUDGET

SAVE, SAVE, SAVE

- Start by cutting your spending - & *ALL* spending is discretionary!!
- How much can you save each year on the following?
 - By saving rather than spending bonus and tax return
 - By increasing insurance deductibles
 - Subscriptions to associations, clubs and for magazines
 - Going out to dinner, with the boys/girls
 - Traveling overseas for vacations?
 - Cigarettes and alcohol?

NEXT STEPS

- **START BUDGETING AND SAVING**
- **CONTINUE LEARNING**
 - **Books & the Internet**
- **INVITE ME BACK TO DISCUSS:**
 - **GOAL SETTING**
 - **INSURANCE & RISK MANAGEMENT**
 - **INVESTING**

QUESTIONS?

Ask Us at lashleyfinancial.com





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