

Module 2
Section 4

BUDGETING FOR SUCCESS

Take control of your money and
reach your financial goals.

IN THIS SECTION YOU WILL:

Learn how to handle money well.

Understand the importance of keeping track of what you earn and spend.

Discover how to create a budget and set financial goals.

Find out how to start saving after debts are paid off.

BUDGETING FOR SUCCESS

Take control of your money

Learn how to take control of your money and reach your financial goals.

Maybe you're feeling a little lost and don't know where to start. Don't worry, you're not alone! We're going to go through all the steps together, starting from the very beginning.

First, we're going to focus on getting our finances in order. Then, we'll learn how to manage our money wisely. Finally, we'll create a plan for how we spend our money each month.

Step 1: Gather Your Information

The first step is to gather all your important financial documents. This includes things like:

- Bank statements: These show how much money you have in your bank accounts.
- Credit card statements: These show how much you owe on your credit cards.
- Pay stubs: These show how much money you earn from your job.
- Loan documents: These show how much you owe on loans, like car loans or student loans.

- Tax statements: These show how much you paid in taxes.
- Any other documents that show your income or expenses.

It's helpful to have all this information in one place, either printed out or saved on your computer. It's also a good idea to write down all your important passwords so you can easily access your accounts.

Step 2: Create a Budget

Now that you have all your information, it's time to create a budget. A budget is like a plan for your money. It shows how much money you're bringing in and how much you're spending.

Don't be afraid of budgets! They're not about judging yourself or letting others tell you how to spend your money. Budgets are just a way to track your money so you can make smart choices.

When you create your budget, you'll want to include both your current spending and your projected spending.

Current spending: This is how much you're typically spending each month right now. Look at your recent bank statements and credit card statements

to see how much you've been spending on things like groceries, gas, and entertainment.

Projected spending: This is how much you expect to spend in the next few months. If you think your spending will change, like if you're moving or getting a new job, you'll want to adjust your projected spending.

Step 3: Set Your Goals

Now that you know where your money is going, it's time to think about where you want your money to go. What are your financial goals?

Some common financial goals include:

- Saving for a rainy day: Having some extra money saved up can help you handle unexpected expenses.
- Paying off debt: Getting rid of debt can save you a lot of money in interest charges.
- Saving for a big purchase: Maybe you want to buy a new car, go on a vacation, or put a down payment on a house.

Step 4: Make Adjustments

Once you have your goals in mind, you can start making adjustments to your budget. There are two main ways to change your financial situation:

Increase your income: You could get a second job, ask for a raise, or find ways to earn extra money.

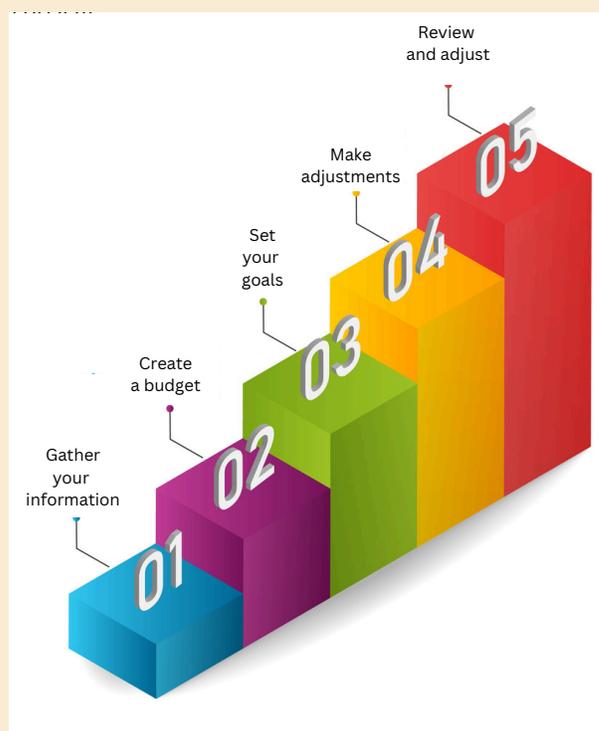
Decrease your expenses: You could cut back on unnecessary spending, find cheaper alternatives, or negotiate lower bills.

Step 5: Review and Adjust

Financial planning isn't a one-time thing. It's important to review your budget, savings, and goals regularly. You might need to make adjustments as your life changes.

It's also a good idea to go back and review all the steps from time to time to make sure you're still on track.

Remember: Taking control of your finances can be a journey, but it's a journey worth taking! By following these steps, you can set yourself up for a brighter financial future.



Five steps to manage your money



Okay, let's talk about money! We're going to learn five steps to help you manage your money.

You've probably heard that you should save money for things like retirement, your kids' college, or a house. Those are great goals! But they take a long time to reach. It's hard to save for the future if you're struggling to pay your bills each month.

These five steps will help you decide where to spend your money first and then how to save for your goals.

Step 1: Cover the Basics

First, we need to make sure you have enough money to cover your basic needs. This means things like:

- Food: Think about how much you spend on groceries each month.
- Toiletries: This includes things like soap, shampoo, and toothpaste.
- Rent or Mortgage: How much do you pay for your home each month?

Utilities: This includes things like electricity, gas, water, and trash service.

- Transportation: Do you drive a car? How much do you spend on gas and car insurance?
- Communication: This includes your cell phone bill and internet service.
- Health Expenses: Do you have any medical bills or co-pays?

We want to create a budget that covers these basic needs.

Step 2: Pay Off Your Debts

Once you're able to pay for your basic needs without using credit cards or taking out loans, you can move on to step two: paying off your debts.

We'll talk more about different kinds of debt later. But once you know how much you owe on each debt, the interest rate, and the minimum payment, you can figure out which debt to pay off first.

Highest Interest Rate: The debt with the highest interest rate will cost you the most money in the long run. It's usually a good idea to pay this one off first.

Highest Minimum Payment: The debt with the highest minimum payment can be a big drain on your budget. Paying this one off can free up more money for other things.

Fastest to Pay Off: Sometimes, it's easier to pay off a smaller debt quickly. This can give you a sense of accomplishment and motivate you to keep going.

The best way to pay off debt is to focus on one debt at a time. Pay as much extra as you can on that debt until it's gone. Then, use that extra money to pay off your next debt.

Steps 3 - 5: Saving for your goals

Step 3: Emergency Savings

Before you start saving for retirement or other big goals, it's important to have some money set aside for emergencies. This could be for things like:

- Car Repairs: Cars can break down unexpectedly.
- Medical Expenses: You might need to go to the doctor or the hospital.
- Job Loss: If you lose your job, you'll need money to cover your expenses until you find a new one.
- Family Emergencies: Unexpected things can happen to your family.

A good rule of thumb is to save enough money to cover two months of your expenses.

Step 4: Short-Term Goals

Once you have some emergency savings, you can start saving for short-term goals. These are goals that you want to reach within a year or two. Some examples include:

- Rental Deposit: If you're planning to move, you'll need to pay a security deposit.
- Vehicle Purchase: If you're buying a car, you might want to save up for a down payment.
- Education Expenses: If you're going to school, you might need to save for tuition or books.
- Furniture or Household Items: You might want to save up to buy new furniture or appliances.

Step 5: Long-Term Goals

Finally, you can start saving for your long-term goals. These are goals that you want to reach in five years or more. Some examples include:

- Purchasing a Home: Saving for a down payment on a house can take a long time.
- Traveling Abroad: A trip to another country can be expensive.
- Retirement: You'll need to save money for your retirement years.
- Children's Education: You might want to save for your children's college education.

It's important to remember that you should save for your retirement before

you save for your children's education. This is because of tax laws.

Using the 5 steps

These five steps can help you make smart decisions about your money. They can also help you decide if you're ready to make a purchase.

For example, if you're thinking about buying a new car, ask yourself:

Have I paid off my debts?
Do I have enough emergency savings?
Can I afford the monthly payments?

If you can answer "yes" to these questions, then you might be ready to buy a new car. But if you're still struggling to pay your bills or you don't have enough emergency savings, then it might be better to wait.

Creating your budget

Now that you understand the five steps, let's talk about creating your budget.

1. Income

First, you need to figure out how much money you earn each month. This includes:

- Jobs: How much do you earn from your job(s)?
- Unemployment Insurance: Are you receiving unemployment benefits?
- Social Security: Are you receiving Social Security payments?
- Disability Benefits: Are you receiving disability benefits?

- Veterans Affairs (VA) Entitlements: Do you receive any benefits from the VA?
- Assistance Programs: Are you receiving any government assistance, like SNAP or WIC?
- Child Support or Spousal Support: Are you receiving child support or spousal support?
- Family or Friends: Are you receiving any financial help from family or friends?



2. Expenses

Next, you need to list all of your expenses. Remember, we're starting with your basic needs.

- Groceries: How much do you spend on food each month?
- Toiletries: How much do you spend on personal care items?
- Rent or Mortgage: How much do you pay for your home each month?
- Utilities: How much do you pay for electricity, gas, water, and trash service?
- Transportation: How much do you spend on gas, car insurance, public transportation, or ride-sharing services?

- Communication: How much do you pay for your cell phone and internet service?
- Health Expenses: How much do you spend on medical bills, co-pays, medications, and medical equipment?

3. Surplus or Deficit

Once you've listed your income and expenses, subtract your expenses from your income. This will tell you if you have a surplus or a deficit.

Surplus: This means you have money left over at the end of the month.

Deficit: This means you're spending more money than you earn each month.

4. Debt

Finally, you need to list all of your debts. This includes:

- Credit Cards: How much do you owe on each credit card?
- Loans: Do you have any personal loans, car loans, or student loans?
- Collections: Do you have any bills that are in collections?
- Fines or Legal Expenses: Do you owe any fines or legal expenses?
- Money Owed to Family or Friends: Do you owe any money to family or friends?

Feeling confident

Once you've completed your budget and gathered all of your information, you should feel proud of yourself! Even if your finances aren't perfect right now, you have the tools you need to improve your situation.

Remember to review your budget and goals regularly. This will help you stay on track and make any necessary changes.



DISCUSSION QUESTIONS

1

Think about your own spending habits. What are some things you spend money on? How could you use a budget to help you make better choices about your money?

2

What are some financial goals you might have? How could you use the information in the text to help you reach your goals?

3

The text talks about paying off debts. Have you ever borrowed money from someone? How did you feel about paying it back?

4

What are some things you would like to save up for? How could you use the steps in the text to help you reach your goals?

5

How could you use a budget to help you make better choices about your money?

6

The first step to financial success is to gather all your financial information. Why do you think it's important to know where your money is going?

Income Sources

Income Sources	Current Income	Projected Income
Job #1		
Job #2		
Unemployment Insurance		
Supplemental Security Income (SSI)		
Social Security Disability Income (SSDI)		
VA (Service Connected Disability)		
VA (Non-service Connected Disability)		
Private Disability Insurance		
Worker's Compensation		
General Assistance		
Social Security Retirement		
Job/Pension Retirement		
Child Support		
Alimony/Spousal Support		
SNAP (Food Assistance)		
WIC		
Section 8, Public Housing		
Other On-going Rental Assistance		
Other (please list)		
Other (please list)		
TOTAL INCOME	\$	\$

BASIC LIVING EXPENSES

Bare Minimum Basic Living Expenses	Current	Projected
Groceries		
Toiletries		
Rent		
Electricity/ Gas		
Water/Sewer		
Garbage		
Medical Appointments		
Medications		
Medical Supplies/Equipment		
Vehicle/Car Insurance		
Gasoline and/or Rides		
Cell phone		
Other (please list)		
Other (please list)		
Total Minimum Debt Payments		
TOTAL EXPENSES		

RESOURCES

- How to Budget & Manage Your Money: Financial Planning Book for Beginners. How to Save Money Faster, Pay Off Debt and Control Your Finances (Smart Personal Money Management Series), Rachel Mercer (Author), May 4, 2020
- You Need a Budget: The Proven System for Breaking the Paycheck-to-Paycheck Cycle, Getting Out of Debt, and Living the Life You Want, Jesse Mecham (Author), December 26, 2017,
- How to Manage Your Money: An In-Depth Bible Study On Personal Finances, Larry Burkett (author), Moody Publishers / 2000
- <https://www.ramseysolutions.com>

Christ-centered Corner

Extra encouragement from a Christian perspective.

It's very important to be smart with your money! The Bible tells us that everything we have belongs to God, so we should use it wisely.

Proverbs 21:5 says, "If you plan ahead and work hard, you'll have plenty. But if you rush into things, you'll end up poor." This means that planning and being careful with our money is really important.

A budget is like a roadmap for our money. It helps us decide how to spend our money, so we don't waste it on things we don't need. A budget also helps us make sure we have enough money for important things like giving to others, saving for the future, and paying our bills.

Setting financial goals is another way to be a good steward of our money. It's like planning a big project. Luke 14:28-30 tells us to think ahead before we start something big. We should do the same with our money. Setting goals helps us avoid getting into trouble with money and makes us feel more secure. Some good goals could be saving for a rainy day, paying off debt, or planning for the future. When we ask God for guidance and pray about our goals, they become more than just money goals – they become a way to show God that we trust Him and want to live a life that honors Him.

Being good with money also shows that we are content and trust God to provide for us. Philippians 4:11-13 says that true happiness doesn't come from having a lot of money, but from trusting God, whether we have a lot or a little. By managing our money well and setting realistic goals, we can avoid wanting more and more stuff. This helps us give generously to others, support our church, and be kind to those around us. It's like showing God's love to others!

So, a budget that follows God's word and is based on goals that honor Him is a powerful way to show our faith. It shows that we trust God to provide for us and that we want to live a life that glorifies Him.

MODULE PRESENTERS & CONTENT PROVIDERS



Sarah Adams has been with Bremer Bank for the past 8 years. She helped with this project because of her passion to watch others succeed in their everyday lives. She hopes her presentation can help someone find their way in the area of financial literacy.



Katie Bellos has worked for Bremer Bank for the past 26 years. She loves to see people strive for financial freedom and also have a better understanding of the banking world. When not at work, Katie loves to travel and go on cruises.



Allison Straumann is a Registered Nurse, wife, mother of both adopted and foster children, and a sourdough bread baker. Alli excels in finding ways to save money for her family and practices what she teaches.



Kelli Foss is new to the Brainerd Lakes Area and hit the ground running. She coaches volleyball, is a remote bookkeeper, and volunteers for several organizations. Kelli has two amazing kids, three dogs, and a husband serving in the US Navy.

This course was developed by My Neighbor to Love Coalition and Lighthouse Beginnings with a Community Impact grant from Sourcewell.