

UNC's Budgeting Boot Camp

What is a Budget?

A budget is a plan of how much money you have coming in and the plan for where it needs to go.

Important Terms

Net income: Net income is the amount of money you take home from your paycheck after taxes and deductions are taken out. This is the best number to use when calculating a budget.

Gross income: This is the amount you earn before taxes and deductions are taken out. This number is typically used to calculate eligibility for assistance programs.

Fixed expense: Fixed payments mean that the amount you need to pay is the same every time you pay. These are going to be your rent, cable, car payments, etc.

Variable expense: Variable expenses change each time you pay them. They typically depend on how much you use, like electricity or gasoline.

How do I Create a Budget?

Track Income – Determine how much income you have. Don't forget to think about different kinds of income that you might receive on the side, or even a small amount you get regularly. If you are paid the same amount regularly, this step is easy. Just look at your net income and calculate based on how often you receive it! If you are paid regularly but the amount is different each time, you can either choose the lowest amount you receive to base your budget on, or you can average together your pay stubs to get a "typical" amount.

Track Expenses – Start with regular and fixed payments you have, such as your rent, car payments, insurance, debt, etc. Next, you need to find out where the rest of the money goes. These are your variable expenses. For each person this is going to be different. There are many different ways to find out how much you spend each month. Typically if you use cash every day, the best way to track expenses is going to be to collect your receipts and tally them up. If you use a card every day, you should be able to look at your card statements and be able to put each expense into categories.

The Bottom Line – Subtract your expenses from your income to find the remaining number. If you have a positive number, you are spending less than you earn. If you have a negative number, you are spending more than you earn. Now that you can see how much you have left over or how much you fall short, you can adjust your spending or saving in certain areas to help improve the situation.

3 Traits for Budgeting Success

1. A positive attitude

Without a doubt, you need to go into the budgeting process with a positive attitude. If you think of budgeting as a chore, or that you are sacrificing something, you'll find it hard to keep doing it.

Think only of the positive aspects of budgeting. If you stick to your budget, what will you achieve? You may be able to worry less about being able to pay your rent each month, pay down debt sooner, or have a few extra dollars tucked away for an emergency situation. Whatever your financial goals are, you need to use a budget as a tool to reach these goals.

2. Stay motivated

Once you have a positive attitude, you need to maintain motivation. What can happen over time is that you get into the habit of following your budget, and it all becomes routine. If you lose that motivation, you might need to try rewards or making new goals to get it back.

You might need to find something that will push you to go the extra mile. If your goal is to pay off a past due balance in 12 months, try to pay it off in 8. If you do, use the money you would put toward that extra monthly payment for something you'd enjoy!

3. Keep realistic expectations

If you set your sights too high, you would only become discouraged if you don't meet them. Creating smaller "bite-sized" goals over time will help you to see how likely you are to accomplish them, and then you can build on those smaller goals until you reach a big one!

Why do we Overspend?

- Easy access to credit
- Easy access to cash
- Misusing credit cards
- Giving into temptation
- Spending to feel good

Bank Fees and How to Stop Paying Them

1. Maintenance fees

Banks charge fees simply to make themselves more money. People who do pay fees are typically paying for those who don't, so it's important to try to stop paying them if you currently do. If you are paying fees, find out what they are, what they are costing you, and how to get rid of them.

2. Overdraft and insufficient funds

Overdraft charges can cost as much or more than maintenance fees over the course of a year. The fees are typically \$35 per failed transaction. For example, if your account has \$1 but you spend \$4 with your debit card, you'll pay \$35 just to borrow those \$3. If you didn't realize and then withdrew cash from the ATM, you would pay another \$35 fee.

Fortunately, overdraft fees are optional. Banks used to sign you up automatically, but now you should be asked if you would like to enroll. What happens if you don't enroll? Transactions you attempt without sufficient funds in your account will be declined.

3. Excess transfer fees

If you have a checking account that allows you to easily transfer money into a savings account, you need to make sure that you are not being charged for using this feature. Some banks will allow you to make this transfer 5 times in a month, but if you transfer a 6th time you then have to pay a fee.

Examine the Roots of Overspending

1. Easy access to cash

Especially if you are paid once a month or bi-weekly, receiving a chunk of money at one time can be psychologically dangerous, in that you end up waiting for that deposit to spend money and then it's gone very quickly. This can be avoided by utilizing a budget! When you know how much you bring in and how much you need to spend (and when), you will get a better handle on your finances.

2. Giving into temptation

It can be easy to spend money when you want to, for example if you want to go see a movie with your friends or if you want to get coffee in the morning. Instead of doing those things, find ways to make these "splurges" into fun home routines – rent a movie from Redbox and make your own popcorn, or get a yummy coffee creamer so making your coffee at home is still fun.

Handling the Stress of a Financial Emergency

1. Approach the situation head on

Many people respond to stress by using time-wasters to procrastinate. They'll dump time and energy into activities that have nothing to do with their problem in order to distract themselves for a little while. The problem is that it usually makes the problem worse when they face it again. Stop procrastinating! Focus on the problem at hand. If you're feeling overwhelmed by it at the moment, get real rest so you can attack it with mental focus tomorrow.

2. Use your available resources

You have more resources than you may think! This is the time to start using up all the stuff you have on hand. Start going through the pantry and the cupboards and make as many meals as you can with the items you already have. Dig into the back of your closet and re-wear clothes instead of buying more. Go through all of your existing entertainment options (use the library – its free!). These tips can help bring you closer to your goal of becoming stably housed.

3. Take tangible first steps

Look at your plan, define something you can do right now that will help, and do it! Then, rinse and repeat. This could mean collecting all your documents to bring back to your housing counselor in one place in a folder, or saving a few apartments that you'd like to call.

4. Talk it out and be open

One of the best strategies for dealing with a financial crisis is to just work through it and your thoughts on solving it, step by step. If nothing else, talking through a problem can help you see things in a whole new light, which can in itself reduce stress. Quite often, it can reveal new solutions too. Any person in your life can be a resource, including your housing counselors. Being open and honest about your struggles could help someone in your life offer you a potential solution you may have never thought about.

5. Track your progress and plan for the future

Using whatever method works best for you, keep track of what still needs to be completed and what you've already accomplished. Have you saved \$100 toward your goal of \$400? That's great! Have you made 5 calls to local landlords? You're on top of this! By keeping track of what you've already accomplished, you'll begin to see what you're capable of. Carry that momentum through the housing counseling program, and then through to the future! Use some resources from today's class as well as your own research to plan for financial emergencies in the future.

MONTHLY BUDGET

Items	Budget Amt	Actual Amt	Difference	Notes
INCOME				
Main Source				
Secondary Source				
Food Stamps				
EXPENSES				
Rent				
Renter's Ins.				
Electric				
Gas / Fuel Oil				
Water				
Sewer				
Garbage				
Cell phone				
Cable/Internet				
Gas for car				
Car payment				
Car insurance				
Groceries				
Entertainment				
Cigarettes				
Medications				
Co-pays				
Bus /cab fare				
Child care				
Diapers/wipes				
Credit card paym.				
Loan payment				
Court fines				
Child support				
Clothing				
TOTALS				

The Case of the Disappearing Dollar

Everyone has a few “black holes” where money seems to disappear. If you discover the holes, you can plug them up. Here are some common “black holes” for money. Check the ones that apply to you. Of those, circle the one that is the biggest. If you want to commit to change one, underline it now. Can you think of more?

	EXPENSES			EXPENSES	
	MONTHLY	YEARLY		MONTHLY	YEARLY
<input type="checkbox"/> Accessories	\$_____	\$_____	<input type="checkbox"/> Hair Care	\$_____	\$_____
<input type="checkbox"/> Allowances	\$_____	\$_____	<input type="checkbox"/> Hobbies	\$_____	\$_____
<input type="checkbox"/> Auto Club	\$_____	\$_____	<input type="checkbox"/> Parties	\$_____	\$_____
<input type="checkbox"/> School Pictures	\$_____	\$_____	<input type="checkbox"/> Household Items	\$_____	\$_____
<input type="checkbox"/> Babysitters	\$_____	\$_____	<input type="checkbox"/> Laundromat	\$_____	\$_____
<input type="checkbox"/> Bank Fees	\$_____	\$_____	<input type="checkbox"/> Soda	\$_____	\$_____
<input type="checkbox"/> Alcohol	\$_____	\$_____	<input type="checkbox"/> Lottery Tickets	\$_____	\$_____
<input type="checkbox"/> Cable TV	\$_____	\$_____	<input type="checkbox"/> Redbox	\$_____	\$_____
<input type="checkbox"/> Candy	\$_____	\$_____	<input type="checkbox"/> Gym Membership	\$_____	\$_____
<input type="checkbox"/> Charity	\$_____	\$_____	<input type="checkbox"/> Membership Dues	\$_____	\$_____
<input type="checkbox"/> Children’s Clothes	\$_____	\$_____	<input type="checkbox"/> Movies	\$_____	\$_____
<input type="checkbox"/> Cigarettes	\$_____	\$_____	<input type="checkbox"/> News Subscriptions	\$_____	\$_____
<input type="checkbox"/> Clothes	\$_____	\$_____	<input type="checkbox"/> Pet Care	\$_____	\$_____
<input type="checkbox"/> Coffee	\$_____	\$_____	<input type="checkbox"/> Road Tolls	\$_____	\$_____
<input type="checkbox"/> Music Streaming	\$_____	\$_____	<input type="checkbox"/> Rentals	\$_____	\$_____
<input type="checkbox"/> TV Streaming	\$_____	\$_____	<input type="checkbox"/> School Fundraisers	\$_____	\$_____
<input type="checkbox"/> Cosmetics	\$_____	\$_____	<input type="checkbox"/> Snacks	\$_____	\$_____
<input type="checkbox"/> Disposable Diapers	\$_____	\$_____	<input type="checkbox"/> Toys	\$_____	\$_____
<input type="checkbox"/> Gifts	\$_____	\$_____	<input type="checkbox"/> Transportation	\$_____	\$_____
<input type="checkbox"/> Dry Cleaning	\$_____	\$_____	<input type="checkbox"/> Vacations	\$_____	\$_____
<input type="checkbox"/> Eating Out	\$_____	\$_____	<input type="checkbox"/> Court Fines	\$_____	\$_____
<input type="checkbox"/> Video Games	\$_____	\$_____	<input type="checkbox"/> Furniture Rentals	\$_____	\$_____
<input type="checkbox"/> Entertainment	\$_____	\$_____	<input type="checkbox"/> Nail Salon	\$_____	\$_____
<input type="checkbox"/> Sports Costs	\$_____	\$_____	<input type="checkbox"/>	\$_____	\$_____

52 Week Money Challenge – Normal

Week	Deposit Amount	Account Balance	Week	Deposit Amount	Account Balance
1	\$1	\$1	27	\$27	\$378
2	\$2	\$3	28	\$28	\$406
3	\$3	\$6	29	\$29	\$435
4	\$4	\$10	30	\$30	\$465
5	\$5	\$15	31	\$31	\$496
6	\$6	\$21	32	\$32	\$528
7	\$7	\$28	33	\$33	\$561
8	\$8	\$36	34	\$34	\$595
9	\$9	\$45	35	\$35	\$630
10	\$10	\$55	36	\$36	\$666
11	\$11	\$66	37	\$37	\$703
12	\$12	\$78	38	\$38	\$741
13	\$13	\$91	39	\$39	\$780
14	\$14	\$105	40	\$40	\$820
15	\$15	\$120	41	\$41	\$861
16	\$16	\$136	42	\$42	\$903
17	\$17	\$153	43	\$43	\$946
18	\$18	\$171	44	\$44	\$990
19	\$19	\$190	45	\$45	\$1,035
20	\$20	\$210	46	\$46	\$1,081
21	\$21	\$231	47	\$47	\$1,128
22	\$22	\$253	48	\$48	\$1,176
23	\$23	\$276	49	\$49	\$1,225
24	\$24	\$300	50	\$50	\$1,275
25	\$25	\$325	51	\$51	\$1,326
26	\$26	\$351	52	\$52	\$1,378

52 Week Money Challenge – Reversed

Week	Deposit Amount	Account Balance	Week	Deposit Amount	Account Balance
1	\$52	\$52	27	\$26	\$1,053
2	\$51	\$103	28	\$25	\$1,078
3	\$50	\$153	29	\$24	\$1,102
4	\$49	\$202	30	\$23	\$1,125
5	\$4	\$250	31	\$22	\$1,147
6	\$47	\$297	32	\$21	\$1,168
7	\$46	\$343	33	\$20	\$1,188
8	\$45	\$388	34	\$19	\$1,207
9	\$44	\$432	35	\$18	\$1,225
10	\$43	\$475	36	\$17	\$1,242
11	\$42	\$517	37	\$16	\$1,258
12	\$41	\$558	38	\$15	\$1,273
13	\$40	\$598	39	\$14	\$1,287
14	\$39	\$637	40	\$13	\$1,300
15	\$38	\$675	41	\$12	\$1,312
16	\$37	\$712	42	\$11	\$1,323
17	\$36	\$748	43	\$10	\$1,333
18	\$35	\$783	44	\$9	\$1,342
19	\$34	\$817	45	\$8	\$1,350
20	\$33	\$850	46	\$7	\$1,357
21	\$32	\$882	47	\$6	\$1,363
22	\$31	\$913	48	\$5	\$1,368
23	\$30	\$943	49	\$4	\$1,372
24	\$29	\$972	50	\$3	\$1,375
25	\$28	\$1,000	51	\$2	\$1,377
26	\$27	\$1,027	52	\$1	\$1,378