

NHBC Financial Literacy

Budgeting: Count It All

Session 2



**Romans 13:8 "Owe no one anything except
to love one another . . ."**

March 18, 2023

Agenda

1. Recap: Budgeting Strategies 101
2. Needs vs Wants
3. Sample Budgets
4. 50/30/20 Rule of Budgeting

RECAP

Budgeting 101:

- ❖ Why Develop A Budget: freedom, line of sight, reduce debt
- ❖ Determine Financial Goals: its personal; dynamic
- ❖ Identify All Sources of Income & Expenses (Debt)
- ❖ Develop Your Budget: bottom line (zero, positive or negative); modify as necessary

Needs vs Wants

Needs: what you need this month to live:

- Utilities
- Food & Medication
- Clothing – work related
- Shelter

Personal Can be either needs/wants

- Transportation
- Childcare
- Insurance – medical
- Savings
- Debt Reduction
- Professional License

Wants: not essential & easiest place to make changes to reduce expenses:

- Vacation(s)
- Savings (personal)
- Debt Reduction
- Self Care/Wellness (personal)
- Entertainment/Hobbies
- Insurance – dental, vision, life, long term care
- Membership(s)
- Down payment for a home
- Down payment for a car
- Clothing/Drycleaning
- Black Tax
- Gifts
- Eating Out
- Miscellaneous
- Pet Care

Count It All

Needs/Month - necessary

- Utilities: electric, gas, water, cell phone, land line
- Food: groceries and prescription medicine
- Clothing/Footwear: what you need for work or protection against the elements (rain, heat/cold)
- Shelter: mortgage, rent, property taxes & insurance, HOA, maintenance, home warranty, general upkeep

Personal Can Be Needs or Wants

- Tithes
- Childcare/Summer Camps/After School Programs
- Transportation: monthly pass or car payment, insurance, maintenance, gas, registration & parking
- Insurance: medical
- Savings – align with financial goals
- Debt Reduction: prioritize credit card(s), mortgage, student loan(s), other loans
- Professional License/Tools

Wants/Month – easy to modify

- Vacation(s)/Family Events: transportation, accommodations, destinations (entry fees), meals, spending allowance
- Down payment for home – 6% to 20% of purchase price (impacts monthly escrow amount and PMI)
- Down payment for a car – personal goal
- Gifts – anniversary, birthdays, graduations, baby showers, retirements, special occasions
- Eating Out – personal goal
- Entertainment - concerts, sporting events, cost associated with
- Membership(s) – gym, professional associations
- Health/Wellness
- Black Tax – money loaned to family members with no expectation of repayment
- Savings – personal goal, college, kids' college, retirement, 2nd home
- Pet Care – food, insurance, shots, county registration

50/30/20 Rule

General budget development rule used for guidance:

- ❖ 50% of income allocated for needs
- ❖ 30% of income allocated for wants
- ❖ 20% of income allocated for savings

*Remember, your personal financial goals should be your ultimate guide

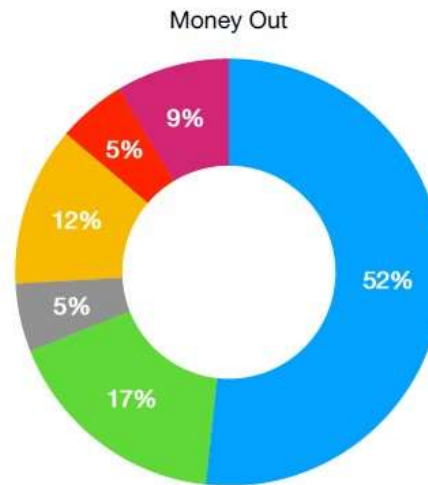
Basic Budget

Budget

Money In	
Paycheck	\$3,000
Additional income	\$0
Total income	\$3,000

Money Out	
Housing (Rent, mortgage, taxes, insurance)	\$1,500
Groceries	\$500
Medication	\$150
Utilities	\$350
Transportation bus pass	\$150
Student Loan	\$250
Savings	\$100
Total expenses	\$3,000

Money Left Over	
Income minus expenses	\$0



- Housing (Rent, mortgage, taxes, insurance)
- Groceries
- Medication
- Utilities
- Transportation bus pass
- Student Loan

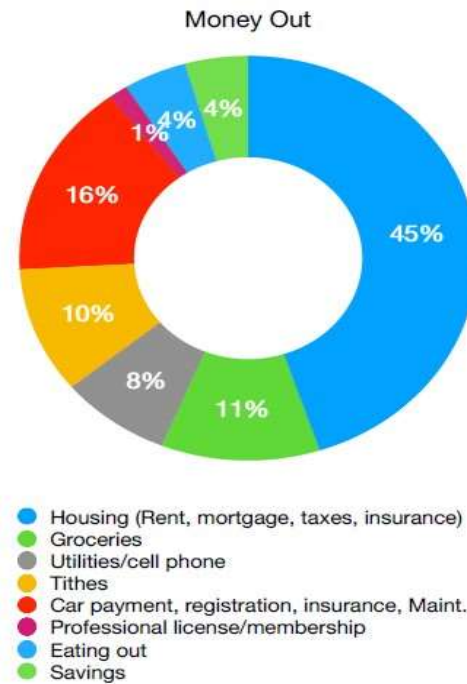
Basic Budget

Budget

Money In	
Paycheck	\$4,000
Additional income	\$500
Total income	\$4,500

Money Out	
Housing (Rent, mortgage, taxes, insurance)	\$2,000
Groceries	\$500
Utilities/cell phone	\$350
Tithes	\$450
Car payment, registration, insurance, Maint.	\$693
Professional license/membership	\$60
Eating out	\$200
Savings	\$200
Miscellaneous	\$47
Total expenses	\$4,500

Money Left Over	
Income minus expenses	\$0



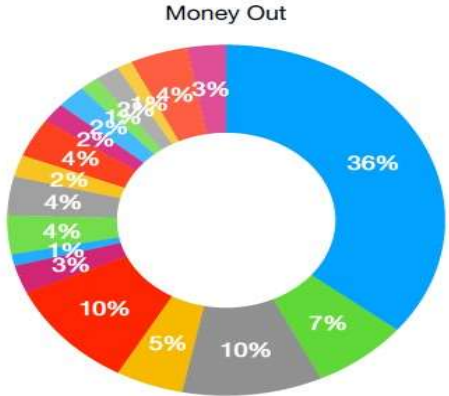
Basic Budget

*For Illustration Purpose Only

Budget

Money In	
Paycheck	\$7,000
Additional income	\$0
Total income	\$7,000

Money Out	
Housing (Rent, mortgage, taxes, insurance)	\$2,500
Groceries	\$500
Car, registration, insurance	\$725
Utilities	\$350
Tithes	\$700
Cell phone	\$180
Work related expenses	\$75
Retirement Savings	\$250
College Savings Plan	\$250
Emergency Fund	\$140
Credit Card Payments	\$250
Insurance - long term care	\$125
Gifts/Xmas savings	\$150
Clothing/shoes	\$100
Hair Maintenance	\$125
Drycleaning	\$80



- Housing (Rent, mortgage, taxes, insurance)
- Groceries
- Car, registration, insurance
- Utilities
- Tithes
- Cell phone
- Work related expenses
- Retirement Savings
- College Savings Plan
- Emergency Fund
- Credit Card Payments
- Insurance - long term care
- Gifts/Xmas savings
- Clothing/shoes
- Hair Maintenance
- Drycleaning
- Dining out
- Travel

Money Out	
Dining out	\$300
Travel	\$200
Total expenses	\$7,000
Money Left Over	
Income minus expenses	\$0

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Q & A