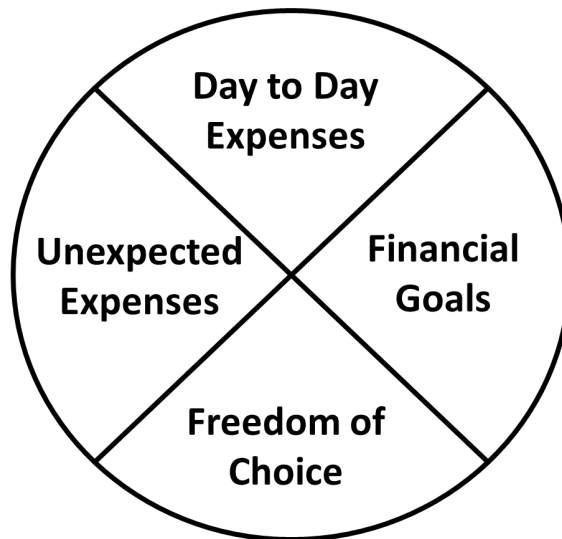

Secrets to Financial Happiness for a Lifetime



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Find budget worksheets & more at:

- bit.ly/MakingMoneyWork—handouts, PPT
- fyi.uwex.edu/money—credit reports, children & money, etc.
- fyi.uwex.edu/moneymatters—self-study modules

Questions? Email polive@wisc.edu

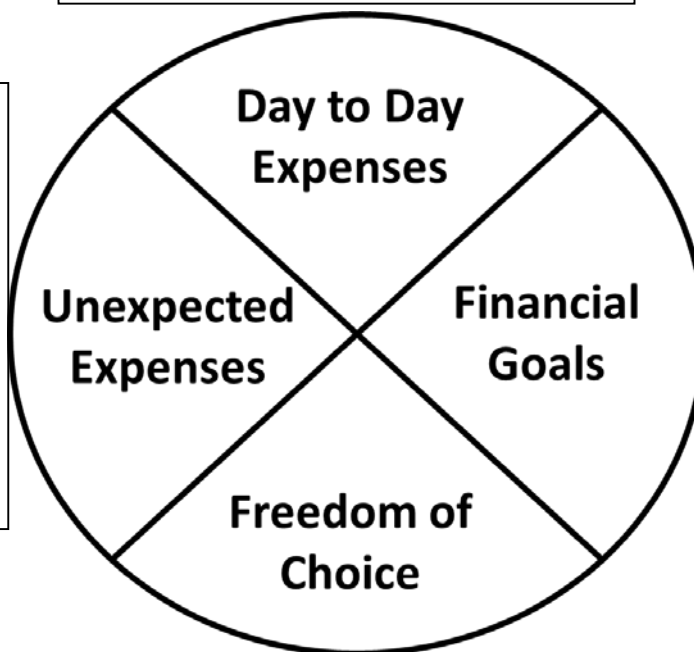
Financial Planning Worksheet

What's one thing you can do in the next week for your own financial well-being?

Pick an area and write in your action step.

ACTION:

ACTION:



ACTION:

ACTION:

OPTIONAL OFFER:

If you would like to be held accountable for your action step, please feel free to send me an email. I will then email you on your deadline date to see if you're happy with your progress.

E-mail Peggy Olive – polive@wisc.edu

I will do _____ (action step) _____
by _____ (what date) _____.

Track Your Spending



Most of us have a good handle on the cost of our fixed monthly expenses – that is, those bills that stay the same month after month. It's those expenses that change a little, or a lot, each month that can really throw you off. If you have a hard time figuring out where your money goes each month, there are many different ways to track your spending.

- **Notebook:** When you spend money, write it down right away. Keep a pen and paper in your pocket, car, or purse.
- **Receipts:** Put your receipts in a folder, envelope, or snap a picture and add them up at the end of the month. Didn't get a receipt? Write the amount on the folder.
- **Calendar:** If you're used to looking at a calendar every day, write down what you spend, what bills were paid, and income received in your calendar.
- **Envelope method:** If you usually spend cash, put your spending money for the day or week in an envelope. When you take cash out, put your receipt in or write your purchase on the envelope. You can also divide your expenses into categories like "groceries" or "entertainment" if you're trying to limit your spending. When one envelope's empty, the money has to come out of another envelope – you decide.
- **Checkbook:** Look through your checkbook register or your monthly bank statement for check and debit purchases.
- **Computer:** Enter your spending and income into a computer program that totals up your cash flow for you at the end of the month.
 - **Free programs:** smartaboutmoney.org; mint.com; quizzle.com
 - **Popular apps:** [mint](#), [expensify](#), [billguard](#)
- **Bank:** Many banks offer online bill paying, tracking, text messages, online piggy banks for saving money, and other features.

Why track your spending?

The biggest reason budgets don't work for many of us is that our spending and expenses change weekly or monthly. When you're trying to stick to a spending plan, it's easy to get discouraged the minute you go over.

Tracking your spending lets you stay on top of where your money is really going. It gives you the big picture for all of your spending during the month. After all, what really matters is how far ahead or behind you come out at the end of the month.

If your monthly expenses are consistently higher than your monthly income, you have **3 options**: *cut back on spending, increase your income, or do both.*



Ask yourself:

→ Does your income cover all of your living expenses and savings goals?

→ Or are you running out of money by the end of the month?

First things first: Where is my money going?!

Sometimes it's hard just to figure out where your money is going, much less where to start if you need to cut back. That's where having a monthly budget or spending plan comes in.



But spending plans don't work if there's *not enough room* for flexibility in your monthly expenses and your savings goals. They also don't work if there's *too much room* - "spare change" spending – like that \$20 bill that just disappears before you know it.

Here are some tips to get you started on creating your own monthly spending plan:

- **Be realistic:** Keep track of what you *actually* spend, not what you *think* you spend. Also, be realistic about the amount you can save for your financial goals without feeling deprived during the month.
- **Be specific:** If you go through the effort of putting your monthly expenses in categories, you'll have a much better idea of where you're spending your money. This will also help you to decide where *you want* to spend your money and where to make changes, like cutting back on vending machine snacks instead of groceries if you're trying to save money on your food bill.
- **Allow for the unexpected:** Life never fails to throw a few curve balls. Having an emergency fund or savings for those expenses that are likely to come up in the future – like car repairs – will keep you from blowing your budget or having to take on debt.
- **Get (sort of) organized:** Sometimes staying within your spending plan is a matter of paying bills on time to avoid late fees or balancing your checking account regularly to avoid overdrafts. If you set up a regular time for paying bills and a specific place for sorting and filing paperwork, life will get a whole lot easier.
- **Prioritize:** There are a lot of ways to spend a dollar. Most financial experts would agree that top budget priorities are to keep up with housing-related bills, car payments, and basic living expenses. Ideally, your spending reflects what's most important to you and is based on your family's financial priorities and values.
- The bottom line is: ***Are you happy with where your money is going?***

If you find that your credit card balance continues to grow each month, this could mean trouble. You might be relying on credit to make ends meet. Plus, minimum payments due can quickly become unmanageable.

Credit Report Basics

Credit Reports:

A *credit report* tells you several things:

- How you've paid your debts
- How much debt you have
- If you've made payments on time or late

Who looks at your credit report?

- Lenders – to decide whether to loan you money and the interest rate
- Landlords
- Employers
- Utility & Insurance Companies

By improving your credit:

- You will be more able to borrow when you need it
- Borrow at a lower interest rate
- Increase employment and housing choices

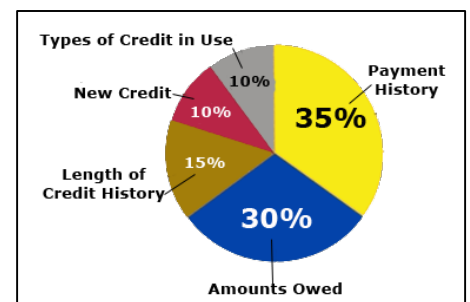
Getting your FREE credit report:

Get a copy of your credit report to look for mistakes or other surprises in your credit history. You can get one **free** credit report every 12 months from each of the three major credit reporting companies.

- Get your free credit report at: www.annualcreditreport.com or 877-322-8228

What is a credit score?

The information on your credit report translates into a three digit number – your **credit score** – a signal of creditworthiness. FICO® credit scores range from 300-850 and most people fall between 600 and 800.



What makes a credit score? & How to improve it!

Credit Score Factor	Steps to Improve Your Credit
Payment History	Pay bills on time, pay more than the minimum due
Amount Owed	Pay off balances when possible, do not use more than half of your total credit limit
Length of Credit History	Have only a few accounts, hold on to older accounts
Types of Credit	Have at least 1 major credit card, avoid very high cost lenders if possible
New Credit	Don't apply for a lot of new credit

Financial Goals

The reason to plan is to make sure that you're spending your money on things that are the most important to you – your priorities. For each financial goal, figure out the total amount needed, the date you want to reach your goal, and how much you need to save monthly. For example, if you want \$500 in your emergency fund in one year, you need to save around \$42 every month.



Financial Goals	Total Amount Needed	Date Needed (in months) (6 months, 24 months, etc)	Amount to Save Monthly (Divide the total needed by the number of months)
<i>Example: Emergency Fund</i>	\$500	12 months	\$42 (\$500/12)
Total amount needed to save monthly:			

Are you able to save enough money each month for all your goals? Most people have more goals than they do money. The next step is to **prioritize** which goals come first.

Financial Priorities

There are a lot of different ways to spend a dollar. These questions help you talk about your financial priorities and values. You can have other family members answer the questions too and then talk about your answers together.

1. I was left \$5,000 by a distant relative. This is what I'd like to do with the money:
2. I have just had a large drop in my income and must make a major cut in spending. The first thing to go is: _____.
3. I would like to see me/us spend more money on _____ and less money on _____.

Check out this online calculator to help prioritize financial goals: www.bit.ly/prioritizegoals

Cutting Back on Spending

Are you happy with where your money is going?

If not, look at your habits. Sometimes we just buy things or go places out of habit without giving it a lot of thought. When money's tight, it's a great idea to look over your spending for small ways to trim costs. Tracking your spending will help you to be more aware of your spending habits – and changing a few habits can result in big savings.

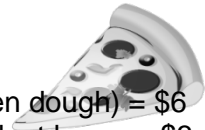
There are 3 ways to save money on (almost) anything. Pick one expense out of your budget:

Can you figure out a way to:

- Do it **less often**? _____
- Buy it **cheaper**? _____
- Or even **cut it out** altogether? _____

Who wants pizza!

- ~ Meal out at a pizzeria (includes breadsticks and drinks) = \$40
- ~ Order a large take-out from a pizzeria = \$15
- ~ Pick up a "take & bake" from the grocery store = \$9
- ~ Buy ingredients and make pizza at home (using frozen dough) = \$6
- ~ Buy a frozen pizza (on sale, of course) to cook at home = \$3



Do you buy snacks or soda pop when you're away from home?

<u>From home:</u> 30¢	<u>From a machine:</u> 75¢
2 sodas/day: 60¢	2 sodas/day: \$1.50
Weekly total: \$4.20	Weekly total: \$10.50
Monthly total: \$18	Monthly total: \$45
Yearly total: \$219	Yearly total: \$547.50



Spending Adds Up

Cable or Satellite Package = \$60/month = **\$720/year**
 Movie and Game Rentals = \$36/month = **\$432/year**
 Movie Tickets 2 @ \$8/each = \$16/month = **\$192/year**
 Treats at Movie 2 @ \$5/visit = \$10/month = **\$120/year**

What are your habits?

So Where's the Money?

Consider some of your habits and how they add up over time. The question is, what habits – eating out, music downloads, or ? – would you be willing to cut back on? If you miss whatever you cut out too much, then that's not the expense to cut out. Move on and try something else.

Purchase or Habit	How can I do this less or cheaper?	How much will I save?
<i>Example: Eating Out 4 times/month = \$100</i>	<i>Potluck with friends once a month</i>	<i>\$25/month</i>
My total savings =		

Personal Values

The following list contains words or phrases that illustrate values. Values are not like morals. There's no right or wrong. Our values guide our decisions and actions, so they might "feel" right or wrong to us personally. The purpose of this activity is to get us thinking about the relationship between our values, beliefs, and actions.

In the list below, circle 5 values that you feel are very important to you:

Accomplishment	Empowerment	Passion
Accuracy	Excellence	Peace
Acknowledgment	Excitement	Productivity
Action	Frugality	Quality
Adventure	Growth	Recognition
Authenticity	Harmony	Responsibility
Beauty	Honesty	Risk Taking
Belonging	Humor	Self-Expression
Caution	Independence	Service
Collaboration	Integrity	Solitude
Community	Joy	Spirituality
Compassion	Life-long Learning	Spontaneity
Contribution	Loyalty	Success
Creativity	Nurturing	Tradition
Directness	Orderliness	Trust
Duty	Participation	Other: _____

Created by: Peggy Olive, University of Wisconsin Extension, 2014.

Sources: *Coaching Questions: A Coach's Guide to Powerful Asking Skills*, Tony Stoltzfus, 2008.

Co-Active Coaching (2nd ed.), Laura Whitworth, Karen Kimsey-House, Henry Kimsey-House, and Phillip Sandahl, 2007.

Monthly Tracking for _____ (month & year)

Category	Subcategory	Total Dollars	Q #1	Q #2	Q #3
Income: Source 1					
Source 2					
Interest/other income					
Refunds/rebates/gifts					
Total Income		\$			
Expenses:					
Housing	Rent/Mortgage				
	Insurance/Taxes				
	Utilities/Cell phone				
	Repairs/improvements				
Food	Groceries				
	Meals out				
Clothing	Working				
	Leisure/hobbies				
Transportation	Car payments				
	Gas/oil				
	Maintenance/repair				
	Insurance				
Health	Co-Pays				
	Prescriptions				
	Personal Care/OTC's				
Entertainment	Hobbies/Habits				
	Movies/Magazines				
Household "Stuff"	WalMart, Target, etc.				
Gifts/Contributions	Birthdays/Holidays				
	Tithing/Donations				
Taxes/Deductions (additional/estimated)	Fed/State/FICA				
	Insurance				
Other Expenses					
Childcare, parking, auto-savings, etc.					
Total Expenses		\$			

Spending Discussion Questions

Once you've tracked your monthly income and spending, you can enter your information into some kind of monthly ledger. Will you capture every cent with your system, whatever it is? Probably not, but the point is to try to become **as aware as possible** of where your money is going and how you feel about it.

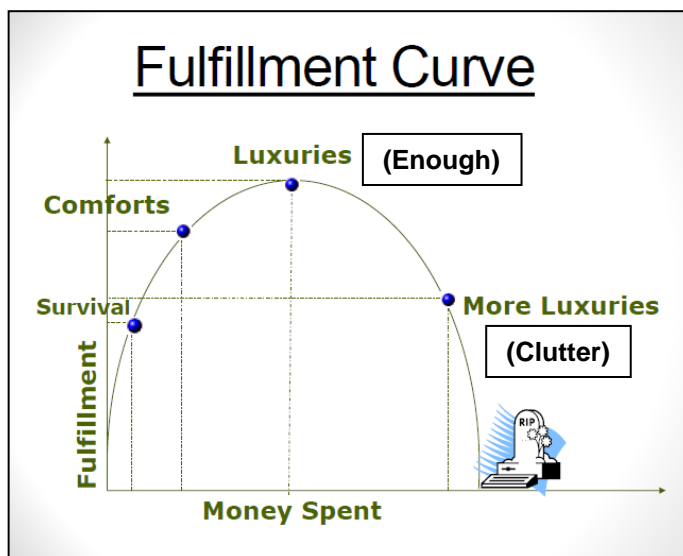
The next step is to answer the three questions below for yourself. You can ask these questions about all of your expenses, or just focus on a few purchases. Do whatever will be most helpful to you.

Question 1: Did I receive fulfillment and satisfaction from this expense?

Question 2: Is this expense in alignment with my values and my priorities?

Question 3: Would I spend my money in this way again?

Keep Yourself on Track



Reminders & Encouragement

- Send yourself a text reminder sometime in the future using: Ohdontforget.com
- Share your goal with others at: Stickk.com
- Send yourself an email about your future goal through: Futureme.org