

Heads and Tails of Money Management



What part of your life...

- is NOT affected by money?
- feels out of control due to money?
- makes you feel good about money?
- is frustrated about another person's money style or habits?



What do you believe...

...about money? Is it...

- an evil necessity or controlling force?
- a means to an end?
- a resource to use (you can't take it with you)?
- as easy as swiping a credit card?
- a puzzle to be solved?



3

What causes financial difficulty?

- wants vs needs
- failure to plan
- divorce
- unforeseen life events



4

Today's goal

“Without discipline, there is no life at all.”

--Katherine Hepburn

“There is freedom in discipline.”

--Author Unknown



5

“Money”

- make a money plan that works for you
- open your mind to the possibilities of saving
- never break your stride – be consistent
- enlist the support of great mentors
- you take control of your own money life and destiny



6

Money disciplines

“M”

Make a money plan that works
for YOU



7

“M” – create your plan

- “money moccasins”
 - only you have walked in them
 - they may or may not fit other people
 - they can be different but still coordinate well with other styles
 - once you know your size and style, you are ready to develop a lifestyle around it



8

“M” – create your plan

- timeline to reach your goals
 - short-range goals (1 year)
 - paying off credit cards and/or small loans
 - mid-range goals (2 – 4 years)
 - saving a down payment for a home
 - long-range goals (5 or more years)
 - providing college tuition for children



“M” – create your plan

Short-Range Goals	Total
pay off credit card bills	\$ 2,000
pay off air conditioner	\$ 500
Mid-Range Goals	
pay off car	\$ 5,000
save for home down payment	\$10,000
Long-Range Goals	
college tuition for children	\$50,000



source: CCCS of Greater Atlanta

“M” – create your plan

- your “budget” is your unique plan for estimating expenses and spending money
 - customize to make your plan work for you!



11

“M” – create your plan

- a budget is made up of 3 elements
 - income
 - expenses
 - fixed (rent, car, insurance)
 - flexible (utilities, phone, food, fun)
 - periodic (taxes, gifts, clubs, tuition)
 - debt



12

“M” – create your plan

- plan your money by month
- total all stable monthly income you KNOW you'll receive
- list every expense you MIGHT encounter during a typical month
- prorate periodic expenses on a monthly basis



13

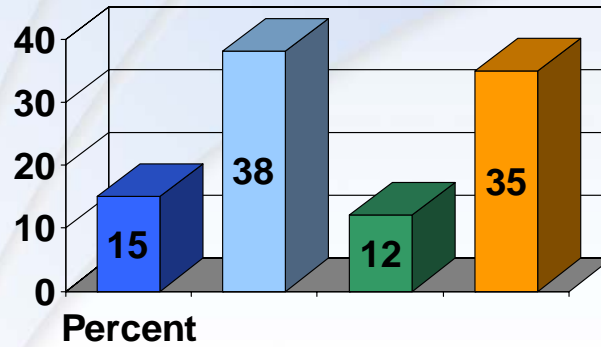
“M” – create your plan

- list all your debts
 - creditor name
 - creditor address and phone
 - total debt
 - total monthly payment and due date
 - account number
 - interest rate on account



14

Budget Guidelines



■ Transportation ■ Housing
■ Food ■ Other



Transportation

- should not exceed 15% of net income
 - car payments
 - car insurance
 - tag or license fees
 - maintenance
 - public transportation
 - parking
 - gasoline



Housing

- should not exceed 38% of net income
 - rent or mortgage
 - insurance
 - utilities (water, gas, phone, electricity)
 - taxes
 - home maintenance



17

Food

- should not exceed 12% of net income
 - food
 - beverages
 - pet food



18

Other expenses

- each should not exceed 5% of budget
 - medical
 - savings
 - clothing
 - recreation
 - insurance
 - debt



19

“M” – create your plan

- only obligate 100% of what you have!

“Beware of little expenses. A small leak will sink a great ship.”

--Ben Franklin



20

Money disciplines

“O”

Open your mind to the possibilities of saving—pay yourself first



21

“O” – start saving

- savings myths
 - don't save if you are in debt
 - saving involves complicated investment decisions
 - interest gained on savings isn't enough to make saving worth the trouble



22

“O” – start saving

- assess your savings capability—determine how you can...
 - increase income
 - part-time jobs
 - sell, get rid of unused items
 - use your special skills
 - collect old debts owed to you



23

“O” – start saving

- decrease expenses
 - review expense list to determine where you can cut back
 - take soda with you rather than buying at a drive-thru
 - go to the matinee



24

“O” – start saving

- decrease expenses
 - get a roommate
 - turn lights off when not in use
 - buy used books
 - shop thrift stores



25

“O” – start saving

- track everything you spend every day
 - track for one month
 - it takes 21 repetitions to create wise spending habits
 - carry a notepad and immediately record expenses
 - get EVERY receipt and record nightly
 - at the end of the tracking period, add expenses to see where your money goes



26

“O” – start saving

spending diary

Food Away \$40	Groceries \$100	Auto \$50	Child Care \$600
\$ 5 \$15	\$33 \$27 \$40	\$75	\$150 \$150 \$150 \$150
Total \$20	Total \$100	Total \$75	Total \$600
Clothing \$50	Education \$50	Recreation \$40	Beauty/Barber \$30
\$18 \$42	\$14 \$26	\$25 \$15	\$15 \$15
Total \$60	Total \$40	Total \$40	Total \$30

source: CCCS of Greater Atlanta

We guarantee it.™

“O” – start saving

- start saving for...
 - flexible and periodic expenses
 - emergency fund for the inevitable “rainy day”
 - longer term or retirement



28

“O” – start saving

- how to begin...
 - place change in a jar or dollar bills in an envelope
 - open a separate account for money not spent on regular expenses
 - invest small amounts and develop long-term strategy



29

“O” – start saving

- how to begin...
 - contribute the minimum amount to your 401K plan
 - increase plan contributions when you get a raise



30

“O” – start saving

- sacrifice personal indulgences...
 - afternoon latte = \$ 50
 - fast food = \$ 26
 - movies, popcorn, pop = \$ 40
- | | |
|----------------------|--------------|
| total savings | \$116 |
|----------------------|--------------|



31

“O” – start saving something

- compounding interest on \$116
 - regular savings account
 - 5 years, 2% interest = \$7,319
 - money market
 - 4.5% return = \$7,811
 - mutual fund
 - 9% return = \$8,807
 - save for 20 years = \$130,912



32

Money disciplines

“N”

Never break your stride –
be consistent



33

“N” – develop habits early

- start one new money habit weekly
 - track expenses, file receipts, pay bills the same day, etc.
- reward yourself for minor successes
 - allow for a “treat” in your budget plan
- never spend change
 - save every penny—it adds up fast



34

“N” – develop habits early

“Until you are committed, there is a hesitancy, a chance to draw back...”

--Author Unknown



35

Money disciplines

“E”

Enlist the support of great mentors



36

“E” – find your resources

“Intelligence consists in recognizing opportunity.”

--Author Unknown



37

“E” – find your resources

- friends
- family
- books
- websites
- newspapers and periodicals
- TV, talk radio

Ask questions, be curious!



38

“E” – find your resources

- financial management resources
 - National Foundation for Credit Counseling
 - www.nfcc.org
 - Clark Howard
 - www.clarkhoward.com
 - BankRate
 - www.bankrate.com



BankRate.com

CREDIT CARD CALCULATORS

- [Loan calculator](#)
- [See your FICO Score Range -- Free](#)
- [Calculate the real cost of your debt](#)
- [What will it take to pay off your credit card?](#)
- [The true cost of paying the minimum](#)

[VIEW ALL](#)



www.bankrate.com/brm/rate/calc_home.asp

Paying off credit

What will it take to pay off my credit card?

Enter your credit card balance: \$

Enter the credit card's interest rate: %

Enter payment amount per month: \$

or

Enter desired months until debt free:

It will take you to pay off your credit card.



Money disciplines

“Y”

You take control of your own money life and destiny



Tell yourself...

*“Destiny is not a matter of chance;
It’s a matter of choice;
It is not a thing to be waited for;
It is a thing to be achieved.”*

--William Jennings Bryan



43

Ask yourself...

*“What will I do differently (starting today)
to improve my life, my money, and my
ability to live the life I want?”*



44

Discussion and questions



More information

Sharon Cabeen
Director of Financial Literacy
678-468-2364
sharonc@nslp.org

Mel Stephens
Money Management Consultant
melsga@mindspring.com

