

Budgeting – Making Cents of Your Money

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All information is for educational purposes only and is not a replacement for advice from a professional.

Objectives

Budget impacts

Setting goals

Needs vs. wants

Fixed, periodic and variable expenses

Know your income

Creating a budget

Revising and tracking

Moving forward



**Credit &
Housing**

Relationships

Health

**Quality of
life**

Budget Impacts

Housing and Your Budget

30% of bring home pay

Bring home pay (after all deductions) = \$1,500

30% of \$1,500 = **\$450**



Mortgage and Your Budget



Mortgage payment - PITI



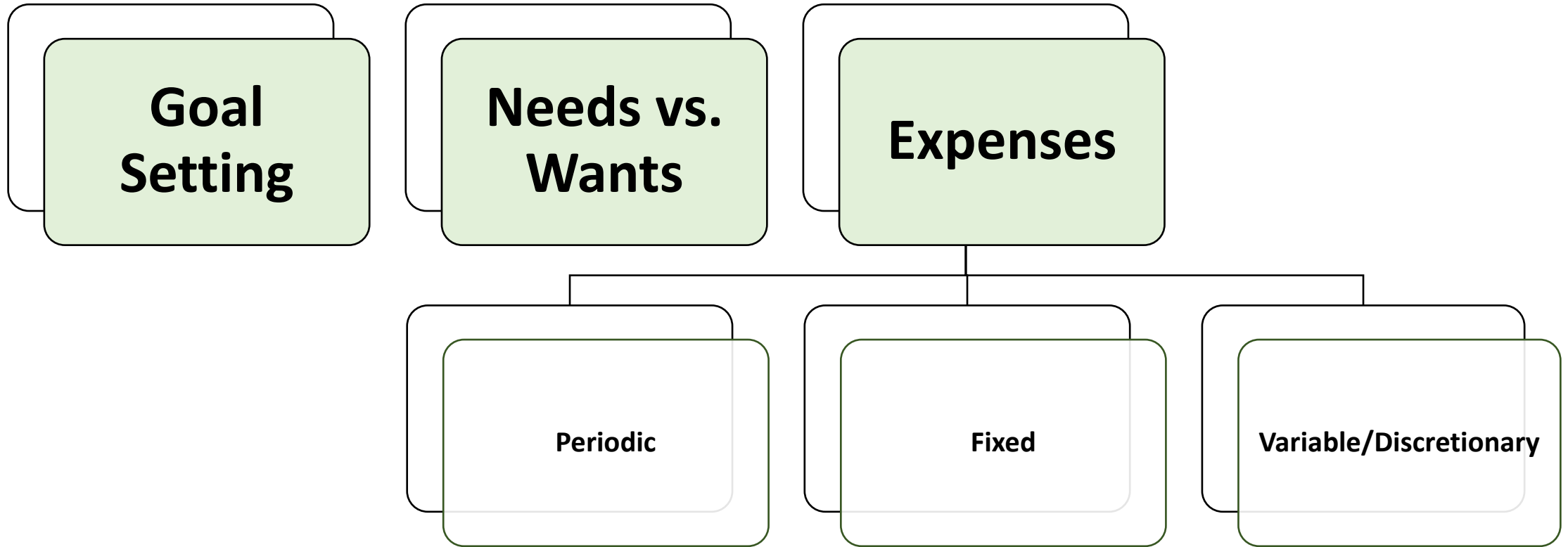
Maintenance



HOA fees



Repairs



Terms

Needs – things you must have; something you cannot do without

- e.g. housing/utilities/transportation/food

Wants – things you would like to have; not necessary, but nice to have

It's ALL relative – you decide what's most important for yourself

Needs vs. Wants



Income sources	Withholdings- mandatory	Deductions
Hourly or Salary Pay Rate	Federal Income Taxes	Donations
Bonuses, Tips, Commissions	State Income Taxes	Benefits/Health Insurance
Side Work	Social Security (FICA)	Retirement/401k
Disability	Medicare (FICA)	Tuition
Retirement/ Investments	Child Support/ Alimony	Life Insurance/ Disability
Alimony, Child Support		Uniform/Tools/ Union Dues
Social Security		Savings/Loan Payments

Crisis vs. Non-Crisis Budget



Situation driven



Difficult decisions



Examine your cash flow

Step 1: Creating a Budget

Where are you today?

Tracking tool(s)

- Pen and paper
- Online budget tool
- Excel spreadsheet



Sample Budget

Category	Assumed	Actual	Suggested	Comments
Housing				
Mortgage				
2 nd Mortgage				
Homeowner's Ins.				
Property Taxes				
HOA Fees				
Maintenance				
Rent				
Utilities				
Electric				
Water, Trash, Sewage				
Gas, Propane				
Communication				
Home Phone				
Cell Phone				
Internet				
Cable				
Automobile/Transportation				
Car payment				
2 nd car payment				

Assumed
Budget

What's Your Bottom Line?

$$\begin{aligned} &\text{Total Income} \\ &\text{– Total Expenses} \\ &= \text{Your Bottom Line} \end{aligned}$$



Step 2: 30 Day Tracking Challenge

Write it down!

Track daily debit card transactions

Keep receipts

Getting cash? Why?

Be honest

Pay yourself first; reserve fund

Transferring
Actual
Expenses

Gas	Meals Out	Groceries	Beauty Salon/Barber	ETC
25.00	75.00 15.00	150.00	125.00	
75.00	25.00 50.00	162.00	15.00	
50.00	50.00 40.00	235.00		
35.00	25.00	143.00		
	60.00			
TOTALS:				
185.00	340.00	690.00	140.00	

Actual Budget

Mortgage				
2 nd Mortgage				
Homeowner's Ins.				
Property Taxes				
HOA Fees				
Maintenance				
Rent	\$650	\$650		
Utilities				
Electric	\$250	\$200		Average (bill runs between \$150 to \$250 a month; may want to have meter checked since it is an older home)
Water, Trash, Sewage				
Gas, Propane				
Communication				
Home Phone				
Cell Phone	\$200	\$180		
Internet				
Cable	\$175	\$175		Includes Internet
Automobile/Transportation				
Car payment	\$230			Payroll deducted; already considered
2 nd car payment				
Gasoline	\$100	\$220		

Step 3: Taking Control



Set priorities

e.g. college, retirement,, Finding, obtaining and maintaining affordable housing.

E.g. Beginning to save for a down payment.



Make changes



Take control

Revised Budget

Food				
Groceries	\$300	\$500	\$350	Family of 3
School lunch				
Eating out	\$75	\$400	\$100	\$200 dinners; \$200 work lunches – reduce to one time a week for dinners and take lunches
Entertainment				
Hobbies				
Gym/Club membership		\$75		Consider community center
Clothing				
Uniforms				
New clothing		\$250	\$50	
Dry cleaning				
Laundromat				
Creditors				
Unsecured debt payments/DMP	\$220	\$220	\$220	
Student Loans				
Secured loan payments				
Other:				
Savings			\$50	
Miscellaneous				
Child Support, Alimony				
Professional dues				
Church tithing	\$150	\$200	\$100	
Donations, contributions				
Haircuts, nails, tanning	\$75	\$150	\$50	

Wrap Up

- **Keep organized**
- **Devote time to your budget**
- **Keep tracking expenses**
- **Be open to change**

Q & A



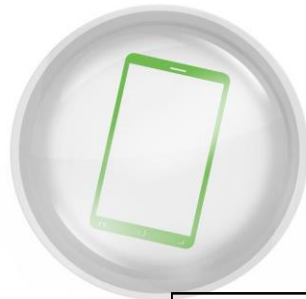
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