



THE BENEFITS OF ESTABLISHING AND LIVING WITHIN A MONTHLY SPENDING PLAN

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Welcome & Introductions



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National Disability Institute

A national research and development organization with the mission to promote income preservation and asset development for persons with disabilities and to build a better economic future for Americans with disabilities.





NDI's Real Economic Impact Network

- An alliance of organizations and individuals dedicated to advancing the economic empowerment of people with disabilities.
- Consists of more than 900 partners in more than 100 cities in US.
- Includes non-profits, community tax coalitions, asset development organizations, financial education initiatives, corporations and private-sector businesses, federal/state/local governments and agencies, and individuals & families with disabilities.
- All partners join forces to embrace, promote and pursue access to and inclusion of people with disabilities in the economic mainstream.

Today's Agenda

- Welcome and Introductions
- The Benefits of Establishing and Living Within a Monthly Spending Plan
- Discussion of Why Spending Plans are Important
- Introduction to Zero-Balance Budgeting
- How to Use the Zero-Balance Budget Plan
- Tips to Reduce Expenses
- Questions

Webinar Outcomes

- Attendees will have a better understanding of:
 - The definition of a Zero-Balance Spending Plan
 - The importance of living within a monthly spending plan
 - How to identify and change spending habits
 - The importance of setting and working toward goals
 - How to make sound financial decisions



Presenter

Marlene Ware

Director of Financial Stability

**National Foundation for Debt Management
(NFDM)**

Marlene Ware

Marlene Ware has been a certified credit counselor with NFDM for eight years and currently serves as the Director of Financial Stability. Her areas of expertise are financial coaching, development of financial curricula, and delivery of financial literacy presentations. She teaches financial education courses for the Pinellas Habitat for Humanity and is a certified Identity Theft Counselor. Marlene also travels to Yellow Ribbon events and speaks to returning Guard and Reserve members about financial issues that directly impact their military careers.



Before We Begin.....

What compelled you to join the webinar today?

- *Are you working with people who have given up on their current method of money management?
- *Have they made you think that they might be looking for a different way to control their cash flow?
- *Do you get the feeling that they are *really* ready for personal financial accountability?
- *Do you think they are prepared to make money management an ongoing effort – a commitment to themselves and their family?

Well, Here We Are

Why would your clients want to budget their income?

Because.....

They will realize that they do have control over their spending.

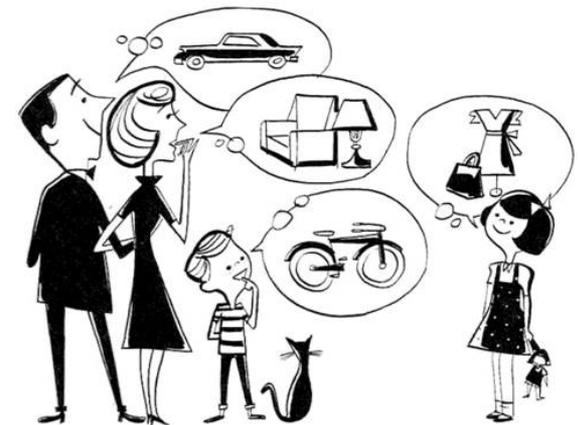
They will discover their personal spending sabotage.

They will be able to set priorities based on needs not wants.

It takes 21 days to change a habit – a budget is based on 4 weeks.

They will keep the ‘wolf from the door!’

They will learn that money is just a tool.



Zero-Balance Budget

Zero-based budgeting is basically putting a name to every dollar of income. It involves your clients becoming intimately involved with their spending.

There is no 'miscellaneous' category. They will use their bank statements to plan where every cent is going. Hey, if they go to Starbucks everyday – fine! They just budget for it.

Their budget is fluid because their wants, needs, and goals are constantly changing. Don't try to create a 'master budget' for an entire year. Have them stay in touch with their budget and make tweaks weekly and monthly.

Start With A Kitchen Table Dialogue

Use a **'kitchen table dialogue'** as a vehicle for your clients to talk about their individual and family **goals**.

Give everyone in the family a chance to contribute and then narrow their collective or individual **goals** down to one or two that might be accomplished within the confines of their budget. Success is the key. Give them the chance to succeed.

Add the chosen **goals** to their budget.

These chosen **goals** give everyone in the family a chance to be involved in some of the spending and saving decisions.

Using a Zero-Balance Budget

1. Calculate their **total** household income. Use the net value rather than the gross.
2. Gather their bank statements from the last 3-6 months.
3. Gather their credit card statements as well.
4. Start with the recurring **fixed*** expenses that they pay each month. (**expenses that don't change much from month to month – an example would be a car payment or mortgage payment*)
5. Build their budget by listing all of their recurring **fixed** expenses and the average amount they dedicate to those expenses each month.

6. Subtract their expected **fixed** expenses from their total net income.
7. Make a note of the amount they have 'left over' after their **fixed** expenses are listed.
8. Now make a list of the **flexible*** expenses they find on their bank and credit card statements. (**monthly expenses that vary from month to month – an example would be an electric bill or groceries*)
9. Subtract their expected **flexible** expenses from their 'left over' net income.
10. If they are in the negative this is their opportunity to go back to their list and tweak their **flexible** expenses.

We interrupt this broadcast for an important message...

As they go through their bank and credit card statements they may find that some of their recurring flexible expenses may be wants rather than needs!

Have them look at their flexible expenses:

Which ones do they *want*?

Which ones do they *need*?

Make two lists – one for **needs** and one for **wants**.

As they make their lists, have them consider:

- 1. Why do I want it?**
- 2. How would things be different if I had it?**
- 3. What things would change if I didn't have it?**

We will now resume normal broadcasting.....

11. There will always be **irregular*** expenses that should be considered while building a budget. (**expenses that don't necessarily occur on a monthly or even quarterly basis – an example would be annual auto insurance, birthday gifts, taxes, and some medical bills*)
12. Add these **irregular** expenses to their budget as monthly allotments to prepare in advance for the expense.
13. Subtract their **irregular** expenses from the rest of their 'left over' net income.

*Have them tweak and adjust their budget until their **income – expenses= zero.***

Something to Think About

Debit Card Usage and Budget Sabotage

There are a slew of studies out there that compared cash and card spending behavior, and they all came to the same conclusion: you spend more with plastic.

Part of the reason behind this is the disassociation factor: you don't feel as if you're actually parting with money when you swipe your card at a terminal.

Switch from Plastic to Cash

1. Pull out those bank statements again.
2. Have your clients try to determine what they swiped for – were the swipes for wants or needs?
3. Keep a running total as they work through their statements: How much was swiped for wants and how much was swiped for needs?
4. How much was swiped for cash at the register and what was it spent on?
5. Consider replacing some of the swipes with a cash allowance. *(Especially for things like lunch, groceries, entertainment, coffee, etc.)*
6. The cash allowance becomes part of their budget.

The Other Plastic

I'll only say this once because it is painful.

When a person uses their credit card often and it becomes part of their budgeted income, they may have to:

**EARN MORE
OR
SPEND LESS**

Increasing debt with a credit card is counter productive. Part of this whole 'budgeting thing' is to reduce debt while saving money.

Tips to Reduce Expenses

- **Groceries and Meals** – use cash, clip coupons for needed items, make a menu based on the ads.
- **Water Consumption** – don't let the water run, run only a full dishwasher and washing machine, fix leaks.
- **Electric Usage** – turn off the lights and unplug electronics, change the air conditioner filter, try the budget plan.
- **Fast Food** – use cash, check the website for coupons and keep them on hand, buy from the dollar menu, skip the drink.
- **Gasoline** – slow down, turn off the AC, empty the trunk, top up tire pressure.
- **Movies, Entertainment & Dining Out** – go to the Matinee, use the Library, Redbox, Early Bird Specials, AAA discounts, stay home!

I Said All That To Say This...

1. Using a budget should be a choice.
2. A budget should never feel like punishment.
3. If spending money feels good, think how good money in the bank will feel.
4. A budget gives power and control.
5. There really isn't any other option than some sort of financial accountability – a budget.
6. Try it.
7. Budgeting isn't for everyone, but even Warren Buffet uses a budget.....I'm just saying.



Questions & Answers



Join us for our next webinar:

Wrap-Up & Thank You

*Measuring the Financial Capability of
Persons with Disabilities*

Wednesday, April 9, 2014

3p.m. – 4p.m. EST

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