GREENSBORO MUNICIPAL
Federal Credit Union

YOUR BUDGET

WHAT IS A BUDGET?

- Plan with income and expenses
- Set for a month, week, or year
- Family or Individual

HELPS TO:

- Maximize your income
- Decrease expenses

SET YOUR GOALS

When planning a goal make sure to be **S.M.A.R.T.** about it! This stands for:

Specific
Measurable
Attainable
Relevant
Timely

This will make sure they are good goals, have value to you, and are achievable. Also, it is very important that your goals involve a savings plan!

Some of the most common goals are:

- Lessening your debt burden
- Building an emergency savings
- Saving for a specific reason
    1. Vacation
    2. Home repair/remodel
    3. Large purchase like a car or house
- Saving for college
- Saving for retirement

YOUR GOALS

GOAL	DUE DATE	COMPLETED

YOUR BUDGET

BUDGETING: FIRST STEPS

The first step for any budget is to plan how much money you are receiving and how much money you are expecting to spend in the decided time period.

Items that can be helpful:

- Recent paystubs
- Two months of bank statements
- Recent paid bills
- Prior month's credit card statements
- Receipts for bills paid in cash

RECORD YOUR INCOME AFTER TAXES ARE TAKEN OUT.

If you are a freelancer, part-time or have variable income in the month you will need to be very precise in estimating your monthly income. You may want to look at a longer series of monthly paystubs (6 months or more) to get an accurate estimate.

FIXED EXPENSES

Start with your Fixed Expenses to add into your budget. They could include:

- Mortgage or rent
- Mortgage or renters Insurance
- Car payments
- Car insurance
- Loan payments/credit card payments
- Cell phone
- Prescriptions
- Monthly subscriptions
- Internet

VARIABLE EXPENSES

Next, add Variable Expenses into your budget. They could include:

- Utilities bills (water, electricity, etc.)
- Food (grocery store)
- Clothing
- Gas for vehicle
- Car maintenance
- Medical or veterinary expenses
- Membership fees

To help, you may find averaging the last few months of payments to be a good estimate going forward. To do so, find your last 6–12 payment amounts and add the amounts to get a total sum. Then, divide by the number of total payments.

Ex. 6 months of electricity payments

X1+X2+X3+X4+X5+X6=Total Sum of Electricity Payments

Next, take the total sum and divide it by the number of payments.

Total Sum / 6 = Average Electricity Payment

Use this average in your planning for variable expenses.

ANNUAL EXPENSES

It is also important to note those annual expenses that are incurred once a year. Write these down and also include what time of year these expenses will occur.

- Taxes
- Car registration or tag renewal
- Holiday gifts
- Birthday gifts

MONTHLY PLANNING

Compare the dates of bills due to your expected paycheck dates. Many companies will work with you to make your payment date schedule easier for your budget.

If you have an annual bill due this month, it is up to you to decide if you are paying it with one of your paychecks or dividing the cost between multiple pay periods. Also, you may want to look ahead and see what other bills may be due in the next few months.

If possible, you may need to set aside some of your current earnings or pay to help next month if the annual bill is large.

SAVING

A best practice for savings is to allocate an "uncomfortable" amount each month. This means if you are comfortable with saving $50 a month, then your goal should be higher. You might want to try to save $100 each month. If for some reason an emergency comes up or a bill is higher than you expected, then you will still be able to save a higher amount like $60 or $75. This is still a successful savings plan!

If you have multiple saving goals, you need to consider what amount is achievable within your goal time frame.

GROCERY SPENDING

After you budget your bills that are due, take a few moments to plan your grocery spending. This is advisable to do weekly or bi-weekly.

- Use coupons
- Shop sales
- Watch price per unit
- Only buy what you know you will eat

Discretionary Spending = Fun Money

This amount is to be used for non-essential items or services.

NON-ESSENTIAL ITEMS OR SERVICES COULD INCLUDE

- Restaurants
- Sports tickets
- Fast-food or coffee
- Movie tickets
- Non-necessary monthly subscriptions (cable, Netflix™, etc.)

Take a few moments and look through your past bank statements. What does this tell you about your discretionary spending? How many times do you eat out or buy a morning coffee?

Spend some time adding up your monthly non-essential spending. Plan a certain amount of discretionary spending in your budget. After all, you have to set aside money for fun or entertainment—just make sure it works with your plan and stick to it!

YOUR BUDGET

SPENDING LEAKS

There are two types of spending leaks:

- Yearly expenses we forget about
- Expenses so small we do not notice them in our budget

Yearly expenses we often forget about:

- Amazon® Prime membership
- Gym membership
- Timeshare fees
- Credit card annual fees

It may be a good time to reassess the value vs. cost of these services and cancel a few. This will save you money and prevent budget surprises going forward.

Expenses too small we may not notice in our budget are items or services like:

- Morning Starbucks™/McDonalds® coffee
- A drink or two with friends
- Bank fees
- Cigarettes
- Impulse purchases
- Overbuying at the grocery store

CANCEL OR CUT!

The next step is where you can truly maximize your income. Take those leaks and cancel them or cut them down!

Examples or ways to improve your spending:

- Start calling those yearly merchants whose services you no longer use and cancel your contract.
- Maybe your place of employment offers free coffee in the break room?
- Call your credit union and see if another account would charge less fees.
- Revise your current grocery store spending and try to limit overbuying food that will ultimately go to waste.
- Do not fall for the impulse purchases at a checkout register.
- Cell phone provider – Check to see if you would benefit from a plan without unlimited data/text messages and lower your monthly payment
- Car or homeowners insurance – It is beneficial to review your insurance rates yearly. Call other insurance providers and see if you can lessen your monthly cost. If you have insurance at different providers, try to "bundle" them at the same provider.
- Prescriptions – Call the manufacturer and see if they have programs for people with limited income or if there are applicable discounts. Research discount programs to help you save! Talk with your doctor and see if there are generic versions available and if they would be appropriate for you.
- Credit cards – The average interest rate is 19.24% on credit cards. Research to see if there are current balance transfer promotions on other cards. You may be able to transfer the balance and pay a much lower rate. This will lower your payment and will help you pay off your balances faster.
- Bank fees – GMFCU offers free checking/savings.

DEBT VS. BUDGET

Why is managing your debt an important part of your budget?
Your debt payments factor into your **debt-to-income!**

Debt-to-income is similar to your budget in that it is a way of viewing your debt expenses (not living expenses) compared to your monthly income.

Debt uses your gross income. Remember that we calculated our monthly budget using your net income. This is different. Gross income is the amount you receive BEFORE taxes. Take your annual salary or income and divide by 12.

Ex. $40,000/12 = $3,333.33 per month

Let's say you have:

$400 mortgage/rent payment + $300 car payment + $100 credit card payment + $50 credit card payment + $75 credit card payment + $150 finance company payment + $100 personal loan payment

You have a total of $1,175 in payments each month.

Take this number and divide it by your gross monthly income of $3,333.33.

You get: $1,175 / $3,333.33 = 0.35
0.35 can be converted to a percentage by moving the decimal point (.) two places to the right.

You have 35% debt-to-income.

35% debt-to-income is an average percentage for most people. Ideally, you would like to keep a lower debt-to-income in the 15%-25% range. The reason for this is so you may borrow should an emergency or need arise. If your debt-to-income is too high it may prevent you from getting a loan when you need it.

Some additional ways to improve your debt-to-income and save money:

- Car Loans
    1. If you are paying a rate of 4% or higher, Greensboro Municipal FCU may be able to offer you a lower rate. This can help you pay down your vehicle faster as well as lower your monthly payment.
    2. Does your car have positive equity? This means you owe less than your car's value. If so, consider refinancing your car and paying off other debt (credit cards, personal loans) by "cashing out" that equity. This can free up additional funds for your budget. These funds you can use to pay off your car faster or increase your savings plan! This can save you a fortune in interest as vehicle loan rates are typically much lower than personal loans or credit cards.
- Personal Loans
    1. Consolidate multiple loans into one payment with Greensboro Municipal FCU.
    2. You may be able to save on interest and it will be easier to budget one payment instead of many. This may also improve your debt-to-income.
    3. Refinance your current loan into a longer term or length to lower your payment and also lower your debt-to-income.

Now you know have you created your budget, stop spending leaks, found new ways to save money, and have a plan to reduce your loan payments! Continue to budget and every 6 months review your leaks and keep your finances on the right path! Use the budgeting worksheet to set your budget, track your expenses using the tracker and reach out to us at GMFCU any time for questions or help.

You are on track for success.

CONGRATULATIONS!

GREENSBORO MUNICIPAL Federal Credit Union

MONTHLY BUDGET WORKSHEET

MONTHLY EXPENSES

HOME EXPENSES		
Mortgage or Rent:	$	0.00
Internet:	$	0.00
Cable:	$	0.00
Phone:	$	0.00
Water, Trash, Sewer:	$	0.00
Heat, Electric, Gas:	$	0.00
Property/Rental Insurance:	$	0.00
Property Taxes:	$	0.00
Repairs, Maintenance, Other:	$	0.00
LIVING EXPENSES		
Groceries:	$	0.00
Dining Out:	$	0.00
Gas:	$	0.00
Clothing:	$	0.00
Personal Care: *(haircuts, laundry, etc.)*	$	0.00
Entertainment*:	$	0.00
Childcare & Needs: *(diapers, formula, etc.)*	$	0.00
Spending Money:	$	0.00
Car Payment:	$	0.00
Car Insurance:	$	0.00
Car Maintenance:	$	0.00
LONG TERM EXPENSES AND INVESTMENTS		
Health, Dental, Vision:	$	0.00
Vacation Budget:	$	0.00
Gifts and Donations:	$	0.00
Savings:	$	0.00
Retirement:	$	0.00
College Fund:	$	0.00
Life Insurance:	$	0.00
OTHER MONTHLY EXPENSES		
	$	0.00
	$	0.00
	$	0.00
	$	0.00
TOTAL MONTHLY EXPENSES:	**$** 0.00	

Entertainment includes: reading, videos, music, hobbies, going out, sports, and streaming services like Spotify®, Netflix™, and Hulu™.

MONTHLY INCOME

INCOME (NET) OR TAKE HOME		
Income 1:	$	0.00
Income 2:	$	0.00
Other Income: *(Include second job, child support, alimony, Social Security, cash)*	$	0.00
TOTAL MONTHLY INCOME:	**$**	0.00

PAY DOWN DEBT			
Monthly Income:		$	0.00
Less Monthly Expenses:	–	$	0.00
AMOUNT AVAILABLE FOR DEBT:	=	**$**	0.00

DEBT				
CREDITORS:	**BALANCE:**		**PAYMENT:**	
	$		$	0.00
	$		$	0.00
	$		$	0.00
	$		$	0.00
	$		$	0.00
	$		$	
	$		$	
	$		$	
	$		$	
	$		$	
TOTAL DEBT OWED:	**$**	0.00		
TOTAL MONTHLY DEBT PAYMENTS:			**$**	0.00

FIND YOUR BOTTOM LINE			
Amount Available For Debt:		$	0.00
Less Total Monthly Debt Payments:	–	$	0.00
YOUR BOTTOM LINE:	=	**$**	0.00

If you have a positive bottom line, you can save more!

Negative bottom line? Look at your budget to find expenses to cut.

DAILY EXPENSE TRACKER

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MONTH: ______________________ **YEAR:** __________

When? (Date)	Where? (Location)	Why? (Type of Expense)	How? (Cash, Debit or Credit Card, Check)	Amount
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