



Clarify Your Financial Vision

When you start a journey, you need to know where you're going. It's one of the keys to staying on the right path. You'll need a clear vision of what financial freedom means to you personally. A vision of your goals gives you the power to stay on the right road.

Where are you now?

You need to know where you're starting from to get where you're going. Defining your values and needs helps you see where you are now and help you understand why you're in debt. You also need the roadmap for your journey to financial health. Then when you come across side roads that might tempt you to spend your money foolishly, a clear vision of your goals will lead you to control your spending.

Is More Money the Answer?

Like most folks, you probably know one thing for certain about money—that you never seem to have enough of it. You're probably sure having more money would eliminate the worry in your life and the stress in your home.

The True Nature of Money.

Many people want to believe more money will solve their problems and bring happiness—but it's simply NOT true! It's because they don't understand the true nature of money—what it is and what it isn't; what it can and cannot do. You have to realize money is not an end by itself. Money is only valuable when it supports your values and helps you achieve your goals.

Plan for the Future

Regardless of how frequent or how effective your budgeting is, there will be emergencies and surprises in the managing of money. When unavoidable circumstances occur, it is sometimes a good idea to revise the budget.

Revisions should not be made just to allow for new and unnecessary spending, but only for those unexpected things that can absorb your family funds. Revising your family budget under such circumstances may be a necessary action to help get and maintain control of your family's spending and expenses.

It is likely that you will remember to budget for car repairs, home repairs, and yard maintenance because you have experience them in the past, and you know they can be a real source of unbudgeted costs. But there are unforeseen expenses that can occur because of family emergencies, natural disasters, or other circumstances that you haven't faced that will create some financial surprises.

The purpose of your budget is to find the best road to improving your family's finances. The more specific your purpose becomes, the more defined your plan will be.

Budgeting Is More Important Than Ever

Establishing and living by a budget is always necessary, but in difficult economic times it is by far the most important thing you can do to make sure you live within your means and avoid falling back into credit card debt. Your FFEF counselor is always ready to offer support and suggestions to help you allocate your money to your most important needs.

Establishing a Budget

Do you cringe when you hear the word “budget?” Do you resist the idea of recording expenses and tracking spending? Once you start, you will be surprised to find that it can be fun. You’ll know exactly where your money is going every month, and you’ll be surprised to find how taking charge of your money will help you be more disciplined in other areas of your life as well. People who are in control of their finances are people who can plan ahead for needed cash and reserve money for foreseen as well as unforeseen circumstances. They organize their finances in much the same way that businesses do

their financial planning. They stop living paycheck to paycheck. One of the greatest benefits of living by a budget is not financial. It is emotional. There is an enormous psychological lift given to those who think through their financial needs and establish a budget to get where they want to go.

A budget doesn’t mean you have to stop doing the things you like to do. It might for a little while, but as you manage your money better, you will find you have more money available to do the things you want.

Money will not manage itself. A commitment must be made to establish and live by your budget. Here are the basics for getting your budget in place:

- **Record everything you spend.** It can be in a pocket-size notebook or on a computer. The important thing is that it’s in the place that works best for your lifestyle.
- **Use budget forms.** These can be found at your local office supply store or even at the library.

- **Pay your bills all at once or at every pay period.** Having a regular time set aside for sitting down and paying bills helps you avoid late payments and costly additional interest.
- **Keep your check register current,** and balance your checking account monthly. Forgetting to write down what you spend and deducting it from your account balance can result in costly overdraft fees.
- **Include something you like to do in your budget as a reward.** All work and no play really does make Jack a dull boy so include an economic reward in your spending plan. It can be as simple as a movie rental once a month.
- **Involve family members.** Living within a budget is the responsibility of everyone in the household. If one person is sticking to the budget and another is not, the benefits of budgeting are greatly diminished.
- **Ask for help.** Learning to control your finances is not an easy task. It gets more complicated all the time. Don’t be afraid to ask your FFEF counselor or someone else you trust to help you put this critical habit into practice. ■

Budget List

When you are creating a budget don’t forget to include all of the following:

- | | | |
|---|--|--|
| <input type="checkbox"/> Mortgage or Rent | <input type="checkbox"/> Registration/Licensing/Tags | <input type="checkbox"/> Gifts |
| <input type="checkbox"/> Property Taxes | <input type="checkbox"/> Fuel & Oil | <input type="checkbox"/> Movie Tickets/Rentals |
| <input type="checkbox"/> Phone | <input type="checkbox"/> Vehicle Maintenance | <input type="checkbox"/> Video Games |
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Home Insurance | <input type="checkbox"/> Concerts/Plays/Sport Events |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Vehicle Insurance | <input type="checkbox"/> Travel/Recreation |
| <input type="checkbox"/> Water and Sewer | <input type="checkbox"/> Health Insurance | <input type="checkbox"/> Club memberships |
| <input type="checkbox"/> Cable/Satellite/Internet | <input type="checkbox"/> Life Insurance | <input type="checkbox"/> Child activities/sports |
| <input type="checkbox"/> Cell Phone | <input type="checkbox"/> Groceries | <input type="checkbox"/> Personal loan payments |
| <input type="checkbox"/> Home Maintenance/Repairs | <input type="checkbox"/> Dining out | <input type="checkbox"/> Student Loan |
| <input type="checkbox"/> Vehicle 1 Payment | <input type="checkbox"/> Pet Care: Food/Medical | <input type="checkbox"/> Credit card payments |
| <input type="checkbox"/> Vehicle 2 Payment | <input type="checkbox"/> Medical Exp./Co-pays | <input type="checkbox"/> Savings/investments/401K |
| <input type="checkbox"/> Public Transport. (Bus/Taxi) | <input type="checkbox"/> Prescriptions | <input type="checkbox"/> Retirement Account |
| | <input type="checkbox"/> Hair/Nails | <input type="checkbox"/> Medical/cafeteria plan |
| | <input type="checkbox"/> Clothing | <input type="checkbox"/> Charity |
| | <input type="checkbox"/> Dry Cleaning | <input type="checkbox"/> Attorney Fees |
| | <input type="checkbox"/> Spa/Gym Dues or Fees | <input type="checkbox"/> Alimony |
| | <input type="checkbox"/> Child Care/Day Care | |

Goals and Planning

What do goals and planning have to do with each other? Do you have goals? Do you want financial freedom? Do you have a plan to achieve these things? The most important factor of any financial goal is a good, solid plan.

Without clearly defined goals, your roadmap to financial freedom will not be clear enough to follow. Specific goals guide you from landmark to landmark so you'll know where your efforts are leading you. If you were in a sports tournament, you would make specific goals to defeat each team, based on their strengths and weaknesses. But your long term goal would be overall success.

When setting your goals, keep these basic principles in mind:

1. Goals must be in writing. Goals not written down are merely dreams or wishes, and easily forgotten. Put your goals in writing and update them if they change and grow. Writing down a goal makes it real.

2. Goals have to be your own. If you're only persuaded to make a goal—and you don't fully adopt it yourself—it will lack the power of true commitment.

3. Goals must benefit you. Goals must have a real benefit for you or your family. If goals are only for fleeting enjoyment or acclaim—you're likely to lose interest if the going gets tough.

4. Goals need to allow for change. Goals need to be flexible, allowing you to fine-tune them or reach even farther. Your priorities may change or become clearer as you progress farther down your path.

5. Goals need deadlines. Without a deadline, you really don't have a goal. If your journey has no planned "time of arrival," what are you aiming for?

Now that you have a better understanding of how to decide on your goals,

you'll need a plan to achieve each one, and realize your financial goals.

Making a Game Plan

Everyone is a player in the "Game of Life." And players who are in control of their finances are people who plan ahead for needed cash. They put money aside for unplanned events and emergencies. Just like businesses plan their financial strategy, successful individuals have a financial plan.

What, Why, How, When, Where & Who?

Every good plan must answer the questions: what, why, how, when, where & who. The answers will help give you a basis for your strategies for success and the boundaries of your field of play.

- What is the most important thing you want that will be easier to achieve by enhancing your productivity and increasing your income? Put it in writing and remember that this is your top priority!
- Why do you want to achieve this goal? Write it in one sentence like a mission statement. The

statement needs to describe the reason why it's your top priority.

- How will you achieve your goal? List each step you'll need to take in order to achieve your goal. Like planning a cross-country trip, make a Road Map to your goal—one step at a time.
- When will you achieve your goal? Set time tables for each step along the way and include deadlines.
- Where will you work toward your goal? Many steps in a journey actually require you to physically move toward your goal. You may need to go to a new place of employment, potential buyer, school or training seminar, materials supplier, etc. Write where your steps will take you.
- Who do you need to help you along the way? Other people may be vital to the success for your plan. Maybe you need the help of family members, advisors, counselors, mentors, co-workers, teachers, customers, etc.

Decide what your financial goals are, then use the questions above to create a solid plan. You'll be on your way to financial success and feel good about the journey! ■

The I-beam Test

The I-beam Test is a great way to show what's most important to you. Two Skyscrapers of identical height face each other across a busy street. A long and narrow I-beam made of steel reaches from the top of one building to the top of the other. You're standing at the end of the I-beam on top of one building. Facing you on the other end of the beam is a tall, strong man. He is holding something in his hands suspended over the chasm. He tell you he's holding something you value and you must quickly cross the beam to claim it or he'll drop it.

It's your decision. What things are important enough for you to risk crossing the I-beam? Check everything you would be willing to make that dangerous trip for:

- | | |
|---|---|
| <input type="checkbox"/> Any new car of your choice | <input type="checkbox"/> A fabulous vacation |
| <input type="checkbox"/> Your dream house | <input type="checkbox"/> Your son or daughter |
| <input type="checkbox"/> \$10 Million | |

ARTICLES

TIPS & TRICKS

Establishing Change

Genuine changes must be made to replace old financial habits with new ones. These may seem painful at first, but the long-term rewards that happen will far outweigh the pain. Read through these suggestions and then sincerely assess the areas in which you need to create new financial behaviors.

- **Stop reckless spending.** Only spend money for the items you

Expenses Defined

Discretionary Expenses:

expenses which are optional such as gifts, vacations, or entertainment.

Fixed Expenses: Not subject to change or fluctuation: recurring on the same date from year to year.

Variable Expenses: bills that are paid every month but the amounts due are not always the same.

Operational Expenses: money needed to cover day-to-day expenses.

Capital Expenses: purchases that have a useful lifespan which include items like vehicles, furniture and tools. ■

have allowed for in your budget. This is the first rule of debt-free living. Controlling your spending to reach your budget objectives is possible.

- **Lower your level of wants.** It's possible that much of what you're buying is satisfying a want and not a need. Learn to recognize the difference and do without the wants. Learn to say no to things that aren't vital or necessary.
- **Commit your family.** If you're going to succeed, eventually you must get all family members to make the same commitment to be debt free. Schedule regular meetings with your family to review your progress together. Everyone must be committed to the process of eliminating debt. Once they do, they will control their own spending.
- **Get a payment ahead.** Through consistent effort it's possible to save the money necessary for an extra payment. This can be saved as a hedge against an emergency or used as a power payment to apply additional money to your creditors, which lowers both debt and interest.
- **Solidify your monthly income.** One of the best ways to get a payment ahead is to be certain to perform well at your job to ensure your ability to pay. Part-time income could be considered.

- **Reinforce the principles.** Make the time to review with family members your combined efforts to get out of debt. Not doing so could limit the success of your plan. ■

Confused about where to start with your budget? Call us for some great ideas on how to get started with a budget that fits your family.

Our certified credit counselors can help you make sense of your finances, set good long and short term goals, and get you started on your journey to financial freedom. Call to talk to a counselor today.

www.ffef.org
www.accesseducation.org

(877) 789-4175



Business Hours!

Monday-Friday: 7:00 a.m.-7:00 p.m.

Saturday: 8:00 a.m.-12:00 noon

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How is your financial health?
Find more great goal setting tips
on our web site, FFEF.org

If you know of someone who would benefit from this information, please pass this newsletter along.

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