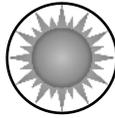


THE MONEY COACHES



We must be free not because we claim freedom, but because we practice it.

William Faulkner

SPENDING PLANS VS BUDGETING



Most everyone likes to spend money, but who likes to develop a budget that determines how you spend your money? Spending sounds like no strings attached fun. Budgeting, on the other hand, seems to be restrictive and confining. Some would rather have a root canal than put together a budget! That's why I like to think of it as a Spending Plan. Planning sounds empowering while budgeting sounds restrictive. When developing a Spending Plan, you decide how & where you want to spend your money in order to meet your financial goals. It helps you take personal responsibility and be a good steward of where your money goes each month.

Set Financial Goals

The first step in creating a personal Spending Plan is to set financial goals. It is helpful to write them out and put them in a prominent place where you will see them regularly. If you don't know where you are going, you aren't going to know how to get

there. Make sure your goals are specific, measurable, achievable, relevant and timely (SMART). You want to come up with short-term as well as long-term goals. Ask yourself the question, "where do I want to be in 1, 5 or 10 years financially?" Do you want to own your own home, be debt free, buy a new car, be well on your way to saving for retirement, set up a college fund for your children or grandchildren, take that dream vacation...? If you are saving for a new car, for example, keep a picture of a shiny new car where you see it on a regular basis as an incentive to curb unnecessary spending. It is important to keep your goals in front of you to remain focused and purposeful. Developing a Spending Plan helps to keep you on track to meet those goals.

Track Spending

After setting goals, it is important to develop a realistic Spending Plan and prioritize expenses accordingly. In order to prioritize expenses, it is necessary to know how much and on what you are spending your money each month. Out of sight and out of mind is not a good rule of thumb to take with your finances. This can easily happen with automatic bill pay, automatic withdrawals, ATM's, and recurring credit card charges. These can be good tools to use as long as they are

managed well. To begin the process of prioritizing your expenses, it is important to track your spending for a month. If you are not sure where your money is going, go through a current bank statement, keep and track all of your receipts for a month or better yet, pay cash or actually write a check. This will give you a clearer picture of where your money goes each month. After tracking and writing down your spending for a month, you can then begin writing your Spending Plan with your financial goals before you.

Action Steps

1. Have a family meeting and dream session. Make some SMART financial goals that you would like to achieve in the next 6 months to a year, 5 years, or 10 years. Put them in a prominent place where you will see them daily.
2. Track your spending for a month and begin to prioritize what needs to be covered first each month.

In the next newsletter, look for more details on how to create a Spending Plan and limit overspending. There are many useful apps, online tools or just plain old pencil and paper. Our goal is to help you find what works best for you and your family to succeed in achieving your short- and long-term financial goals.

-Karen

THE MONEY COACHES



Rich Keller
Cell: (765) 592-0027
rich@themoneycoaches.com

Kathy Keller
(765) 592-0285
kathy@themoneycoaches.com

Chris Blystone
(765) 731-1107
chris@themoneycoaches.com