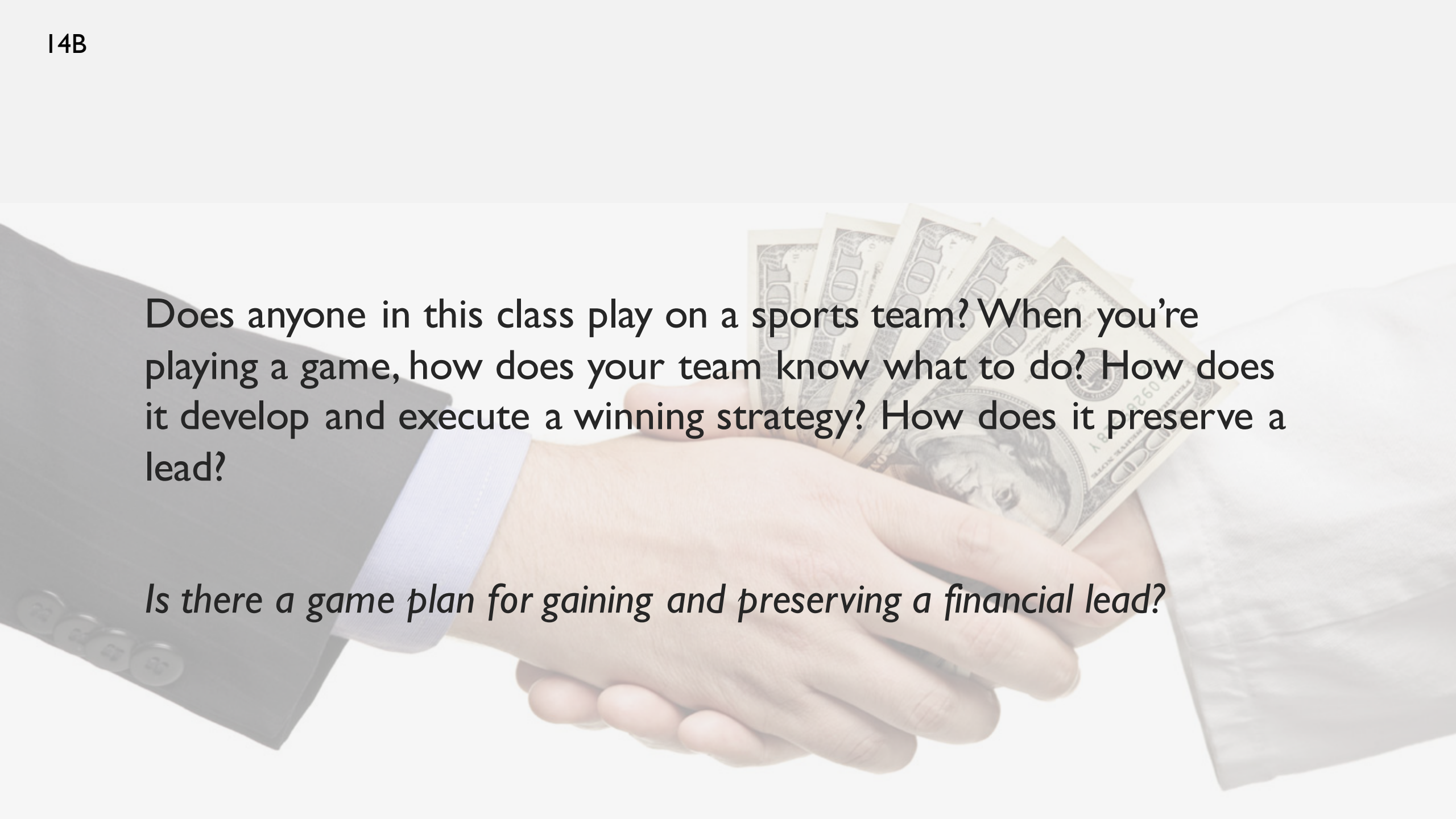


THE BEAUTY OF THE BUDGET

Lesson 14

A hand holding a fan of US dollar bills, symbolizing financial strategy. The hand is positioned in the center, with the bills fanned out to the right. The background is a light, neutral color.

Does anyone in this class play on a sports team? When you're playing a game, how does your team know what to do? How does it develop and execute a winning strategy? How does it preserve a lead?

Is there a game plan for gaining and preserving a financial lead?

I. THE PERSONAL BUDGET

- Preserve and protecting wealth.
- The beauty of a budget is that it provides a regular dose of reality necessary to build a winning financial game plan and preserve a financial lead.
- Less than 30% of Americans make a budget. Pretty crazy because they are easy to make and key to a winning financial game plan!

II. A PERSONAL BUDGET IN FOUR EASY STEPS

1. **STEP 1:** Start with Income.
 - ❖ list all reliable anticipated sources of income including wages and salary, interest, investment income, bonuses and commissions,
2. **STEP 2:** Mandatory Expenses
 - ❖ examples: Recurring costs for housing, food, health, personal needs, transportation, and finance,
3. **STEP 3:** Discretionary Expenses
 - ❖ examples: Gym memberships, restaurant meals, tickets to the game, shopping sprees, and concerts
4. **STEP 4:** Reveal the Variance!
 - ❖ Subtract total expenses from total income.

III. THE BENEFITS OF A BUDGET

- Knowledge is Power.
- It's Your Job.
- Budget Bust Alarm.
- Spotlight on Waste.
- Harmony.

IV. BUILDING THE BUDGET HABIT

- There are online programs and mobile apps that do much of the work for you:
 - **Banks** have free budget tools that customers can link to their checking and savings accounts to track and categorize spending and cash flow.
 - **Personal Finance Websites** provide financial planning tools, savings and investing information, and debt management and budgeting resources.
 - **Personal Finance Mobile Apps** sync with your bank accounts and credit cards.

THE BIG PICTURE

- A personal budget is a basic but essential money management and wealth building tool. A budget helps you meet your financial goals and protects wealth. A budget makes it easy to know where your money goes and what it does every month. A budget alerts you to potential financial problems as well as opportunities to tackle waste. While budget-making has gone high tech with amazing programs and mobile apps that track goals, income, and expenses, budget principles are unchanged. You need to have more money coming in than going out — or at least break even. Explore personal money management programs and mobile apps. Select one that is easy to use and suits your budget needs and lifestyle. Make a personal budget a lifelong financial habit.

PONDER & PREDICT

- You will work hard for many years to build your wealth and acquire things of value. Unfortunately, wealth can be wiped out in an instant if you haven't taken the proper steps to protect the valuable things you own. How do you protect assets against loss?