



Managing a Budget for the First Time



Objectives

- Why Is Budgeting Important?
- Establish a Budget for the First Time
- Steps to Be Financially Independent
- Retirement, Savings and Investments
- Renting vs. Living at Home
- What to Look for in a Credit Card
- How to Handle Debt
- Emergency Funds
- Future Goals
- Budgeting a Social Life
- Budgeting Apps
- Case Studies



Why is Budgeting Important?

- To reach and set financial goals
- Ensures you don't spend money that you do not have
- Prepares you for any future financial problems
- Know how much money you have in regard to how much you need to live by
- Highlights bad spending habits



Establish a Budget for the First Time

- Needs vs. wants
- Living alone vs. living with parents
- Planning out future investments
- Managing your bills - Groupon & Living Social
- What should you be responsible for?
 - Car payments and insurance
 - Phone bill
 - Credit cards
 - Student loans



Steps to Be Financially Independent

- Think first – then plan
- Budget
- Pay yourself first
- Spend cautiously
- Find ways to cut your expenses
- Reduce debt
- Invest wisely – buy generating assets
- Always know where you are financially



Retirement, Savings and Investments

- Ask your company about their 401K plan
- Set aside money each month to invest money into mutual funds, stocks or bonds
- Learn to manage your own money and investments, before letting someone (mis)manage it for you
- Don't wait to invest until you have saved it, its never too early to start a retirement fund or 401K plan



Renting vs. Living at Home

Renting

Pros

- Don't have to put large down payment on house right away
- Independence
- Split costs with roommates
- Lower maintenance costs
- Lower renting insurance

Cons

- Paying large bills monthly
- No investments or equity
- Less stability

Living at Home

Pros

- Rent free living
- Time to make a plan

Cons

- Less privacy and independence
- Getting too comfortable, relying on parents for money



What to Look for in a Credit Card

- Three perks to look for when choosing a credit card
 - All around spending – a card you can take anywhere
 - A card you can use to get great discounts on travel or hotels
 - A card you can use to pay large balances while avoiding large interest payments
- Low interest rate
- Cash back

How to Handle Debt

- Get a handle on what you owe – understand the terms of each of your loans
 - Amounts due
 - Monthly payments
 - Etc.
- Look for ways to establish a strong credit
 - It's hard to get loans or borrow money with bad credit
- Set aside emergency funds
 - It will help you handle unanticipated costs



Emergency Funds

- An emergency fund is a personal account you set up to be used for unforeseen emergencies
- These funds are in case of job loss, medical emergency, etc.
- The goal of emergency funds is to use to cover your expenses until you figure out what to do next



Future Goals

- Where do you see yourself in...
 - Three years?
 - Five years?
 - Ten years?
- How much do you see yourself making in...
 - Three years?
 - Five years?
 - Ten years?
- Create a map of your goals that you would like to accomplish and give yourself a realistic timeframe



Budgeting a Social Life

- How do you budget your social life?
 - Vacations
 - Concerts
- How to say no to friends – peer pressure
 - Be honest
 - Plan ahead and compromise when necessary
- Use Groupon or Living Social
- Honor your budget
- Pay bills on time so you know what you have left over for social activities



Budgeting Apps

- Credit Karma
- Rocket Money
- Every Dollar



CASE STUDY

Brian bought two baseball tickets costing \$180. Tyler, needs to pay Brian for his ticket. Brian requested the money through the app Venmo. Tyler paid for his ticket electronically.



CASE STUDY 2

Charlotte uses the app Mint, to keep track of all her monthly expenses. That includes rent, groceries, electric bill and phone bill. This way, she can check her budget, and what she is left with to set aside for investments and or her social life.



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Questions?

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