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# Simplifying Financial Goals

Presented by Matthew Gage and LaDonna Cook

# Objectives



- The importance of budgeting
- How to set “SMART” financial goals
- Behaviors that can stand in the way of our success



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# Importance of budgeting



What does your budget impact?

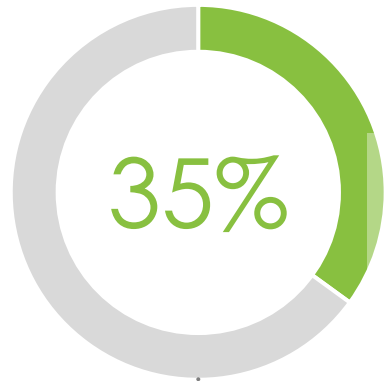
- ✓ Credit score
- ✓ Savings
- ✓ Retirement savings
- ✓ Debt



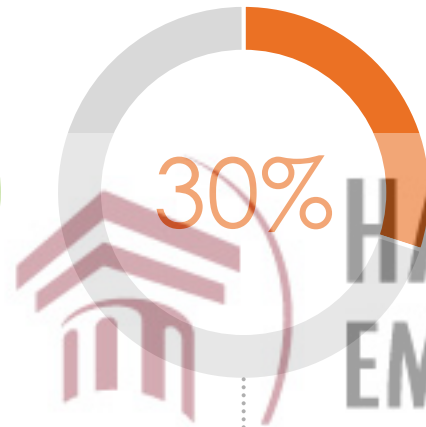
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# CREDIT SCORE BREAKDOWN



Payment History



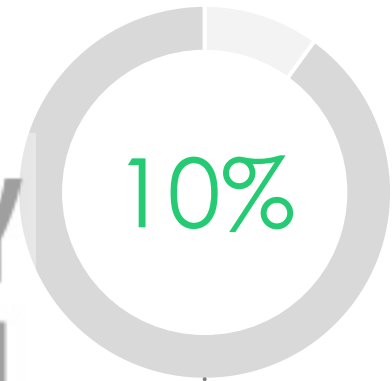
Amounts Owed /  
Use of  
Available Credit



Length of  
Credit History



Types of  
Credit Used/  
Credit Mix



New Credit

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Income:  
GROSS vs NET

Expenses:  
FIXED, VARIABLE,  
PERIODIC

Debts



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SPENDING

WAGES	325
HOLIDAY PAY	400
CAR ALLOWANCE	575

Utilities	112
CABLE-TV	48

To Renew House  
Insurance - July







## Budgeting Worksheet

Setting a budget and developing a spending plan is a great way to relieve uncertainty and stress while also helping you to figure out how to meet both your short-term and long-term financial goals. Use this worksheet to calculate your monthly expenses and income to get an idea of what you have to work with, what your commitments are, and what you have remaining to devote to your goals.

### Step 1: Calculate Your Income

Figure out how much you get paid each month, after taxes are removed, and add it to the table below.

- **Weekly pay schedule:** Multiply your weekly income by 52 and then divide by 12
- **Bi-weekly pay schedule (every two weeks):** Multiply by 26 and then divide by 12
- **Inconsistent pay schedule:** If your pay is not on a consistent schedule (e.g., seasonal work, side income), take last year's total income and divide by 12 for your average monthly income.

### Monthly Income

	Monthly total
<b>INCOME</b>	
Paycheck (income after taxes, benefits and check-cashing fees)	\$
Other income (e.g., side jobs, child support)	\$
<b>Total monthly income</b>	\$ 0.00

### Step 2: Calculate Expenses

Record your expenses using the table below. For expenses that change from month-to-month (such as utilities), use your average spending based on past month's bills.

### Monthly Expenses

	Monthly total
<b>HOUSING</b>	
Rent or mortgage	\$
Renter's insurance or homeowners insurance	\$
Utilities (e.g., electric, gas, water)	\$
Internet, cable, and cell phone and/or landline	\$
Other housing expenses (like property taxes)	\$
<b>FOOD</b>	
Groceries and household supplies	\$
Meals out	\$
Other (e.g., meal subscriptions)	\$



### Budgeting Worksheet (continued)

	Expenses	Monthly total	
<b>TRANSPORT</b>	Public transit (e.g., bus, taxi, ride-sharing)	\$	
	Gasoline	\$	
	Car maintenance (e.g., oil change, new tires)	\$	
	Car payments (e.g., insurance, loans, lease)	\$	
	Other transportation expenses (e.g., parking, tolls)	\$	
<b>HEALTH</b>	Prescriptions and medications	\$	
	Health insurance (if not deducted from paycheck)	\$	
	Other medical expenses (e.g., Dr. office copay, glasses, contacts)	\$	
<b>PERSONAL &amp; FAMILY</b>	Child care (e.g., daycare, babysitter)	\$	
	Money given or sent to family (e.g., gifts, child support)	\$	
	Clothing and shoes	\$	
	Entertainment (e.g., movies, concerts)	\$	
	Subscriptions (e.g., streaming services, music, mobile apps)	\$	
	Pet care (e.g., food, vet, dog-daycare)	\$	
	Other personal or family expenses (e.g., toiletries, makeup, haircut)	\$	
	<b>OTHER</b>	School costs (e.g., supplies, tuition, student loans)	\$
		Other debt payments (e.g., personal loans, credit cards)	\$
		Savings (e.g., emergency fund, holidays, vacation)	\$
Other expenses or fees		\$	
<b>Total monthly expenses</b>		\$ 0.00	
Income		\$ 0.00	
Expenses		\$ 0.00	
Budget Surplus or Deficit		\$ 0.00	

If your income is greater than your expenses, this is a budget surplus: use this money to save for goals and to add to your savings account! If your expenses are greater than your income, this means you have a budget deficit.

For additional tips on prioritizing your expenses, check out GreenPath's [Aligning Priorities Workbook](#).

### Free Budgeting Assistance & Counseling Support from GreenPath

If you are having trouble paying your bills, we encourage you to connect with our partners at GreenPath Financial Wellness for a free counseling session. They can help you to make a plan and may also be able to lower your interest rates on your existing credit card debts.



877-337-3399

www.greenpathref.com



<https://www.greenpath.com/partner/huecu/>

# Use a budget!



- Identify “pain points” in your budget
- Automate your bills
- Declutter and organize bills and statements
- Track your expenses

# Setting goals



- “Save more money.”
- “Elimination of debt.”
- “Save for a home remodel.”
- “To re-establish good credit.”





# SMART Goals



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**SPECIFIC**

# SMART Goals



**SPECIFIC**



**MEASURABLE**

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# SMART Goals



**SPECIFIC**



**MEASURABLE**



**ATTAINABLE  
AND  
REALISTIC**

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# SMART Goals



**SPECIFIC**



**MEASURABLE**



**ATTAINABLE  
AND  
REALISTIC**



**TIMELY**

# Creating a SMART Goal - Cynthia



***“Purchase my first home.”***



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# Creating a SMART Goal



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# Creating a SMART Goal



- How much are you looking to spend?



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# Creating a SMART Goal



- How much are you looking to spend?
- How much do you currently have saved?



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# Creating a SMART Goal



- How much are you looking to spend?
- How much do you currently have saved?
- What is your credit score?



# Creating a SMART Goal



- How much are you looking to spend?
- How much do you currently have saved?
- What is your credit score?
- How soon are you looking to purchase?



# Creating a SMART Goal



- How much are you looking to spend?
- How much do you currently have saved?
- What is your credit score?
- How soon are you looking to purchase?
- Are you planning on working with a realtor?

# Creating a SMART Goal - Cynthia



- \$200,000 for home purchase
- \$2,000 in savings
- Credit score is 700
- Purchase home in a year
- I have not spoken with a realtor



# Cynthia's SMART Goals



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# Cynthia's SMART Goals



- Save \$8,000 in 12 months-10k total (5% down payment)  
\$300 every 2 weeks (bi-weekly paycheck)
- Maintain credit score by keeping balances low and not opening new accounts
- Speak to your credit union about obtaining a pre-approval and speak with a realtor at least 6 months prior to purchase

# Set short term goals



## Goal Gradient Theory

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People will work harder to achieve a goal as the goal gets closer.

# Cynthia's short term goal



- ✓ Speak with a mortgage loan officer in the next week to see if you are on track for your goal



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**What behaviors can stand in  
the way of our SMART goals?**



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## Planning Fallacy

People consistently underestimate how long things will take and how many resources they will require.







# Tunneling

If it's an emergency, we can only think about the emergency.



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***“That tax return will really help me with my down payment for the house, but I cannot pass up a trip to Disney!”***



### **Lack of Self-Control**

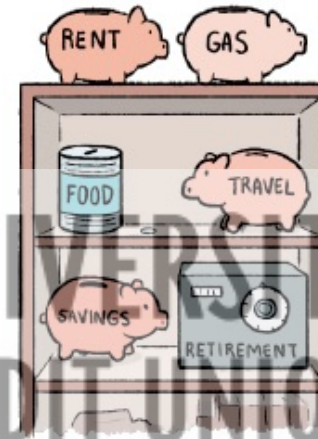
In general, people have a hard time deciding between doing what's good for themselves in the future and doing what feels good right now.



***“I know this latte is 8 bucks,  
but I’m on vacation.”***



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## **Mental Accounting**


People categorize and treat money differently depending on where it came from and where it is going.



*“I’m young and should be having fun!”*



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**Hyperbolic Discounting**

People put an overly high value on the here and now and an overly low value on the future.

# Final Thoughts



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# Final Thoughts



## 1. Don't overcomplicate



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# Final Thoughts



1. Don't overcomplicate
2. Set one goal – short-term goal



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# Final Thoughts



1. Don't overcomplicate
2. Set one goal – short-term goal
3. Continue to utilize available resources

# Utilize GreenPath



- Free financial assessment
- Discuss goals
- Create and review monthly spending plan

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# Questions?



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# THANK YOU



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