

Your dream, your plan, *your future*

Navigating Your Financial Future offers many free financial resources such as online workshops, helpful links, audio presentations, a monthly E-newsletter, and more!

Questions? Outreach Representatives are available to answer your questions. Simply visit our website at: www.navigatingyourfuture.org and choose the "Contact Us" tab to locate an Outreach Representative near you.

Additional Resources:

www.pbs.org/your-life-your-money

www.mappingyourfuture.org

www.mymoney.gov

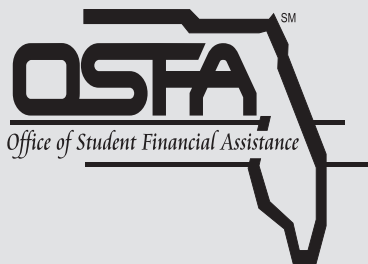
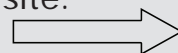


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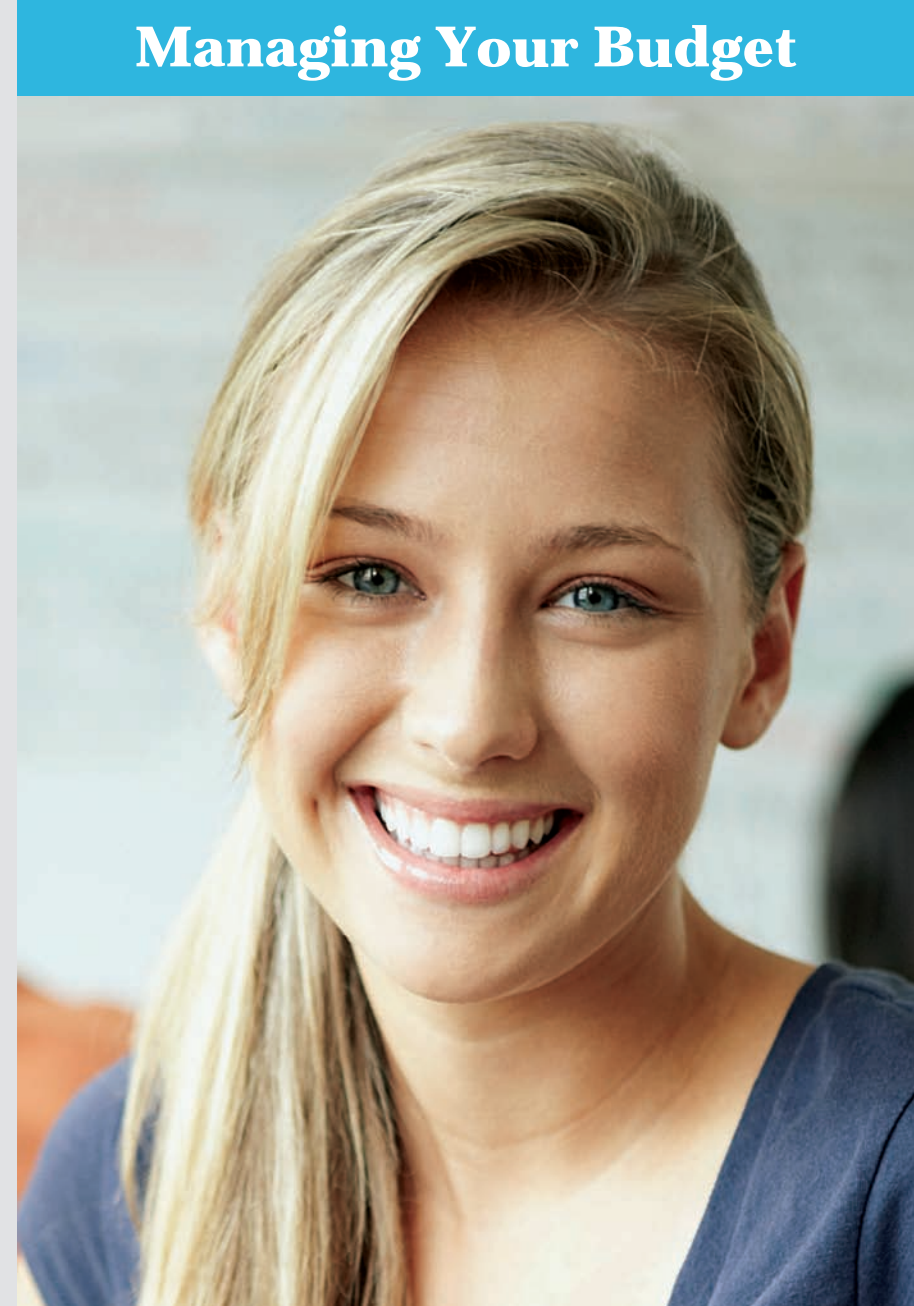
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Managing Your Budget

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Managing Your Budget

Budgets, also referred to as “cash flow plans,” should be prepared every month. Budgeting empowers you to be a better money manager. You are able to make better decisions with your money because you plan proactively. A budget helps you recognize problems before they arise allowing you to change your commitments and lifestyle to prevent them.

Understanding the basics of realistic budgeting is a life skill that will benefit you for years to come. Budgeting is not meant to be a strict monetary “diet” but more like something that compels you to achieve your financial goals. **There are five steps for effective budgeting:**

1 Decide on your goals. Setting financial goals helps you establish priorities for daily life and enables you to stay on track with your financial plan.

Goals can be short term (1 year or less) or long term (more than 1 year). Use the SMART goal technique to set goals in an achievable format to ensure success on your financial journey.

- S:** Specific (Name it and claim it!)
- M:** Measurable (What are the steps?)
- A:** Attainable (How will this occur?)
- R:** Realistic (Is this reasonable?)
- T:** Time based (What is the deadline?)

An example of a SMART goal:

In eight months, establish an emergency fund of \$500 by taking my lunch to work two times per week and placing the saved money in a checking account.

(\$8 per lunch x 8 = \$64 per month means it will take approximately 8 months to meet this goal.)

2 Organize your expenses. This step is easier than you think. It means gathering receipts, student loan papers, expenses, and monthly bills.

Separate these items into **two** categories:

Fixed Expenses: items that do not change from month to month like car payments, rent, insurance premiums, and student loan payments.

Variable Expenses: items that fluctuate due to your usage such as cell phone bills, gasoline, utilities, groceries, and supplies.

3 Establish a budget plan by looking at your monthly expenses from Step #2 and evaluating just where your money is being spent.

Where do you need to cut back? Do you need to increase your income? How can you save money on the existing items or services you currently use? Do all of these items help you stay on track with your financial SMART goals from Step #1?

Tips to save money:

- Reduce your cell phone plan.
- Buy secondhand clothing/furniture/appliances.
- Eat at home vs. restaurants.
- Discontinue cable and use a laptop to watch TV.
- Spend less on holiday gifts.
- Download coupons to buy grocery items.

Strive to live *BELOW* your income.

4 Commit your budget to paper! Using the information collected from Steps #1-3, you can now arrange your income and expenses in a format that puts your budget in action.

A budget is based on the following formula:
Income – Expenses = Profit or (Loss)

Income: earnings from employment, government assistance, scholarships, student loans.

Expenses: fixed and variable items such as rent or mortgage, utilities, transportation, insurance, food, clothing, medical, school fees.

If you have a profit, then you are living below your income and able to save for financial goals more quickly. If you have a loss, then you need to reduce expenses or increase your income to accommodate your lifestyle.

Budget worksheets and calculators are available at:

www.navigatingyourfuture.org

Choose the “Helpful Links” tab.

5 Organize and store financial records in a safe place.

Create file folders for each type of account you have and keep copies of any application forms, promissory notes, account statements, correspondence, and a phone log to document conversations and the name of each person you speak with.

Keep records in a safe place to protect yourself from identity theft.