

# MONEY MANAGEMENT

## 101

*Presenter: Dante Rojas, Self Help Federal Credit Union*



# A LITTLE BIT ABOUT SELF-HELP

- Started in 1980's in North Carolina.
- Our Mission – To create and protect ownership and economic opportunity for all
- Expanded to California in 2006.
- Branches: California, Illinois, Wisconsin, Florida, Washington, North Carolina
- 35 years of service. 9.71B in lending and over 169k members.
- Bay Area (San Francisco, Oakland, San Jose, Pittsburg, Vallejo, Napa)







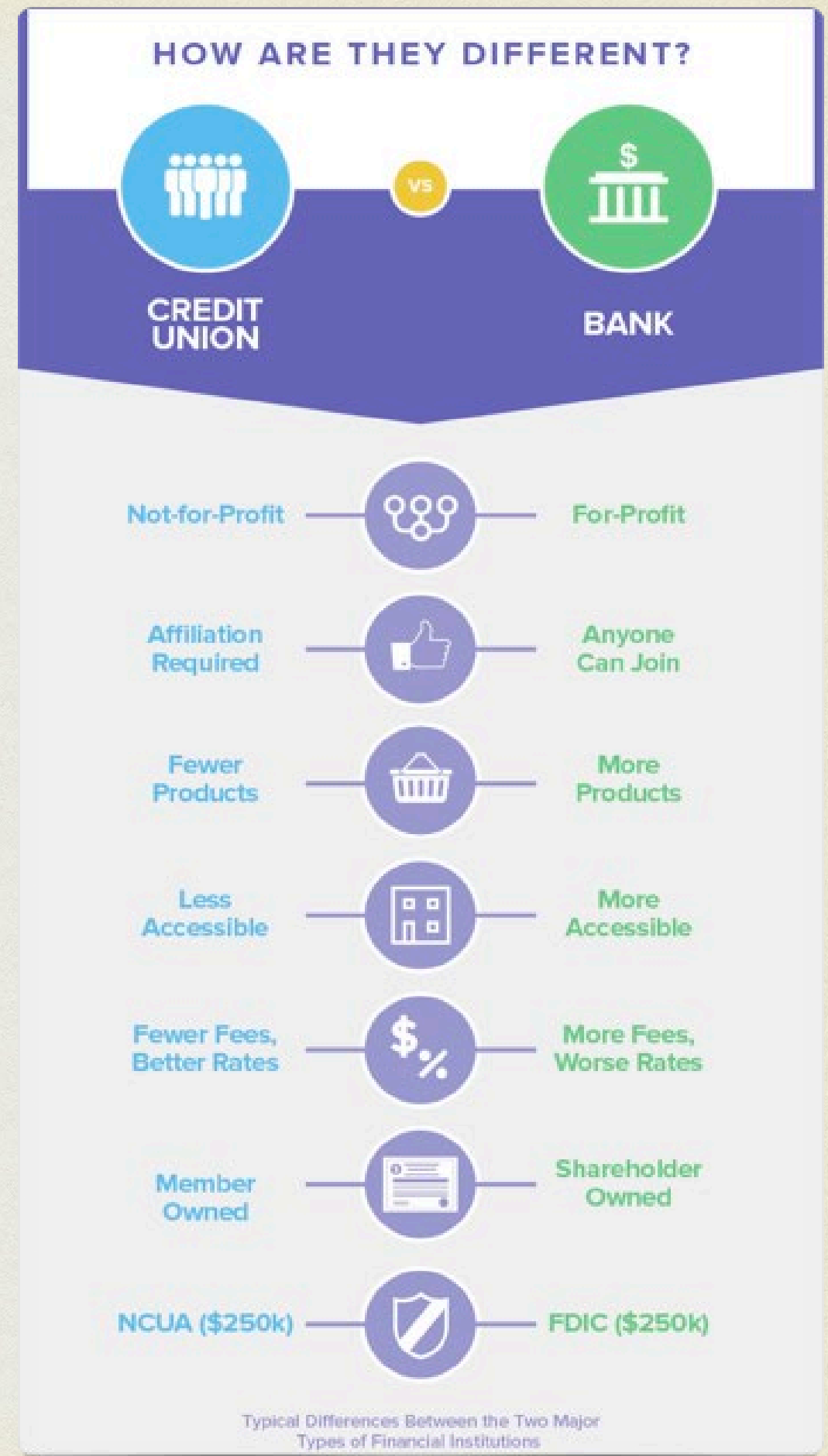
## BANKS OVERVIEW

- Over 6,000 FDIC insured banks throughout the U.S.
- Banks are 'For Profit'; making money for investors.
- Large national presence
- Positives – convenience via technology and locations
- Negatives - larger fees, pay lower rates for savings, charge higher rates for low credit



# CREDIT UNION OVERVIEW

- Credit Unions: Not for Profit, provide service to local communities
- NCUA insured (like FDIC)
- Have a more local, regional presence.
- Positives - strong service, specific products for community needs, good savings and loan rates
- Negatives – field of membership limitations, few branches
- What are your experiences?







## SERVICES OFFERED AT CREDIT UNIONS AND BANKS

- Savings, Checking, Certificates of Deposit, Money Market Accounts.
- Personal loans, Auto Loans, Debt Consolidation Loans, Home Loans, Credit Cards, Credit Building Loans.
- Financial Education Workshops – Credit Building, Home Buying, Financial Education
- Which leads to today's topic...



MONEY MANAGEMENT  
**WHAT WILL WE  
COVER TODAY?**

- What is money management?
- How does this impact you?
- How can we start?



# DIFFERENT METHODS OF RECEIVING PAY

- How do we get paid payday?
- Cash?
- Check?
- Direct Deposit?





# DIRECT DEPOSIT

- Electronically credited to your account, sometimes before payday, or shortly after midnight
- Immediately available, no holds
- Can help you waive monthly fees
- Can be harder to track your incoming pay - you'll need to check your paystub.
- Might be easier to spend your money, be careful!



# PAYCHECK

- Will a hold be placed on your check? When can you pay your bills?
- Why is there a hold? Checks can be returned for insufficient funds. Even payroll checks can be returned
- Checks create a paper trail - if you are a W2 employee you can easily track your gross annual income
- Checks can be re-issued if lost or destroyed
- Need to set time aside to deposit a check. Do you have time to visit your credit union or bank before they close on payday?



# CASH

- Cash is immediately available
- If lost, stolen, or destroyed, it's gone!
- Be careful if you're saving your cash at home. It's safer to deposit at a Credit Union or Bank where it can earn interest while deposited.
- Cash can be difficult to track for your income taxes
- Cash is easily spent! Discipline is important
- No paper trail - this can affect you when applying for a loan or mortgage. You can't finance a mortgage if cash isn't being reported on taxes.



# NOW THAT YOU'VE BEEN PAID...

- We've identified the different methods we are typically paid.
- There are benefits and challenges with each form of payment.
- We need to plan ahead, but how do we start?





WHAT ARE YOUR FINANCIAL  
GOALS?



# WHAT GOALS DO YOU HAVE?

- What goals do you have for your future?
- Do you want to stop living from paycheck to paycheck?
- Do you want to buy a car?
- Do you want to buy a house?
- Do you want to start a business?



# GOALS AND MONEY MANAGEMENT

- For an auto loan you might need a down payment to qualify for the best rates
- Apartment will need a deposit
- What about a Home Loan? Lenders can ask for 3%, 10% or even 20% of sales price as a down payment





# MAKE SAVINGS A HABIT

- Savings is an action, not an amount
- It's okay if you can only save a little bit each month, so long as you are DOING it!
- Save as much as possible that is comfortable for you
- Try to “pay” yourself before you pay your bills
- When saving becomes a habit, you will have more control over you money



HOW CAN I SAVE MONEY IF  
IT'S ALL GONE BY NEXT  
PAYDAY?



ARE YOU TRACKING  
YOUR MONEY?



# TRACKING YOUR MONEY



- What methods of tracking work for you?
- Check Registers
- Online Banking
- Mobile Apps
- Notebook
- Profit and Loss Statements



# LETS LOOK AT OUR BILLS

- What kind of expenses do we have?
- What are the differences between them?
- How would you describe the following expenses?
- Rent, Electricity, Water, Groceries, Gasoline, Public Transportation, Union Dues, Cell Phone, Car Payments, Car Insurance, Internet



# WHAT KIND OF BILLS ARE THESE?

- Parking tickets, late fees, overdraft fees, check cashing fee
- Purchasing Money Orders
- Gym memberships that you don't use, streaming services you rarely watch (Hulu, Netflix, Amazon), ordering food or eating out too often
- Did a hold on your check cause overdraft fees? Did this fee cause multiple fees?
- How much are you spending in this area?



# FIVE STEPS TO MY GOAL

- What is my GOAL?
- How much do I need to save to reach this goal?
- What date do I want to save this by?
- How much do I need to save each pay period to reach this goal?

## ASSETS

### 5 Steps To My Goal

Now that you have savings goals from the ENVISIONING MY GOAL worksheet, follow these five steps to figure out which goals you want to prioritize and how much you will actually have to save to achieve your goals.

**STEP 1** List the goals you want to save for in the first column under "Goals".

**STEP 2** Estimate how much money you will need for each goal under Column A.

**STEP 3** Estimate how many months it will take you to reach that goal in Column B.

**STEP 4** Divide column A by column B to figure out how much you will need to save each month to reach your goal in Column C.

**STEP 5** Identify a realistic plan for saving each month by choosing how often ("frequency") you can commit from Column C to save each month in Column D:

- ▶ The entire amount once a month (monthly commitment)
- ▶ Half of the amount every other week (biweekly commitment)
- ▶ One quarter of the amount every week (weekly commitment)

GOALS	A TOTAL AMOUNT NEEDED	B AMOUNT OF TIME TO REACH GOAL (in months)	C AMOUNT TO SAVE EACH MONTH (Divide A by B)	D SAVINGS COMMITMENT Monthly (Use C) Biweekly (Divide C by 2) Weekly (Divide C by 4) Note: Weekly and biweekly estimates will help you reach your goal faster.
Example: SERIES OF 6 COOKING CLASSES	\$479	6 months	Amount: \$79.83 (\$479 ÷ 6 months)	Frequency: WEEKLY (\$79.83 ÷ 4 = \$19.96) Commitment: \$20 each week
Example: DOWN PAYMENT FOR A \$200,000 HOME	\$43,000	60 months (5 years x 12 months = 60 months)	Amount: \$716.67 (\$43,000 ÷ 60 = \$716.67)	Frequency: BIWEEKLY (\$716.67 ÷ 2 = \$358.33) Commitment: \$359 every 2 weeks
				Frequency: _____ Commitment: \$ _____



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5				Frequency: _____ Commitment: \$ _____

Now that you've identified what it will take to save for your goals, use the MONTHLY INCOME AND EXPENSES worksheet to adjust your spending and find your GOAL MONEY.

# 5 STEPS TO MY GOAL



# CREATE A SPENDING PLAN

- What are my important bills?
- What else do I spend my money on?
- Are there any important bills I can reduce?
- Are there any unnecessary expenses I can eliminate?





ASSETS

# Monthly Income and Expenses

## MONTHLY EXPENSES

	CURRENT	PLANNED	NOTES AND NEXT STEPS
<b>SAVINGS</b>			
Savings for emergencies	\$	\$	
Savings for retirement			
<b>HOUSING</b>			
Rent/mortgage			
Real estate taxes (if not included in mortgage)			
Insurance			
Utilities (water & sewage, gas, electric, oil, etc.)			
Other home maintenance and upkeep needs (lawn care, etc.)			
Primary phone (landline or cell)			
Secondary phone (landline or cell)			
Internet			
Cable			
<b>FOOD</b>			
Groceries			
Other food ("take-out", eating out, vending, etc.)			
<b>CHILDCARE</b>			
Babysitting/daycare			
Clothing/diapers/formula			
Child support (if not already deducted from paycheck)			
School supplies/education expenses			
Other childcare needs			
<b>MEDICAL CARE</b>			
Premiums, copays, prescriptions (health/dental/vision)			
Vitamins/supplements or other health-related needs			
<b>PERSONAL CARE</b>			
Laundry, cleaning supplies, personal hygiene, toiletries			
<b>TRANSPORTATION</b>			
Car payment			
Car insurance			
Car gas & tolls			
Car repairs & maintenance			
Other transportation costs (taxi, metro, etc.)			
<b>INSURANCE</b>			
Life/disability/other			
<b>FINANCIAL TRANSACTIONS</b>			
Check cashing fees			
Money order fees			
Payday loan payments			
Bank fees			
ATM fees			
<b>MISCELLANEOUS</b>			
Job-related expenses not deducted from pay			
Tithing/donations or other voluntary commitments			
Allowance used to support someone else (elderly or disabled relative, etc.)			
Subscriptions and memberships (newspaper, magazine, gym, online services, etc.)			
Personal appearance (hair, nails, cosmetics, etc.)			
Entertainment & leisure activities (family outings, dating, etc.)			
Cigarettes, alcohol, petcare, etc.			
Other:			
Other:			
<b>TOTAL EXPENSES</b>	\$ <b>A</b>		



ASSETS

# Monthly Income and Expenses

## MONTHLY INCOME

	CURRENT	PLANNED	NOTES AND NEXT STEPS
Take-home pay (net) 1	\$	\$	
Take-home pay (net) 2			
Informal job			
Rental, room & board received			
Commissions/bonuses			
Tax refunds (calculate average monthly income)			
Government benefits			
TANF			
Food stamps/WIC			
Veteran's benefits			
SSI/SSD			
Housing assistance			
Medical assistance			
Childcare assistance			
Unemployment insurance			
Pension/annuity			
Child support/alimony			
Support/gifts from family/friends			
Other:			
<b>TOTAL INCOME</b>	\$ <b>B</b>		
<b>SURPLUS OR DEFICIT</b>	Total Income <b>B</b> - Total Expenses <b>A</b>		\$

Have fun! Allocate your surplus below. If you have a deficit, work through your expenses to identify items that can be adjusted or eliminated.

### CASH CUSHION

\$ \_\_\_\_\_

Designated to cover small unexpected expenses

### GOAL MONEY

\$ \_\_\_\_\_

Savings committed to achieve goals (see **5 STEPS TO MY GOAL** Worksheet)

### DEBT SERVICING

\$ \_\_\_\_\_

Designated for debt repayment (see **DEBT MANAGEMENT** Worksheet)



# LET'S START OUR BUDGETS

- We know our income
- We should know our expenses
- Let's review our spending activity
- Check your bank statements, registers, notebook, online banking to track all our expenses.



# BUDGET FORMULA

- Start with our monthly income
- Save money first
- Pay your bills second
- Prevent unnecessary costs
- Reduce unavoidable costs
- It's okay to treat yourself but don't get carried away!



# YOUR NEXT STEP



- Sit with a coach, a friend, a mentor and make a plan!



THANK YOU!



# HOW TO REACH ME?

Dante Rojas

[drojas@self-helpfcu.org](mailto:drojas@self-helpfcu.org)

877-369-2828 ext 7530



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# Monthly Income and Expenses

## MONTHLY EXPENSES

CURRENT

PLANNED

NOTES AND NEXT STEPS

SAVINGS

Savings for emergencies

\$

\$

HOUSING

Rent/mortgage

Real estate taxes (if not included in mortgage)

Insurance

Utilities (water & sewage, gas, electric, oil, etc.)

Other home maintenance and upkeep needs (lawn care, etc.)

Primary phone (landline or cell)

Secondary phone (landline or cell)

Internet

Cable

FOOD

Groceries

Other food ("take-out", eating out, vending, etc.)

CHILDCARE

Babysitting/daycare

Clothing/diapers/formula

Child support (if not already deducted from paycheck)

School supplies/education expenses

Other childcare needs

MEDICAL CARE

Premiums, copays, prescriptions (health/dental/vision)

Vitamins/supplements or other health-related needs

PERSONAL CARE

Laundry, cleaning supplies, personal hygiene, toiletries

TRANSPORTATION

Car payment

Car insurance

Car gas & tolls

Car repairs & maintenance

Other transportation costs (taxis, metro, etc.)

INSURANCE

Life/disability/other

FINANCIAL TRANSACTIONS

Check cashing fees

Money order fees

Payday loan payments

Bank fees

ATM fees

MISCELLANEOUS

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TOTAL EXPENSES

\$

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MONTHLY INCOME		CURRENT	PLANNED	NOTES AND NEXT STEPS
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Housing assistance				
Medical assistance				
Childcare assistance				
Unemployment insurance				
Pension/annuity				
Child support/alimony				
Support/gifts from family/friends				
Other:				
<b>TOTAL INCOME</b>		\$	<b>B</b>	
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