

Piedmont Credit Union  
and  
BEST Initiative  
present

**Basic Finance for Families**

August 17, 2010

# Who Said It?

Will Smith

Bo Derek

Earl Wilson

J. Pierpont Morgan

Errol Flynn

Thomas Jefferson

Mad Magazine

Ayn Rand

Benjamin Franklin

A.A. Latimer

Billy Graham

George S. Patton

# Goals



## Some Statistics...

80% of millionaires are first generation rich. Meaning that they did not inherit their money.

86% of all luxury cars are driven by people who are not millionaires.

# What are your goals?

Get out of debt?

Improve credit?

Pay bills on time?

Provide a better life for your children?

Buy a home?

Go back to school?

Purchase a car?

Start a business?

One more quote...

*“He who fails to plan is  
planning to fail.”*

*~Winston Churchill*



Every penny counts...

**We put too much focus on money coming in...and  
not enough on money going out.**

# Creating a budget

## What do you need to know?

- Expenses.
- Income.
- Amounts of all debts, interest rates, payment plans.

## What to do...

- Track spending for a month.
- Consider things you can change.
- Create a month spending plan.

Monthly Expense

Current                      Change                      Budget

**Deductions**

Savings or Money to Invest	\$ 0	\$ add 50	\$ 50
Child Support	\$	\$	\$
Other:	\$	\$	\$

**Housing**

Rent, Mortgage	\$ 425	\$	\$ 425
Utilities	\$ 250	\$	\$ 200
Home Insurance & Taxes	\$	\$	\$
Electric Bill	\$	\$	\$
Other:	\$	\$	\$

**Debt Payment**

Credit Card Fees and Interest	\$	\$	\$
Other Loans:	\$	\$	\$

**Food**

Groceries	\$ 450	\$ 75	\$ 375
Restaurants	\$150	\$75	\$ 75
Snacks, Coffee, Bar Tab	\$ 80	\$ 50	\$ 30
Other:	\$	\$	\$

**Transportation**

Car Payment	\$ 280	\$	\$ 280
Car Insurance	\$ 80	\$	\$ 80
Car Maintenance	\$	\$	\$
Gas	\$ 55	\$	\$ 55
Bus, Train, Parking, Tolls	\$	\$	\$
Other:	\$	\$	\$

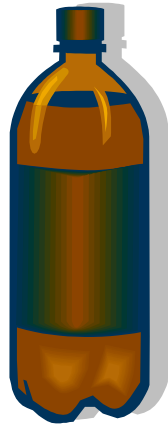
**Family**

Day Care & Babysitting	\$ 360	\$	\$ 360
Activities & Classes	\$	\$	\$
Other:	\$	\$	\$

# How much do habits cost?

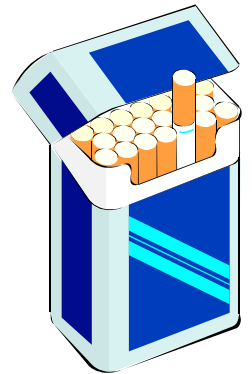
## A bottle of soda...

- \$1.50 for 20 ounce soda/day
- Cost per week?
- \$10.50
- Cost per month?
- \$45.00
- Cost per year?
- \$547.50**



## A pack of cigarettes....

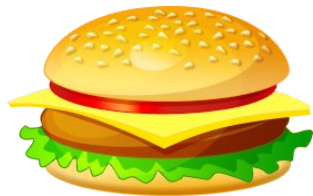
- \$4.00 per pack/day
- Cost per week?
- \$28.00
- Cost per month?
- \$120.00
- Cost per year?
- \$1460.00**



# How much do habits cost?

## Fast food lunch...

- \$6 per visit/2 per week
- Cost per week?
- \$12.00
- Cost per month?
- \$48.00
- Cost per year?
- \$624.00**

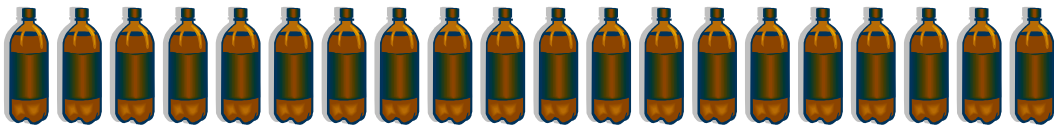
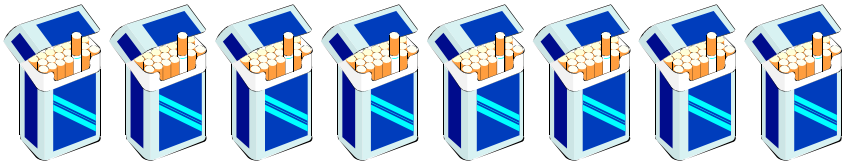


## A good Habit...SAVINGS!!!!

- \$1.00 per day
- Cost per week?
- \$7.00
- Cost per month?
- \$30.00
- Cost per year?
- \$365.00**



# What would you give up to save \$365?

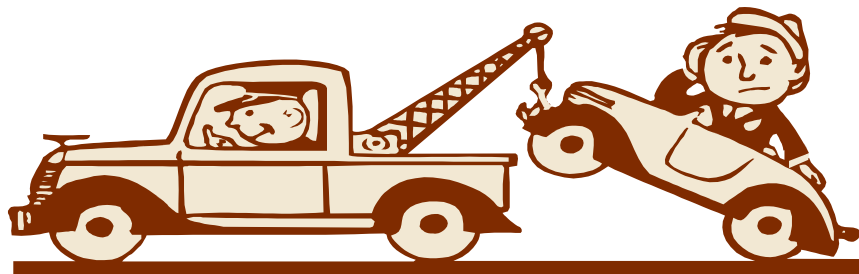


# What does \$365 buy?

“Today, there are three kinds of people: the have's, the have-not's, and the have-not-paid-for-what-they-have's. “

Earl Wilson

- Car repair.
- A used appliance if something breaks.
- Prescriptions or medical expense.
- Rise in fuel costs (utility bills, gas)
- Home repair
- Unexpected trip.
- Expenses for a new job.
- Taxes.



# What would it cost to borrow \$500?

**If you have poor credit history,  
borrowing \$500 could cost you....**

**\$1000 in interest charges  
and fees from a payday  
lender**

**OR**

**\$2000 in interest and fees  
through a car title lender!**



# Sample Savings Plan

- Your monthly income is \$2000.
- Savings goal: \$6000
- Monthly savings: \$100
- Interest: 1.5%
- Year One: \$1206
- Year Two: \$2425
- Year Three: \$3658
- Year Four: \$4903
- Year Five: \$6162

# 2010 - The Year Everything Broke

Baby on the way -	\$2,250+
Heat pump needs freon -	\$125
Hot water heater repair -	\$165
Heat pump leaks & needs freon-	\$125
Family car needs repairs -	\$985
Refrigerator goes bad -	\$1,365
My car needs new tires -	\$315
Child has broken wrist -	\$35
Heat pump needs new motor -	\$875
Heat pump needs capacitor -	\$125

**TOTAL = \$6,365**

# Types of Savings

Emergency / Rainy Day Savings



Specific Goals

Retirement, Investments,  
Wealth Building



# Ways to Save

# Conclusion

"A budget tells us what we can't afford, but it doesn't keep us from buying it."

— William Feather

- Set goals. Write them down.
- Discuss goals with family.
- Track spending.
- Keep a monthly budget.
- Pay yourself first.
- Reward yourself and family for meeting goals.

# Thank You!

