

# Financial Wellness

A Quarterly Newsletter brought to you by  
The Financial Freedom Club

## Budgeting: Making the Most of Your Money

Analyzing how you spend your money is the first step to understanding the basics of building a budget. Developing a spending plan will help you determine where you spend your money currently as well as helping you to decide where to spend your money in the future.

Dreaming of a new car? New house? Begin saving a little bit now and it can add up to a lot later on. If you have no plan, you may find yourself coming up short each month or overextending yourself at the worst possible times.

To begin, add up your monthly expenditures on your house or apartment, car, insurance premiums, utilities, cell phone, etc. Subtract this amount from your net pay that you receive each month. The remaining money is considered your “discretionary funds.”

As a rule, you should always pay yourself first; even if that’s just \$10 or \$20 per month. By doing this, you will create an emergency savings account that will come in handy when you have an unexpected expense— car repairs, emergency trips, etc.

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If your income changes for any reason, you can save money by reducing your discretionary expenses, such as entertainment, eating out or gourmet coffee.

You can rent a movie (for less than \$5) instead of going to a Friday night show (up to \$15) or bring your lunch to work to save money on going out

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It’s the little things that add up. Save \$20 per paycheck and you will have saved nearly \$500 in one year!

## Keeping Track

Getting organized is easy! It simply requires some filing folders or an accordion file to sort your financial documents. For now, each document should get its own folder or slot. Later, you may want to break these categories out by employer, bank, or company name. Documents you should keep and organize include:

Checking account statements- balance your checkbook every month when your statement arrives. This way you can catch things you may have forgotten to record (like ATM withdrawals or debit card transactions). File away all statements, keep them for one year and then throw them away. You can also see how much you are spending on extra things, like ATM and minimum balance fees. Look for other ways to get these services, without incurring these expenses (such as free checking accounts or the cash back options available at most large retailers).

Savings and investment statements- always review and file these types of statements. When you are paying yourself first each month, you can watch your savings grow as you receive these statements.

Pay stubs- employers do occasionally make a mistake so you should definitely check your pay stub when you receive it. But it's also good to save it until you file your taxes. At that point, check the last pay stub of the year against the W-2 you receive from your employer. If the information matches, you can shred the previous year's pay stubs. If not, ask your employer for a corrected W-2.



## Upcoming Events...

The Financial Freedom Club is dedicated to bringing knowledge and information to individuals seeking guidance and direction for their financial wellness. Seminars are available through local partnerships with Pitt County Council on Aging as well as Pitt Community College, the Business Technology Academy of the Pitt County School System and First Flight Federal Credit Union.

Stay tuned for future event announcements in upcoming issues!

## Budgeting: Making the Most of your Money

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The next thing to do is to track expenses made for discretionary expenses. You can divide your expenses into categories, such as:

- **Food**- be sure to include eating out and drinks or snacks you purchase on your break or lunch hour.
- **Entertainment**- entertainment expenses include anything you do to unwind, relax, or have fun. This should include movies, iTunes purchases, pay-per-view, etc.
- **Clothes**- although they may be tax deductible (consult a tax professional to determine whether your clothing purchases can reduce your tax liabilities), if you have uniforms or scrubs that you must purchase, be sure to include them in this category.
- **Gas**- for this expense, you can take an average of what you spend each week and multiply it by four to get a monthly average.
- **Music**- be sure to include iTunes purchases as well as radio subscriptions, such as Sirius or XM radio.

**When you are looking for ways to cut expenses, look at these discretionary categories first before attacking daily living expenses.**



### Reasons for a Spending Plan

Say you spend \$1 for a bottle of soda every day for 30 days. It doesn't seem like much when you are buying the soda, but when you add up that cost, you'll spend \$360 per year, just in soda. Now while you may love your soda each day, you could save money by bringing soda from home or by substituting water instead.

By tracking these expenses over time, you can see where your money goes and where you can make cuts to achieve your long term goals. Some reasons for a spending plan include:

- ✓ Helps you determine where you are spending your money currently.
- ✓ Helps you decide where to spend your money in the future
- ✓ You have an organized way to save for things that cost more (a car or house, for example)
- ✓ Puts you in control of your financial future!

*Want more information on these stories or have ideas for future stories? Send an e-mail to [thefinancialfreedomclub.org](mailto:thefinancialfreedomclub.org)*