REALITY SAVING

BUDGETING

WORKBOOK

e-book

YOUR GUIDE TO BEING MORE FINANCIALLY SAVVY

INSTAGRAM | REALITY.SAVING

TABLE OF CONTENTS

LET REALITY SAVING AWAKEN YOUR FINANCIAL INSIGHT TODAY

OWNER - REALITY SAVING

LIST OUT YOUR BILLS

I think this is the number 1 tip in budgeting. Behind making sure that you know how much you bring in each month, if you have a steady income. The next thing when it comes to the core of budgeting is knowing what you need to pay (what you've committed to paying). All of your wants and needs. While some of your bills might be wants and needs - they come after you've listed out every single one of the bills that you have.

Our step 1 is to start with home. Does it make sense that I live in this home? or do I need to downgrade so that I can start to save and meet my goals that I'm trying to reach. This is the first thing that your list should start with to begin your journey into budgeting. Then you will get into your car payments, electricity, internet, television and Netflix accounts. These are the regular bills that you pay every single month. These are not the miscellaneous bills that will vary. Although, your electric bill might vary - these are still bills that you pay every single month. You need to list those bills and go back through them with a fine tooth comb. I find the most easiest way to look at your bills is to just review your account. Go back to last month and review your account and see what all you paid. It's important to note that you might need to go back 2 or 3 months to ensure you haven't forgotten to include one of your bills.

My water bill is only sent every 2 months. It's extremely crucial that you check multiple months as to not forget the bills that don't get paid every month. Your home insurance you might only pay once a year and you don't see it again until the following year or your car insurance that you have the option to pay every 6 months. These are the bills that you have to review and make sure you have them listed or that you can account for from last month's accounts.

After you've listed them out and went through them with a fine tooth com. Please make sure you've listed all of your bills to include day care - which is a regular bill. If you have to pay that weekly, then you need to add up for the entire month how much that all costs. These are regular bills. Do not forget these important expenses. Your gym fees and home security fees. All of these are costs you have to think about and make sure they are listed out completely. You don't want to total your budget and believe you have your total amount - then boom you've forgotten something. You need to see what the number is and how much you are spending individually out of this total on bills.

LIST OUT YOUR BILLS

Now what. You've listed all of your bills. You know what all you're spending on. You now need to list the amounts. You need to go to your bank statement and say how much each of these bills cost you each month.

I personally recommend rounding the amounts. Don't write down that you spend $70.51. I would round this up to $75.00, because it might vary. Sometimes taxes are a little different. Most bills aren't the exact same number each month. I round up. Not down. If you round down you are cheating yourself and you aren't completely budgeting. If my water bill is $48.21 each month then I would round it up to $50 to give myself enough space because I have an extra $1/$2 left in my account. Let's not go scream greatness for having an extra $1, but carry that money over to the next month. When maybe a bill was a little bit more or you receive a random bill that you didn't know you would need to pay. Now you have $10/$20 that is stacking up in your bill account and you're able to pay them with more ease. Instead of figuring out where the unexpected money will come from, because you rounded up on your bills. My advice is not to round up $50 to $100 on each bill. This is astronomical and wouldn't make any sense for anyone to do this. But $5 or $10 just in case the bill expense gets a little bit higher. It helps.

You've listed out all of your bills. You've listed out how much they cost. I haven't mentioned credit cards but make sure they are listed in your budget line items because they have to be paid.

Now it is time to see if you have enough money for all of these bills. Is there anywhere you can cut down?

If there's not enough of your income coming in and you've only listed your bills - then unfortunately there might be a problem. Don't freight. However, gentle reminder that you've yet to list your groceries, your gas or miscellaneous items and savings. If you look at this number and realize I'm overspending. Now, you see it in black and white that you are overspending. Now is the time to say what can I cut out - what can I reduce - what don't I need.

For example, let's look at car insurance. You can call and get different quotes on car insurance to make sure that you are still receiving the best deal.

Credit cards maybe you'll have to change the payments on them. There are little things you can do to adjust. Maybe you don't need your tv anymore. Maybe you just have your phone with just a hotspot on it and that's all you have because that gives you internet. These are the things you have to look into until you get all of your bills under the amount that you are making. You're smart enough. However, this is a huge reality that if your bills are over your income then you are incurring debt. Bills are either going unpaid or you are putting them on credit cards each months. You're going into debt. This is how people end up with $10k/$20k/$30k of debt. It's okay though - because you're reading this guide and getting in control of your future. You can't control what happened in the past, but you can control the steps you are taking to change your future.

Make sure to add your student loans into your budget for bills. Don't forget to make these payments. The interest adds up and you'll end up in even more debt than if you just started. There are so many payment plans when it comes to student loans, that you can make smaller payments - but nonetheless make payments. The debt will start to go down. You can increase the smaller payments over time. That will stop the interest from growing and growing and growing. So that like any other debt, you don't wind up saying - "How did I get here?".

Our advice is to make sure you're really looking into all of your bills and accounting for them. This could include your parents expenses, children expense, animal expenses or home expenses. Anything that is a regular expense must be put in your budget.

Your first step of this journey is to list out all of your bills and how much it is and if you have enough money to account for these monthly expenses.

GROCERIES | GAS | MISC.

We've moved past the things you MUST pay. Congrats but the journey isn't over. While you do have to pay for groceries, the set limit on groceries and gas can be adjusted based on the money that you make.

Groceries. I usually recommend if it's just you then you try to limit yourself to approximately $50 a week. This is approximately $200 a month, which is your groceries budget. This can go up and down. If you have a family of 3 then it might be $150 a week. This is where adjustments can be made.. You should look at how much you spend on groceries and fast food. If you are looking at both and you spend $100 a week on fast food. You can lower that down by half and now you're spending $100 in total for groceries for each week. Groceries add up. If you estimate it out and make a weekly plan for how much you have to spend on groceries then you'll be better off. I've seen some help guides say that you should go to the grocery store with a plan for what you are going to eat this week. You get everything for the week all at once, so that you don't have to go every day and end up spending $50 here and there. You always go to the grocery store with a plan of what you are going to get. Never go and walk down every aisle. I guarantee you'll go over your monthly budget if you do it that way. Make sure you set the budget and go once a week. There will be times that you forget something, which is where your miscellaneous budget line comes from but you want to have a plan and begin sticking to your budget.

Gas. Your gas needs can fluctuate, but it can in fact be budgeted. Depending on how far you are from work.

If you are going to work and picking your kids up from practice and going to the gym across town amongst other things that you usually do in the week. Look at your gas for the entire month and determine how much you spend each week on gas. Add them up and determine how much you need weekly. Once I've filled my tank up and I get to the end of the week and my gas is low...I don't just go fill up my tank. This is when you stop yourself and remind yourself you have a budget. That you can't go too many more places. It's a friendly reminder that you've made a plan and only necessary trips can occur. If your tank is low and it's not the next week then you need to start limiting yourself on where you go.

Misc. You could add so many items to your list of budgeting line items. A Starbucks account of $5 a day so that you already have this budgeted out. Personally, I recommend setting everything outside of your bills, groceries and gas as miscellaneous. This take a lot of planning and carefulness. If you are just starting out with budgeting, then I would recommend to really dive deep into thinking about all of the things that you normally purchase during the month and budget these items out.

The miscellaneous account doesn't have to be a large amount. This will all depend on your income and unexpected purchases. However, an amount for the unexpected should be set. This category is for the extra things that weren't planned or you wouldn't normally have to purchase. Let's say you went over on groceries - then you must reduce your miscellaneous account to account for the over expense. If not, you'll end up in the same spot of incurring debt which is where we want to get you away from.

CREDIT CARDS

We've laid out your budget. We've got you a good budget, you're going to follow it and your mindset is ready and pumped to follow this budget. We've budgeted for your groceries, gas and miscellaneous things. Next up is - Credit Cards.

This is a topic that is a sore thumb in a budgeting conversation because you know that you have to tackle it and pay your minimum amounts, but where do you start. Especially when your balance isn't just 50% of the credit card limit. But when you are right at the edge and you only have $0.01 left to use on the card. I've seen instances where companies will still let you swipe for $100 over your credit card limit. They will just keep charging interest on top of these charges. They won't decline the purchase and let you keep going. Even if you didn't swipe over your limit, if the interest is still building it can eventually go above your credit card limit.

Today, you will tackle credit card spending and paying them down. Hopefully, when you were budgeting out your bills you already planned out the minimum amount due to be paid each month. When I work with my clients, I have them set goals and many clients 1st goals is paying down their credit card debt. Many clients who are just starting out budgeting have credit card debt. Not all debt is horrible, but credit card debt can get you in a world of trouble if you don't continuously pay it. My recommendation is to ALWAYS pay the minimum. However, I understand that sometimes this isn't always feasible. If this is the case, then pick 1 or 2 cards that you can pay even if it's only $10. Call your credit card company. Let them know your situation and that you're committing to paying each month. Ask them kindly if they would consider not sending your account to collections if you commit to these circumstances. This might not always work, but if you're having extreme troubles then it's always worth a shot.

If you're not having extreme trouble and have a few extra dollars after completing your budget, then I'm going to advise you to pay $5/$10 extra dollars above the minimum amount on your credit cards. This allows you to pay your cards faster because you're paying less interest. You might not recognize that extra $10 more right now but in the long run it will add up.

CREDIT CARDS

At the same time, you have to stop using your credit card. You want to use them, we know. But you're making this budget which means your goal is to stick to the numbers in it. Extra things that come up you will use your miscellaneous account or you just can't do it. You might have to say no to dinner or you might have to tell your friends that you can't make it to this gathering or that you can't take this trip.

There are so many things that you have to do while you are sticking to this budget, and that includes not using your credit cards. This is so that you can pay them down and can get to a better point where if you do need them in an emergency, you don't feel overwhelmed by the extra amount of credit card debt that you are incurring. Eventually, you will work up to the point where you have an emergency savings account and you don't have to use your credit card. Don't worry the time will come.

There are credit cards that will give you points for gas and traveling and I recognize this. My attempt is not to get you to completely stop using your credit cards, but to get you to consciously think about how you to use your card wisely. If they are at a high balance, paying them down so that the amount on the cards aren't overwhelming, your credit score starts to improve and you start to see positive changes in your life due to you not feeling that barrier of having credit card debt.

My **#1 advice** for credit cards is: **PAY THEM**. Even if it's only a few extra dollars because the debt won't go away without payments. Simply take action.

My **#2 advice** is: **MAKE AN EXTRA PAYMENT**. If you are making $50 payment each month - Make a $25 payment on the 1st and then on the 15th. You'll pay the interest down even faster.

SAVINGS

At the beginning of each process that I go through with my clients (before they even have a consultation), I have them write out their goals. If you don't have goals in this money journey then you're not going to go anywhere. You'll pay your bills but what do you want from having money.

Do you want get out of debt? Do you want to make a big purchase? Do you want to take a vacation? Do you want to save for your emergency fund? Is it time to purchase a new house and you need to figure out how to get there?

Everyone's goals are completely different. What I want to do here is to get your mind thinking about your goals. A lot of these goals require money. We have to plan how much these things cost. That first step of identifying what these goals are to identify how much they cost. Is it a $100 goal where you can meet your goal next month? Is it a $1,000 goal where it might take months? Is the goal purchasing a house, where you need to work on a long term plan to save up a down payment.?

The next step is determining how you will start meeting these goals based on your pay schedule. Do you get paid bi-weekly or monthly? If you want to meet this goal in a year, how much are you realistically going to have to put aside to meet this goal. Are you only going to set aside $25 or $300 each pay period? Are you willing to sacrifice all of these other things to meet these goals? Thats not for a financial coach to determine. This is personal determination on if this is a sacrifice you are willing to make. However, after looking at the numbers you might need to look at extending these goals from 6 months to 1 year or maybe 2 years.

I ask clients not only what are your goals. I ask them to identify what are your 6 month, 1 year and 5 years goals. This gets each person thinking about their current goals right now and long term goals. If you don't plan all of these things out you will look up in a few years and the long terms goals/dreams can't be accomplished.

For example, people want to pay off their credit card debt in 6 months. However, have you looked to see how much credit card debt you have and how much you're willing to pay each month to meet these goals? Is it realistic or do you want to

SAVINGS

adjust these goals?

Having savings accounts are very important. An emergency savings account is extremely huge for rainy days when things come up and you just need it. I have a house savings goals for when incidentals come up that can be expensive. I had someone come over for work that needed to be done immediately and they were willing to charge me $600 if paid monthly or $450 if paid now. Due to me having money set aside for emergency house expenses, I was able to save $150 by paying now instead of worrying about paying for this expense each month.

By now you understand that setting up different accounts for your vacations, house expenses, children's college funds, etc. are extremely important. If you don't have a savings account you're missing out on your future happiness. Your future will be so proud of you for putting that money aside. It might seem like you're missing out on the present, but now you'll be able to buy those random things that you've been wanting forever. If an emergency comes up, then you won't have to pay extra on interest when using a credit card.

Here's the plus, if you have separate savings accounts with the bank then teven pays you interest for saving with their banks. Based on the amount of money you have in these accounts, you'll start to see an increase in the amount that is paid out each month and you can still reach this money whenever you need it.

Reality Saving truly wants all of our clients to have a savings account to plan for your future and unexpected cost. Even if it only starts out as $20. This $20 will continue to grow and you will start to fill accomplished as it grows to higher amounts.

CAN YOU LIVE WITHOUT IT?

This is all up to you. If there's something you're planning for...."YOU" have to determine what "YOU" can live without. Even millionaire's if they want to keep some of their money and not eventually go bankrupt, they have to determine what they can live without. There's only a few people in this world that can have everything at the snap of their fingers. For the remaining people, there are choices you have to make everyday to determine if you can live without it.

When you were filling out your budget and are almost at the end of completing it - You might have realized that you only have $5 left each month or that you're over your budget by $300. This is when you really have to review and ask yourself

- Can you live without something?
- Do I need my cable bill?
- Do I need to take this vacation this month? Maybe I need to wait a few months until I've saved up more money to take this vacation.
- Do I need to eat out today?

This is a big one. The opportunity cost of eating in the house vs. eating out for every meal - ADDS UP. If you eat out 3 times a day for a week at about $10 each meal ($30 a day). That's $210 a week. For those same meals you can spend approximately $50 - $75 for the entire week by just eating at home. Say you do decide you would like to eat out once a week. Add on $25 for eating out that week. The remaining meals will have to be eaten at home. You've now saved $110 that week or $440 a month.

These are the necessary questions you must ask yourself to begin to realize what you are willing to give up to make your dreams come true.

Can I live without having my Starbucks today? Can I live without my gym membership? So that I can save for my vacation or my kids college.

There are so many options that you might want to do, but you have to weigh them and see what makes the most sense for you. These are you YOUR decisions. Your entire budget are YOUR decisions. This is not a budget advisors decision. We can coach you, make sure you're meeting your goals and redefine your budget so that it works for where you're trying to go and what you're doing. BUT we can't make the decisions for what's most important for you and how much you should spend on these items. I cannot advise you how much you should spend on mortgage. I can advise you that based on your income you probably shouldn't spend 80% of your check on rent/mortgage, but I cannot tell you what decision at the end of the day to make. As long as you realize that you have to weigh out what you won't be able to do if you choose 1 option over the other. Or you'll just end up sitting in more debt. Which is probably the reason you've ended up here today. You're trying to get away from incurring so much debt. You're probably trying to pay down your credit cards and not incur as much debt. Because of that you have to make those hard sacrifices and hard decisions on what makes most sense to give up.

Maybe you put on your budget that you want to save $100 for vacations every 2 weeks, but now you won't be able to do that. Maybe you'll only be able to put $40 up for vacations every 2 weeks and you won't be able to take vacations as often because you want to get your nails done every month. These are just things that you have to evaluate to help you weigh your options based on what's most important for you. This goes for you, everyone living in your household and whomever you take care of you - YOU have to figure out what makes most sense for YOU. We hope that this has encouraged you to look at your expenses and revise where needed. If your budget is working for you then we're happy for the strides you've made to setup your budget.

EMERGENCY SAVINGS

This topic is saved for last, because if you're just starting off budgeting then I want this to be the last thing you read.

You've made it through the previous steps and now it's time for you to really dig in and start preparing your emergency fund.

You want to make sure it's included in your budget, even if its only $5/$10/$15. Preparing your emergency fund is so important because you never know when something is going to happen. The least expected is going to come up. Something happens with your car, parents or kids that you least expected. There's so many things but you never know when these things will occur. Ensuring there are a few dollars that can go to these emergencies is critical in budgeting. There are recommendations that say you should have 3-6 months of expenses saved up and I agree.

The obvious emergency is if you lose your job. So many people lose their job everyday. Look at COVID. COVID came and unemployment shot up. If you haven't prepared a little bit, then you won't have anything to rely on. Our recommendation is to always include this in your budget no matter the amount. I recommend that you put at least $50 each month in your emergency fund. While this might not help you tomorrow with an emergency or build up your fund to 3 - 6 months of emergency savings fast, overtime the value will start to increase. You'll look up and it will be $1,000 and then $2,000 and so on. Until you start, there is nothing.

Key in on your emergency savings. It's the last piece of information that you must include in your budget. You don't realize how important an emergency fund is until you need it.

There's so many times that I've paid cash for expenses that come up and received a discount because cash is worth more now then later. If you have the cash saved up for these unexpected expenses you can put more money in your emergency fund, but if you don't have it then you're in more debt. You've paid off some of your debt over the past or at a lost for what to do if a credit card isn't an option. We urge you to sow into your emergency fund now rather than later.

Our advice is to put money into your emergency fund little by little. If you get a raise or a bonus put a little more in the emergency fund and watch it grow. You'll be excited after awhile. Perform a re-evaluation every 6 months to a year. Write it out on paper that you were at $500 - 6 Months ago and now I'm at $1,000. Seeing that growth written down will help you to realize how much improvement you've made.