

Take Control of Your Finances Action Step Packet

Welcome to the Take Control of Your Finances Program Action Step Packet. We've modeled the **Take Control of Your Finances** Pilot Program after our nationally recognized Project Money program where over the past six years, 24 participants have saved over \$192,000 and paid off over \$250,000 in debt. The activities you will work through are the same that our Project Money participants used to create plans to reach their goals! Use this guide to walk through our four steps designed to help you better understand and grasp your financial picture, and to get you started on truly taking control of your money. Each **Action Step** is accompanied by a *planning tool in this packet and/or an excel worksheet* downloadable from our website to help you dig deeper to identify opportunities to **save more, decrease your debt, and reach your goals.**

When you have completed all four steps, contact your coach and submit a copy of your action steps packet. Your coach will review your financial picture as well as a copy of your credit report to help provide options and opportunities for you to make meaningful financial changes. This includes an opportunity to discuss student loan management options that may

Activity #1 Set Your Goals

Use the **Goal Setting Worksheet** on page 2 to:

- Write down your goals.
- Create a timeframe for your goals.
- Prioritize your goals.
- Re-evaluate your goals after you have created your budget.
- Create action steps to reach them.

Activity #2 Track Your Spending

Download the **Daily Expense Excel Worksheet** from the website. Use it to:

- Determine where you are spending your money.
- Track every penny you spend from cash, debit and credit.
- Review the amounts and think about whether you can reduce them over the next month.
- Make a commitment to reduce spending in certain categories so you can use that money to reach a goal.
- Continue tracking to be sure you are meeting your new budget limits.

Activity #3 Create a Budget

Download the **Budget Excel Worksheet** from the website. Use it to:

- Get a complete financial picture.
- Evaluate your fixed and flexible expenses.
- Determine where you can cut back on spending.
- Look for ways to save money on contracts, loans, and spending habits.

Once you have selected places to cut back, re-allocate the money to both savings and debt reduction.

Tip: At Summit you can open sub-savings accounts under your main account number and name them after your savings goals. In online branch, create an automatic transfer to the account each time you get paid.

Activity #4 Create a Debt Payoff Plan

Use the **Debt Payoff Plan Worksheet** to:

- List who you owe, the balance, minimum payment and credit limit.
- Prioritize your debt by smallest balance to largest balance.
- Based on the spending changes you've made, reallocate some of the money to the lowest balance debt payment. Work to pay off that debt. Then move to the money to the next debt.

Tip: Divide your loan payments in half and make a payment each time you get paid to reduce the amount of interest charged.

Activity #1—Set Your Goals

Goal setting can be an empowering and motivating tool when it comes to changing how you see and use money. When you set goals and reallocate your money to those goals, you are making a commitment to spend your money on the things that you value. When we do not have a financial plan, we tend to focus on the day-to-day and not the future. This can lead to impulse spending, frustration and living paycheck to paycheck. The **Take Control of Your Finances Goal Setting Activity** will help you determine what you want to place a priority on and where you want to spend your money.

Here is How to Set Your Goals:

1. Write down every financial goal that you would like to reach and include the amount of money you need. You may need to do a bit of research to determine the amount.
2. Write down when you want to reach these goal by. As you dig into your next activities—tracking your expenses, creating a budget and creating a debt pay-off plan, you'll truly understand where your money is going. You will be able to set a more accurate timeframe to reach your goals and determine how many goals you can work on and accomplish at once. You should work on savings and debt reduction goals at the same time!
3. Create your goal action steps.* Work through how you will specifically reach your goals by identifying and changing financial habits that are costing you money.

Goal	Amount Needed	Timeframe-Completion Date	Bi-monthly/Monthly Payment	Action Steps

*We recommend working on your goal action steps (last column above) **after** you have completed Activities 2-4. Those activities will provide you with the information you need to determine if the goals you set are realistic and can be achieved within your timeframe. You might find it helpful to print out several copies of this page as you work through your goals and action steps.

What Action Steps do I need to take to stay on track:

"In order to be successful, I will need to meal plan and create specific grocery lists to avoid eating out so I can save money in my grocery budget."

Activity #2—Track Your Spending & Put It Into Categories

Knowing where you spend your money is important so you have the flexibility to make changes if something comes up. When you track your spending, you can see if it matches your values and the goals you have set. If not, you have the opportunity to re-allocate money in **Activity #3—Creating Your Budget**.

Here is how to Track Your Expenses: Download the Daily Expense excel worksheet from the website. Use it in excel or paper form.

1. Write down every penny you spend each week for four weeks. This is critical—every vending machine purchase, coffee, credit card purchase, debit card purchase, cash transaction. Put it into a corresponding category. If there isn't one, create one. You'll want to start a new worksheet each week for easier tracking.
2. Once you have everything tracked, add the purchases up. Do any of the amounts surprise you?
3. Review the amounts and consider if you can reduce them over the next month.
4. Make a commitment to reduce your spending in certain categories for a time so you can use that money to reach a goal.

I commit to reducing my spending in these categories by this amount:

"I can't believe how much money I spend on eating out! I commit to reducing my spending on eating out by \$200 in the next two weeks."

"Based on an evaluation of my spending, I can reduce how much I am spending in the "Eating Out" category by \$200 a month. I will reallocate that money to my savings and to my debt to work on two goals at once."

Expense Category to Reduce...	By This Amount

Once you have created your budget in Activity #3, continue to track your expenses to be sure you do not go over your budget limits. If you do, you will need to adjust your budget again.

"I have found that reducing my eating out by \$200 in two weeks was not realistic. I could have planned better with a more detailed meal plan and grocery list. I set a new goal to reduce my eating out by \$150 instead."

Activity #3—Create A Budget and Re-Allocate Money

When you create a budget, you are prioritizing where you are spending your money and how much you'll spend each month. It's a flexible tool that offers you the opportunity to make adjustments if you need to by using the "Now" and "Future" columns to re-allocate your money. A budget will help you set limits on your spending, and help you create plans to reach your goals. It's a way for you to determine what is important and what is not—all by how much you allocate to those budget categories. While you are creating your budget, you will want to review your goals as well as work on **Activity #4—Your Debt Pay-off Plan**, so you can re-allocate money into the "Future column" based on your plans.

Here is how to Create Your Budget: Download the Budget excel worksheet from the website. Use it in excel or paper form.

Step #1—Enter net income and current expenses into the "Now" column. (Net income is your income after taxes)

Step #2 - Review the total income compared to current expenses—you will be over or under.

Step #3 - Determine where expense changes can be made and estimate how much money you can free-up.

At this time, you will want to also work on **Activity #4 and create your Debt Pay-off Plan**. That will help you prioritize what debt you will want to pay off first so you can enter that information into the Budget worksheet.

Step #4 - Enter any changes you have made into the "Future" column.

Step #5 - Review it periodically to stay on track, look for opportunities and be reminded on your goals.

"I realized I was spending too much—I reallocated money to Home Projects & Travel"

"I didn't budgeted for this, I was using credit cards..."

"I'm now budgeting & saving for this expense!"

Budget Example

Budget Worksheet

		Now	Future
Housing Expenses:	Mortgage	\$1,487.08	\$1,487.08
	Homeowners- Geico	\$76.65	\$76.65
	Electric/Gas	\$173.00	\$173.00
	Telephone	\$94.00	\$94.00
	Home Projects	\$0.00	\$200.00
TOTAL EXPENSES FOR HOUSING		\$1,830.73	\$2,030.73
Vehicle Expenses:	Truck Loan	\$376.00	\$368.62
	Car loan	\$365.00	\$365.00
	Insurance Premiums- Geico	\$82.89	\$82.89
	Gas	\$225.00	\$225.00
	Car Repairs	\$100.00	\$100.00
	TOTAL EXPENSES FOR VEHICLES	\$1,148.89	\$1,141.51
Loan Expenses:	SCU Card - moved other CC to this	\$414.74	\$414.74
	Home Equity Loan	\$304.88	\$304.88
	Personal Loan	\$277.81	\$352.81
	Student Loan Payments	\$103.72	\$103.72
	Student Loan Payments	\$91.62	\$91.62
	TOTAL MONTHLY PAYMENTS FOR LOANS	\$1,192.77	\$1,267.77
Living Expenses:	Groceries / eating out	\$1,000.00	\$300.00
	Personal Care Savings (Yoga classes)	\$100.00	\$140.00
	Clothing	\$50.00	\$0.00
	Personal Care -Hair Cuts	\$53.33	\$53.33
	Pet Expenses (Food, Grooming, Accessories)	\$80.00	\$80.00
	Travel	\$0.00	\$100.00
	Allowance \$25 each per week		\$200.00
	Gifts (Birthdays, Holidays - Christmas)	\$100.00	\$100.00
	Sports Savings	\$0.00	\$50.00
	Memberships/Misc	\$45.00	\$84.00
	TOTAL DAY-TO-DAY EXPENSES	\$1,428.33	\$1,107.33

Activity #4—Create A Debt Payoff Plan

Now that you have tracked your expenses, started to create a budget and reallocated some of your money to meet your priorities, you'll want to focus on paying off your debt systematically with our **Debt Payoff Plan Worksheet**.

Although you may have already created debt pay-off goals in **Activity #1**, you may end up changing your goals as you review your debt. You now have the added benefit of knowing that you are able to re-allocate some money to debt payments from your reduction in other spending categories.

We recommend paying off the smallest balance debt first. You can then use this money to make larger debt payments in the future.

Step 1: Know How Much You Owe

- Write down all of your debts, including the balance, interest rates, minimum monthly payment, credit union and note the payment due dates.

Step 2: Prioritize Debt Payoff

- Prioritize your debt by the smallest to largest balance.

Step 3: Reallocate Money

- Based on the spending changes you've made, reallocate some of the money to the lowest balance debt payment.
- Set-up automatic payments to pay this loan off. When you divide your loan payment in half and make a payment each time you get paid, you reduce the amount of interest charged over the life of the loan.

Step 4: Create a Payoff plan

A debt payoff plan targets one debt at a time and systematically pays off your debts over time. When you pay off one debt, you re-allocate and add that money to the minimum balance of the next smallest debt—increasing your payments and paying the loans off faster.

Create a plan using the Payoff Debt example from page 7. You'll be able to plan when you will pay off the first debt, then the second, third, etc. This will give you peace of mind that you are moving towards paying off your debts faster and on a specific timeline.

Know What You Owe - Credit Cards & Consumer Loans

Debt Type, Who You Owe, Pay Date	Balance	Interest Rate	Minimum Monthly Payment	Credit Limit

Know What You Owe - Student Loans

Many people have a sense of urgency to pay off their student loans. We recommend that before additional money be put towards student loans, that you have a plan to continually save to build wealth, and you have paid off your credit cards. Our Project Money participant Katie worked for 7 months to pay off her home improvement credit cards so that she could take the money that she was paying and apply it to her student loans. Katie worked hard to prioritize spending, determine what she needed versus what she wanted, and set specific debt payoff goals as a motivation to not spend on extras. She created savings accounts to save each paycheck for fun and car repairs. Katie is now actively saving, not using her credit cards and putting more than \$700 per month to her student loans, reducing the interest and the amount of time she will be paying from 16 to 6 years.

- Access your student loan servicer’s website and research your student loans. Fill in the information below as it relates to your student loan now. Be sure to do additional research into potential payment, consolidation, deferment, forbearance, forgiveness and cancellation options.

Servicer & Website	Balance	Interest Rate	Monthly Payment	Loan Status	Repayment Plan
<i>Federal Loans</i>					
<i>Private Loans</i>					

IT'S YOUR MONEY.
OWN IT.

