



Financial Wellness

Budgeting for Financial Success

Without a plan for financial success, it is difficult to know which decisions are the right ones to make. Creating and sticking to a budget provides you a clearer financial picture and gives you a better sense of control over your money.

To create a budget that works, follow one simple rule: Don't spend more than you earn. Some kinds of debt, such as a home mortgage loan, are unavoidable. These debts are managed through monthly payments over a set period. Creating a budget will help you avoid the kinds of debt that keep you from realising your long-term financial dreams.

Getting Started

To get started on your budget, you will need your payslips, bank and investment statements, bills and credit card statements, receipts, paper and a pen. Begin by estimating monthly income and expenses to get an accurate sense of how much you are earning and how much you are spending. Here are the steps involved:

1. Estimate your take-home pay by looking at the net (after-tax) amount on your payslips. Bank statements may also be useful to measure such non-wage income as interest, dividends, etc.
2. Calculate your expenditures. Include all your typical expenses, such as mortgage payments, car loans, transportation costs, utilities, child and elderly care, food and clothing, education, medical bills, car repairs, retirement savings, religious contributions, entertainment purchases and miscellaneous expenses.
3. Subtract all expenditures from revenues. If you have a surplus, aim to save as much of it as possible. If you have a deficit, you need to cut expenditures. Experts recommend setting a goal of saving at least 10 percent of your earnings and having at least three months' income set aside for emergencies.

Tips for Living Within Your Budget

- Focus on savings versus spending. Rethink your priorities.
- Evaluate your expenditures by listing them in order of priority, and determine which purchases can be eliminated or reduced. Rethink big-ticket items to make sure they are really necessary.
- Document every transaction. Create a system to file and organise your revenues and expenditures. File all receipts and bills as you process them and keep your checkbook register up to date.
- Computerise your efforts. Consider buying a financial-management program to help you balance your accounts. Monitor your budget on a monthly or weekly basis to ensure you are on track and to keep you motivated.
- Pay off your credit card balance each month. When using credit cards, make an entry in your financial or checkbook register for each individual charge the day the charge is made. This will prevent charge card bills from catching you without adequate cash in your bank account to cover them.
- Confide in your partner, and have your partner follow these procedures as well. Once you have created a budget to properly deal with your financial situation, you will enjoy greater peace of mind knowing exactly how you have spent your money.

[Contact us anytime for confidential assistance.](#)

Tips for Saving Money

Knowing how to secure your financial well-being is one of the most important lessons in life. Here are some basic tips for saving and investing.

Understand Your Financial Goals

What do you want to save and invest for?

- A home
- A car
- Education
- Retirement
- Your children
- Caring for parents
- Medical expenses
- Emergencies

Make your list of goals. List your most important goals first. Decide how many years you have to meet each goal, because when you save or invest you will need to find a savings or investment option that fits your time frame for meeting each goal.

Know Your True Financial Situation

Take an honest look at your finances by creating a net worth statement. Take a piece of blank paper. On one side of the page, list what you own. These are your assets. On the other side, list what you owe other people. These are your liabilities or debts.

Subtract your liabilities from your assets. If your assets are larger than your liabilities, you have a positive net worth. If your liabilities are greater than your assets, you have a negative net worth.

Update your net worth statement every year to keep track of how you are doing. If you have a negative net worth, make a plan to develop a positive net worth.

Be Careful With Credit

Do not use a credit card unless your debt is manageable and you know you will have the money to pay the bill when it arrives.

If you know you will not be able to pay your balance in full, try to figure out how much you can pay each month and how long it will take to pay the balance in full. If you have unpaid balances on several credit cards, you should first pay down the card that charges the highest rate. Pay as much as you can toward that debt each month until your balance is once again zero, while still paying the minimum on your other cards.

Pay Yourself First

Many people get into the habit of saving and investing by following this advice: Always pay yourself first. People find it easier to pay themselves first if they allow their bank to automatically remove money from their wage and deposit it into a savings or investment account.

Take advantage of any employer-sponsored retirement plans available to you. These plans will reduce the taxes you are paying.

Small Savings Add Up

With compound interest, you earn interest on the money you save and on the interest that money earns. Over time, even a small amount saved can add up to big money. If you are willing to watch what you spend and look for little ways to save on a regular schedule, you can make money grow.

If you buy on impulse, make a rule that you will always wait 24 hours to buy anything. You may lose your desire to buy it after a day. And try emptying your pockets and wallet of spare change at the end of each day.

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Tips for Weathering a Financial Emergency

Sometimes, despite the best-laid plans, a financial crisis can happen. Here are some steps to help you get through and recover from a financial emergency.

Creditors

A first step to take is getting in touch with your creditors to see if alternate payment arrangements are possible. It may be possible to skip a month's payment and add the payment to the back of the loan (such as with a car or mortgage payment). It may also be possible that the creditor will accept partial payments until you can get caught up on the debt.

Budgeting

Prioritise your most important financial obligations such as food, shelter and transportation first, and items such as credit card payments last. You may also want to suspend any automatic bill payments so that you can control the timing of payments until you are in a better financial situation.

Retirement Funds

An often overlooked resource is your employer-sponsored retirement funds. While borrowing or withdrawing from this type of account is not optimal, it may provide an important lifeline in case of an emergency. Make sure you understand any tax consequences involved.

Additional Help

Local charities may be of assistance and listings can be found easily online or in the telephone book. If you belong to a church, you may be able to receive assistance directly from them. If your church is unable to help directly, they may also be a helpful resource in referring you to other active charities in your area.

Your local human services department may also be an emergency financial resource to explore and can help you with understanding which types of aid you may be eligible to receive.

Here when you need us.

Call: 866-641-3847

TTY: 877.373.4763

Online: guidanceresources.com

App: GuidanceNowSM

Web ID: COM589

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