



# Budgeting and Emergency Savings

# Agenda

What we will cover:

- Take inventory of your finances
- Setting up your budget
- Pay down Debt
- Finding ways to save more
- Creating an emergency savings fund



**Take  
inventory of  
your finances**



A top-down view of a desk with a light-colored wooden surface. On the left is a silver laptop with a black keyboard. In the center is a small potted cactus. To the right is an open notebook with a grid pattern and a pair of black-rimmed glasses resting on it. A white computer mouse is visible at the bottom right.

## **What is a financial inventory?**

It means sorting out the money and other assets that are all yours from those that someone else has a claim on -- in other words, finding out what you own and what you owe. Then track where the money goes.



## Setting up your budget

# Budgeting basics

## Budgeting allows you to:

- Keep track of your spending
- Helps to manage or eliminate debt
- Helps you curb your impulse purchases
- Plan for unplanned expenses or future expenses
- Planning for retirement



# Creating a budget

## Prudential PATHWAYS

### MONTHLY INCOME & EXPENSE SUMMARY

|  | Today | During Retirement  |
|--|-------|--|
| <b>Employment Income:</b>                                    |       |  |
| Monthly Salary/Wages   | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Monthly Self-Employment (actual)                             | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>Total Employment Income</b>                               | \$    |  |
| <b>Other Income:</b>   |       |  |
| Monthly Taxable Pensions                                     | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Other Monthly Taxable Income                                 | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Other Monthly Non-Taxable Income                             | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>Total Other Income</b>                                    | \$    |  |
| <b>Household-Related Expenses:</b>                           |       |  |
| Mortgage / Rent  | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Condominium / Association Fees                               | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Homeowner's Insurance (if not included in mortgage payment)  | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Property Taxes (if not included in mortgage payment)         | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Phone Charges - Cellular and Landline                        | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Utilities - Heat / Gas / Oil / Electric / AC / Water / Sewer | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Cable/Satellite TV / Internet                                | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Home Maintenance / Property Care / Cleaning Supplies         | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Other Household  | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>Total Household Expenses</b>                              | \$    |  |
| <b>General Expenses:</b>                                     |       |  |
| Alimony/Child Support  | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Child Care / Elder Care                                      | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Groceries  | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Pet Care and Food  | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Clothing / Dry Cleaning                                      | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Gym / Sports / Hobbies (golf, tennis, etc)                   | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Vacation   | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Entertainment (movies, dining out)                           | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Tuition Costs / Education                                    | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Debt (Credit Cards, Student or other Loan Payments)          | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Gifts (birthday, anniversary)                                | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Charitable Donations   | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Emergency Fund   | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Hygiene Products & Services                                  | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Other General  | \$    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>Total General Expenses</b>                                | \$    |  |

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1010019-00002-00



# Define your fixed expenses - spending



## Home expenses

- Rent/mortgage
- Insurance
- Property taxes



## Transportation

- Car note
- Insurance
- Train/bus tickets



## Health

- Insurance
- Out-of-pocket costs



## Household expenses

- Groceries
- Utilities
- Phone/internet



## Debts

- Student loans
- Child support/alimony



## Other

- What other fixed expenses can you think of?



# Variable expenses – curb your impulses



## Apparel

- Designer clothing
- Jewelry



## Special meals

- Dining out
- Entertaining
- Parties



## Entertainment

- Movies/Cable TV or streaming services
- Concerts
- Sporting events



## Memberships

- Gyms
- Clubs



## Travel

- Plane tickets
- Hotels
- Rental cars



## Other

- What other variable expenses can you think of?

# Bills

- Designate a dedicated space for your online (or paper) bills
- Dedicate a time to regularly review your bills
- Track the bills you've received and when they're due to stay on track
- Review your bills against your budget





**Pay down  
debt**



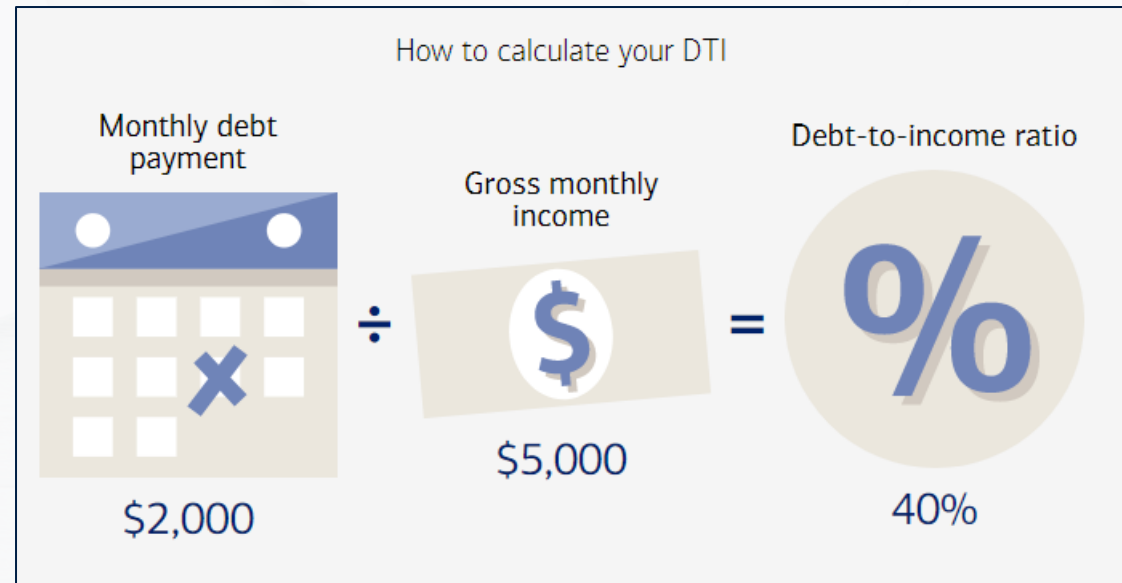
## Signs of too much debt

Trouble signs:

- Paying only the minimum payment on credit cards
- Late payment penalties
- Credit cards are at or near their limit
- Savings is used to pay bills
- Use credit card because you don't have cash
- Denied credit

# Debt-to-income ratio

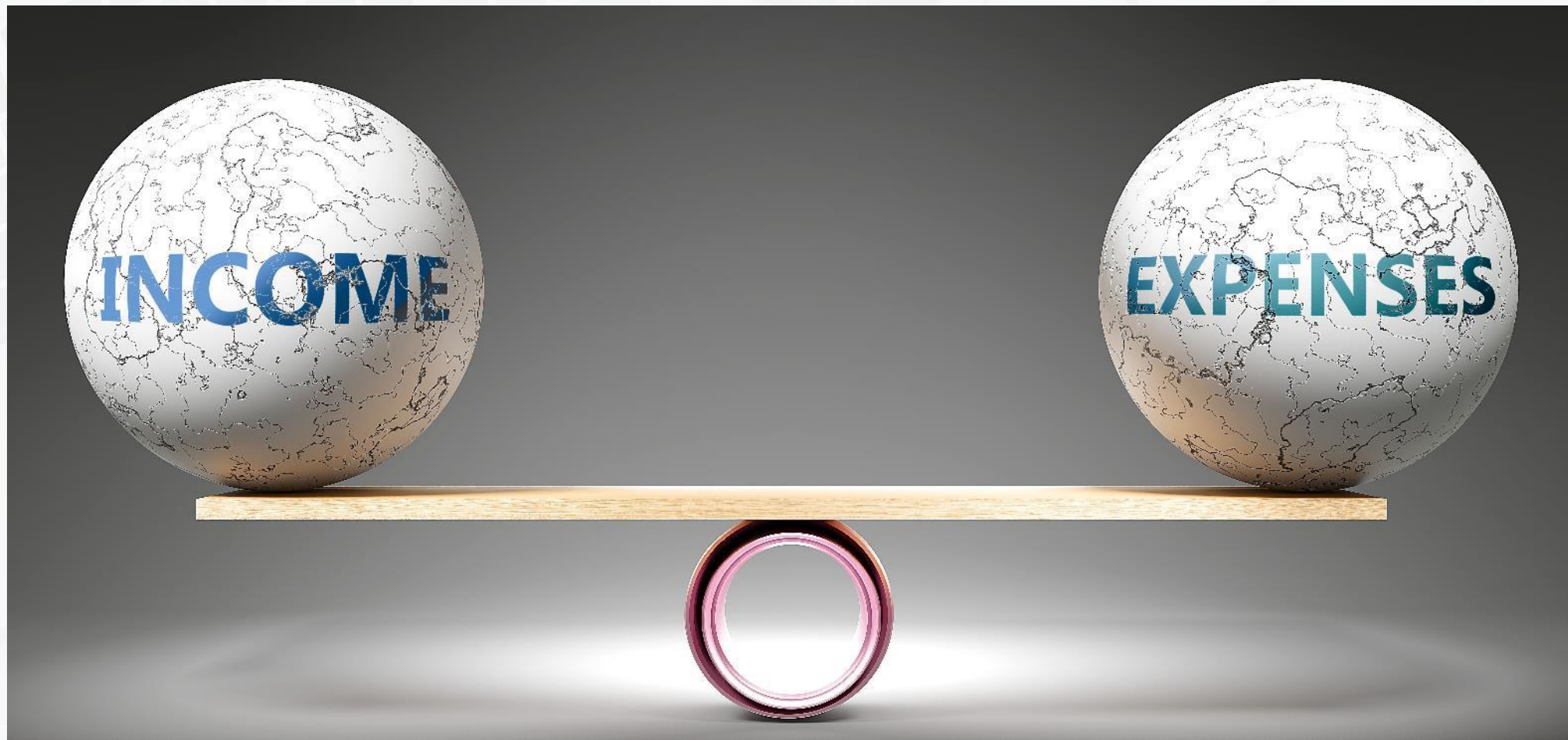
Monthly Debt Payment  
÷ Gross Monthly Income =  
Debt to Income ratio



\*This is hypothetical example for illustration only



**Earn more or find more**





## Cut everyday expenses

- Lose the latte
- Pack your lunch
- Plan your meals
- Borrow your books
- Ask for discounts
- Buy used
- Shop around for prescriptions
- Rethink memberships
- Stay home
- Cash-back apps
- Replace cards with fees
- Cut back on utilities

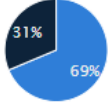




# Reducing the cost of debt

|  |  |
|--|--|
| Loan Amount                              | <input type="text" value="\$10000"/>   |
| Loan Term                                | <input type="text" value="10"/> years<br><input type="text" value="0"/> months |
| Interest Rate                            | <input type="text" value="8"/> %   |
| Compound                                 | <input type="text" value="Monthly (APR)"/>                                     |
| Pay Back                                 | <input type="text" value="Every Month"/>                                       |
| <input type="button" value="Calculate"/> |  |

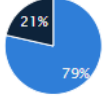
**Results:**  
Payment Every Month **\$121.33**  
Total of 120 Payments **\$14,559.31**  
Total Interest **\$4,559.31**  
[View Amortization Table](#)



☒ Principal  
☒ Interest

|  |  |
|--|--|
| Loan Amount                              | <input type="text" value="\$10000"/>   |
| Loan Term                                | <input type="text" value="10"/> years<br><input type="text" value="0"/> months |
| Interest Rate                            | <input type="text" value="5"/> %   |
| Compound                                 | <input type="text" value="Monthly (APR)"/>                                     |
| Pay Back                                 | <input type="text" value="Every Month"/>                                       |
| <input type="button" value="Calculate"/> |  |

**Results:**  
Payment Every Month **\$106.07**  
Total of 120 Payments **\$12,727.86**  
Total Interest **\$2,727.86**  
[View Amortization Table](#)



☒ Principal  
☒ Interest

Difference between an 8% interest rate and 5% interest rate is a savings of **\$1,831.45**

<https://www.calculator.net/loan>



**Finding ways  
to save more**



## Increasing your income





**Creating an  
emergency  
savings fund**

# Prepare for the unexpected





## Creating your emergency fund

- How much do I need in it?
- Where should I keep it?
- How do I build it?
- When should I use it?



# There is a light at the end of the tunnel



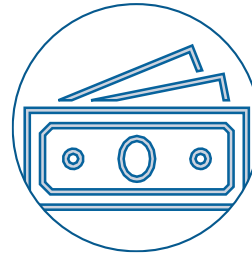
**Emergency  
Savings**



**Protection  
solutions**



**Big ticket  
items**



**Retirement**



**Caring for  
family**





# Review your budget regularly





## Next steps



Use handout or another tool to create your budget



Organize your bills and track their due dates



Pay down debt and find ways to save more



Ensure your emergency savings fund covers 3+ months\*



# Questions





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