



**EMPOWERU**

# **FINANCIAL FITNESS 1**

## **WEEK 2**



Welcome to Financial Fitness!

**We're so glad you're here!**

**A few things to remember:**

- Make sure you sign in to get credit for attending
- It is vital that you come on time each week in order to avoid the disruption that is created for the rest of the class and we want to make sure that you don't miss any important Financial Fitness principles
- Full attendance means that you arrive on time, stay for the entire 1.5 hour class and complete each week's homework. Credit will not be given for partial attendance or incomplete homework
- Childcare is available for those attending Financial Fitness
- In case of absence please make sure to call the Love in Action office and leave a message at (616) 846-2701 extension 108. An absence without a call will be entered as a NO CALL/ NO SHOW
- Please turn down your cell phone and avoid using it during class out of respect for other class attendees and the class instructor
- Please refrain from leaving class during the session unless there is an emergency
- During inclement weather class cancellations will be posted on WZZM 13

# What drives your financial habits?

## Lesson Objectives:

- Managing your resources
- Review homework
- The purpose of a payment calendar
- Applying for a credit report
- Categorizing spending
- Keeping and logging receipts
- Homework assignment



Managing your finances may seem like a lot of unnecessary tedious work. You bring in X amount of dollars, you spend Y amount of dollars and whatever is left over is left over. Seems like a math no-brainer.

Finances are made up of much more than math. They include the psychology behind your money personality and your values.

Money management begins with an honest look at your assets, mindset and habits.

- What do you spend and what do you spend it on?
- How much income do you have at your disposal on a monthly basis?
- What are your expenses?
- What are necessities and what are wants?
- What are you willing to sacrifice in order to change your financial picture?
- What assets do you have?
- Do you have any debt?
- What does your financial future look like?
- Are you ready for emergencies?
- What is your credit score?
- What do you worry about the most financially?
- What money mindsets or habits do you need to change?

The first step is to get an accurate picture of your expenses and income. It will take some detective work to figure out what your money is really up to.



Everyone has a money personality. It drives how they think about money and what they do with it.

Some money habits and mindsets may have been developed by the environments and cultures that you grew up in. Some of those ideas may serve you well and some may not.

### **Class discussion:**

Think back to your family's ideas and habits regarding money.

- What things did you learn that helped prepare you to manage your money?
- Were there things you learned that have not been helpful to you as an adult?
- Are there any money principles that you feel would have helped you be more financially successful as an adult?
- What were the money personalities of those who took care of you as a child?
- Was there stress and tension because of money?

## The 5 Financial Personality types

<b><u>Money Hoarder:</u></b>	<b><u>Money Spender:</u></b>	<b><u>Money Monk:</u></b>	<b><u>Money Avoider:</u></b>	<b><u>Money Amasser:</u></b>
Likes to plan and save for the future	Money is meant to make life more enjoyable	Money is evil and too much of it leads to corruption	Who wants to think about money anyway	Enjoys having large amounts of money available to spend, save or invest
Doesn't like to spend on self or others	Likes to spend on self and others	Tends to live very frugally without many possessions	May put off balancing their checkbook and paying taxes and bills on time	Equates money with self-worth and power
Spending on vacations and entertainment is unnecessary and avoided	Struggles with saving for long term goals	May avoid investing as it could result in more "evil" money	Unlikely to make a budget or keep financial records	Feels like a failure when bank account drops too low
Extreme money hoarders may keep a stash of cash hidden	May spend so much that debt occurs	Any investments will reflect their values and tend to be "socially responsible"	May not feel capable and feel overwhelmed, even paralyzed by money tasks	Is willing to take high risk in order to gain a rapid increase in funds

- Which one of these types describes you the most?
- Which one would you choose next?
- If you share finances with someone, what do you think their financial personality is?

Many times two different money personalities end up together, like a spender and a saver. The differences can be frustrating and cause disagreement. Understanding and valuing each person's style can help to work toward resolving money conflicts.

## Case Studies:

Susan and Bob will represent a fictional couple and Jen a single mother whose financial journeys we will be tracking throughout the course.



### Susan and Bob

Susan grew up in a family that had everything they wanted. Her father owned a very successful company, they had a cottage on the lake and she never had to think about money or where it came from.

Bob grew up in the home of a single mom who had to work two jobs just to cover the basics. The constant shut off notices and lack of money were a source of anxiety. Sometimes the items he received at school in his backpack from a local ministry were the only thing he and his brother had to eat on the weekend. Susan and Bob met in high school, fell in love and were married after graduation.

It didn't take long for disagreements over money to show up. Susan had never given a second thought to having enough money, liked to be generous and felt like Bob wanted to give way to much attention to finances and how money was spent. He was a financial Grinch in her book. Bob couldn't understand why Susan felt so free to "carelessly" spend their money and showed little concern for their financial future, like money grew on trees or something. The arguments increased to the point that they knew something had to change. It was making them both miserable. The church that they attended was starting a new Financial Fitness class and they signed up to attend. They began to understand and respect each other's money personalities, work together, look for ways to compromise and to use the tools they gained in the class.



### Jen

Jen is a single mom with three young children. She works really hard to make ends meet but there just never seems to be enough and life feels really overwhelming.

Jen is determined that her children will have a different life than she did. She has begun to take steps to make that happen. She has connected with local community resources and a church that hosts a financial course. One step at a time she is working to change her life and create a promising future for her children.

## Bible Truths:

- God created everything, it all belongs to Him. He created humans in His image and gave them the privilege of enjoying and managing His creation and resources.

***Genesis 1:1: In the beginning God created the heavens and the earth***

***Genesis 1:27: So God created mankind in His own image, in the image of God he created them, male and female He created them.***

***Genesis 2:15: The Lord God took the man and put him in the garden to cultivate and keep it.***

## Homework check

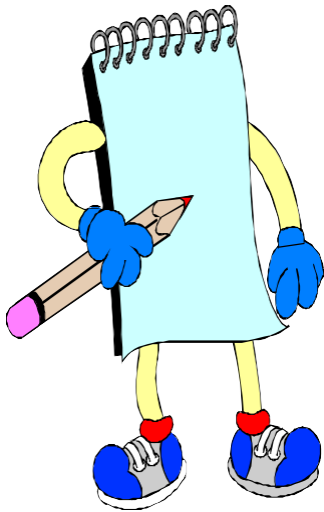
- What was your experience with tracking your expenses?
- Were you diligent about recording each purchase?
- Did you learn anything about your money habits and mindsets?
- Did you recognize any patterns of expenses that were unnecessary and could be cut back or eliminated?

## Week 2

### FINANCIAL LESSON

#### **Small Pocket Notebook – Categorizing Purchases**

At the end of the day, go through your **Small Pocket Notebook** and determine which expense category (as listed on the top line of the Daily Spending Record) best describes each of your purchases.



Date: March 8	Spent	Category
Aldi	46.12	Food
Redbox	4.00	Ent.
Cigarettes	19.75	Misc
Pop- from gasstation	1.50	Ent.
Date: March 9		
-	-	-
Date: March 10		
WalMart	52.65	Clothing

### Spending Categories

Housing / Utilities	Food	Transportation
Clothing	Medical	Savings
Tithe / Offerings	Debts	Insurance
Miscellaneous	Entertainment & Recreation	School / Childcare



## **The Next Tool: Daily Spending Record**

You will break down each purchase from your pocket notebook into the categories listed on your Daily Spending record, then add each category together and record the amount in the appropriate section of your **Daily Spending Record** for each day.

### **Daily Totals**

#### March 8

Food-----\$46.12

Entertainment-----\$5.50

Miscellaneous-----\$19.75

#### March 9

\$0

#### March 10

Clothing----- \$52.65

Keeping your receipts in your Receipt Envelope is necessary to help you place your purchase amounts in the correct categories.

Note: If a receipt includes purchases from multiple categories you will need to go through your receipt and add up the item totals for each category.

Example: A Meijer receipt where you purchased groceries, clothes, a prescription, and wiper blades. You will need to add up the totals per category on your receipt and put them in the correct category on your Daily Spending Record.

Two ways to simplify this process:


- 1) Do separate transactions based on categories
- 2) Group items by category in the check-out lane so they are pre-sorted and make adding easier. Your small pocket notebook is a tool to help you record when and where money was spent. You may directly transfer the numbers from your receipt to your Daily Spending Record.

### **Remember:**

- To use EXACT numbers! No rounding.
- You will not use all of the categories every day.
- You will need to continue recording your daily spending every day to get an accurate budget.

# Sample Daily Spending Record

Name: Susan & Bob



Daily Spending Record for the Month of July, 2017

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Day of the Month	Housing / Utilities	Groceries	Transportation	Clothing	Savings	Tithe / Offerings	Entertainment	Medical	Miscellaneous	School / Childcare		Debts
(Planned Monthly)												
1	950.45						44.56 Outback					
2				30.55 Kohl's			23.78 movie	40.00 co-pay				300.00 Visa
3		96.50 Meijer										
4							22.52 Burger King					
5	167.02 Electric											
6			125.00 Car Insurance						25.00 Haircut			
7							20.86 Pizza Hut					
8		46.12 Aldi					4.00 Red Box 1.50 Pop		19.75 Cigs			
9												
10	281.15 Cell Phone			52.65 Walmart								
11									28.45 Cigs			
12												
13							15.66 Taco Bell					
14			44.80 gas					10.00 Prescrip.				
15		125.75 Fam Fare			191.00 Ann. Svgs.		40.00 Golf					182.25 Trailer
Total	\$1,398.62	\$268.37	\$169.80	\$83.20	\$191.00	\$0.00	\$172.88	\$50.00	\$73.20	\$0.00		\$482.25

Name: Susan & BobDaily Spending Record for the Month of July, 2017

Day of the Month	Housing / Utilities	Groceries	Transportation	Clothing	Savings	Giving	Entertainment	Medical	Miscellaneous	School/ Childcare	Debts
Total for Days 1-15	1398.62	268.37	169.80	83.20	191.00	0.00	172.88	50.00	73.20	0.00	482.25
16	35.86 land line		65.60 gas				15.50 pizza				
17		86.84 Meijer						20.72 Vitamins			
18							19.54 Qdoba				
19											
20		23.20 Aldi	250.43 Car Loan				4.79 Starbucks		56.40 cigs		
21				20.68 Goodwill			80.50 Cable				
22								25.00 Prescrip.			
23	750.45 RE Taxes		44.21 gas				32.00 Zoo		15.00 Paper Products		
24											
25		146.75 Meijer					24.90 McDonald's				350.00 Amex
26									33.68 Toiletries		
27			52.01 gas				2.25 Candy Bars				
28		63.42 Walmart									
29	113.42 Gas						10.60 Subway		25.00 Gift		
30											
31			45.00 gas								
Total	2298.35	588.58	627.05	103.88	191.00	0.00	362.96	95.72	203.28	0.00	832.25

## The Next Tool: Payment Calendar

The **Payment Calendar** is another tool which will help you plan your budget!

This is where you will record when certain payments are due. Some examples may be:

- Rent/Mortgage
- Credit card payments
- Car payments
- Phone/cell phone payments
- Utilities

This is also where you will record expected income from work or other sources.

Put payment amounts on the appropriate dates to help you see when bills are due to avoid late charges and higher interest rates because of missed payments.

Put income amounts on dates you receive paychecks or other forms of income. **Circle the income you see below.**

Payment Calendars should be kept separate from your social calendar.

### Sample Payment Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
			\$950.45 Mortgage	\$300 VISA	S. Pay \$231.61	
5	6	7	8	9	10	11
\$167.02 Electric					\$281.15 Cell S. pay \$240.82	
12	13	14	15	16	17	18
			Trailer \$182.25 B. Pay \$1,761.13	\$35.86 Home Phone	S. Pay \$226.42	
19	20	21	22	23	24	25
	Car Loan \$250.43	Cable \$80.50		Winter Taxes \$750.45	S. Pay \$227.60	AMEX \$350.00
26	27	28	29	30		
			Gas Bill \$113.42 Car Ins. \$125.00	B. Pay \$1,559.46 S-Etsy \$200.00		

### Purpose of the Payment Calendar:

- To remind you when bills are due
- To remind you of any automatic payments
- To give you an idea of about how much money you will have available for non-bill expenses.
- It can help you to plan bill due dates so that your income comes prior to your expenses.
- It can reveal the need to decrease your expenses and/or increase your income.

The **Payment Calendar** is only for recording known bills not other expenses like:

- Gasoline
- Food
- School
- Entertainment
- Medical

A “dry run” each month can predict low spots in your payment timing. Start with your current balance and subtract each bill in the order that it appears on the calendar. Add in your income as it appears. If your balance goes negative, you will know that your plan needs to be adjusted.

Here is an example of a partial “dry run” with Bob and Susan based on the **Sample Payment Calendar**.

**Week 1:** They use their previous month’s checking account balance of \$1746.32 to pay their mortgage (\$950.45) and their VISA bill (\$300) on the 1<sup>st</sup> and 2<sup>nd</sup>. Susan got paid \$231.61 on the 3<sup>rd</sup>.

$\$1746.32 - \$950.45 - \$300 + \$231.61 = \$727.48$  (Write ending balance on the 4<sup>th</sup>).

Note: the bills for this month rely heavily on the income from the last month.

**Week 2.** They have to pay \$167.02 for the electric bill and \$281.15 for the cell phone bill. Susan gets paid on the 10<sup>th</sup> (\$240.82).

$\$727.48 - \$167.02 - \$281.15 + \$240.82 = \$520.13$  (Write ending balance on the 11<sup>th</sup>)

**Week 3:** Expenses total: \$218.11; and income totals \$1987.55

$\$520.13 - \$218.11 = \$302.02 + \$1987.55 = \$2289.57$

**Week 4:** Expenses total \$1431.38 . Income totals \$227.60

$\$2289.57 - \$1431.38 + \$227.60 = \$880.79$  (write ending balance on the 25<sup>th</sup>).

**Week 5.** Ends the month with expenses totaling \$238.42 and income totaling \$1759.46

$\$880.79 - \$232.42 + \$1,759.46 = \$2,401.83$  (Write month’s end balance).

**\*\* Remember:**

- The mortgage and VISA bills are due at the beginning of the month – much of the balance (\$2401.83) has already been allocated to these two bills
- The Payment Calendar only includes known bills; it does not take into account other expenses like gasoline, food, school, entertainment or medical

**Organization:**

- Financial organization is needed for success. Your Money Management binder is set up to help you contain, track and understand your financial information
- Find a system that works for your family
- If you are struggling to stay organized, speak to the class instructor for ideas
- Work at staying organized each month
- We can provide the tools but staying organized is up to you
- Being organized is vital to ensure that bills get paid on time

**Monthly page protectors:**

- “Current Bills” pocket: Place all bills that need to be paid here
- Store bills that have been paid in the corresponding month’s pocket

**Receipts envelope:**

- Get a receipt every time you spend money and place it in the Receipts Envelope

**Pencil Holder:**

- Pens/pencils, calculator, checkbook register, stamps, envelopes, etc.



## Homework:



Order your **Credit Report**:

You will need to order your credit report online, by phone or by mail at this time. You will need it by week 5 as you look at your debts and log them on your debt sheet. It will not include your credit rating number (credit score). There is a credit report form that you can mail in provided in the back pocket of your binder.

Use one of the methods below to order your **Credit Report**:

Online: [www.annualcreditreport.com](http://www.annualcreditreport.com)

- By Phone: (877)322-8228
- By Mail: Annual Credit Report Request Service

P.O. Box 105281

Atlanta, GA 30348-5281

Continue using the **Small Pocket Notebook**

- Record **EVERY** expense **ACCURATELY**
- Label the categories accordingly
- Total the amounts for each day and place them in the corresponding box on your Daily Spending Record

You will have two weeks' worth of numbers on your **Daily Spending record** by the next class.

**Remember:**

- New habits take time to form and if you keep at it this process will become second nature
- Being diligent, consistent and patient are the keys to success!!
- Ask for help when you need it