



EMPOWERU

FINANCIAL FITNESS 2

WEEK 7



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

Let's take a trip

Lesson Objectives:

- **Aligning actions with life goals**
- **Homework review**
- **Saving, Annualized Savings and Emergency Funds**
- **Planning for retirement**
- **Goal setting**
- **Homework assignment**

Goal setting is the map to your desired life destinations. Let's say that you were taking a trip to the Grand Canyon.

First, you would decide how you are going to get there; fly, drive, bus, train? You would need to know how many days you would be traveling, where you would sleep and eat and what you want to do when you arrive.

You would set some goals for your trip or you would start traveling without any direction and who knows where you'd end up? Not where you were planning on going. If you want to reach certain "destinations" in your life, you will need to make and follow a plan. Otherwise, you'll just wander around and end up somewhere, wondering how in the world you got there.

Have you ever made a New Year's resolution only to find a week or two later that you meant well but didn't follow through? You set resolutions and have goals because you know there are some things that need improvement for you to be your "best self" and accomplish the things that are important to you.

GOALS



Studies have found that those who are most successful in reaching their goals have a few things in common.

They:

- Set realistic goals
- Define why the goal is important
- Break the goals down into smaller goals. Success creates more success
- Put their goals where they can see them, on a vision board, on a calendar or a photo hung on the refrigerator, etc.
- Define specifically when they will work on the goal
- Track their progress
- Make it as simple as possible. The harder we think things are the less apt we are to do them.

Take a little time and write down 2 or 3 top goals that you would like to accomplish. They may be short-term or long-term goals.

1. _____ 2. _____ 3. _____

- What will it take to get there?
- How will your life be different if you do?
- What will it look like if you don't?

What you get by achieving your goals is not as important as what you become by achieving your goals. -Henry David Thoreau

GOALS:

Goal + Consistent action = Success

Goal + Good Intentions = Good Intentions

1. Goal _____

Completion Date: _____

A. Why is this important to me? _____

B. What are the specific steps I will take to reach this goal? _____

C. When will I work on this goal? _____

2. Goal _____

Completion Date: _____

A. Why is this important to me? _____

B. What are the specific steps I will take to reach this goal? _____

C. When will I work on this goal? _____

3. Goal _____

Completion Date: _____

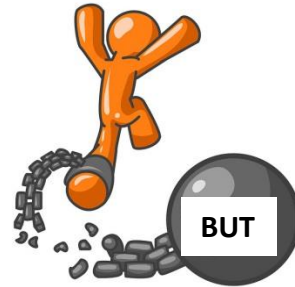
A. Why is this important to me? _____

B. What are the specific steps I will take to reach this goal? _____

C. When will I work on this goal? _____

Break up with the “but”

- I want to get in shape but....
- I want to get and keep a job but....
- I want to buy a house but.....
- I want to get out of debt but....
- I want to change my life but.....
- I want to be a better parent but.....
- I want to go back to school but....
- I want to go on a vacation but....
- I want to beat that addiction but.....



We all have dreams and goals for our lives.

I want to get out of debt but I can't pass up a good sale and I don't have the discipline to budget and save. I want to finish my degree, but I'm too busy to take a class and study. I want to write a book, but just don't have time to write. I want to get and keep long term employment, but it's hard to get up and get to work on time. I want to buy a house, but my credit is a mess, and I would have to save for a down payment. I want to beat my addiction, but I can't; I always give in. I want to get in shape and take better care of myself but I'm too tired and busy to work out and cook better meals.

Your mind will always focus on what you tell yourself after the but... Until you change it, the but will prevent you from ever attaining what's important to you.

It can be an excuse or a real obstacle. No matter what you call it, it's real and YOU are the one who will have to conquer it in order to reach your goal. You will always be defeated by this circumstance or obstacle until you change your mind about what comes after the but.

Will it be easy? No, especially not at first.

Nothing in life worth having arrives on the gravy train. It takes hard work and sacrifice. The question at the end of the day is: are you willing to do whatever it takes? There's a price to pay if you choose not to do the work- regret, loss, pain, anxiety, broken relationships, failed health, financial ruin, etc. Both choices will end up costing you something and not overcoming the obstacle costs a lot more. Regret is a lousy roommate.

Start taking one step at a time and keep moving toward your goal. Eventually you will succeed! That reminds me of the old saying "How do you eat an elephant?" One bite at a time. Bring it on, get that thing gone, so we can get to the dessert.

Change the power that little three letter word has over your life and give it new meaning. Go from because-you-can't to break-up-time. Time to break up with those old excuses, habits and ways of thinking, build-up-time, time to work toward building the life that you desire to have.

No matter what you want in life, it's right there before you. But between you and your goals is hard work, commitment and sacrifice. You just have to be willing to do what it takes and if you fail get back up and do it again.

Bible Truths

- God wants us to seek Him as a priority over the things of the world.

Matthew 6:33

³³. But seek ye first the kingdom of God and His righteousness, and all these things will be given to you as well.

- He tells us to keep going, to not give up and that there will be a reward for our hard work.

2 Chronicles 15:7

⁷. But as for you, be strong and don't give up, for your work will be rewarded.

Galatians 6:9

⁹. And let us not grow weary of doing good, for in due season we will reap, if we do not give up.

Homework Review:

- How much money do you have available to pay on debt? (monthly)
- Did you prioritize your debts?
- Are you using a debt snowball or an avalanche?
- Any questions about speaking to creditors?

Saving

Saving is an important element of budgeting and money management.

- Must be a high priority
- Plans for the unexpected
- Alleviates the potential of using credit and creating debt in order to cover emergencies
- Even saving \$5.00 per pay period adds up

Annualized Savings

Used for planning purposes related to non-monthly expenses

- Annual
- Semiannual
- Quarterly

Examples:

- Quarterly water bill
- Semiannual property taxes
- Car insurance, license, registration
- Life Insurance
- Tuition
- Vacations
- Gifts
- Sanitation
- Home repairs

Necessary to ensure that when a bill comes due, you have the money available

- All you need is a bank account or an envelope to start saving
- Home-owners: Escrow for property taxes
 - Eliminates the need to save for property taxes
 - Pre-determined amount that can be included in your mortgage
 - Lender holds onto the escrow amount and applies toward your semi -annual property tax bill

Emergency Fund

To be used for unexpected and unplanned, but NECESSARY expenses

- Unexpected furnace repair
- Unexpected vehicle repair/maintenance
- Unexpected high utility bill
- Appliance replacement
- Start with a goal of \$300.00 and keep adding until you reach \$500.00 then \$1000.00

Enroll in a budget plan for utilities to avoid spikes in charges due to extreme heat or cold

- Keeps energy costs steady year-round
- The utility company will predict your bill for the coming year, the total will be divided into 11 equal payments
- The 12th month will be used to balance out your account. If you have paid too much, the difference will be applied as a credit to your bill at the end of the billing year. If you have paid too little, you can pay the difference outright or have it spread out over the new budget billing year. Helpful in keeping the household budget consistent from month-to-month

Regular Savings

To be used for planning purposes

- Planning for a vacation
- Future education costs
- Future vehicle purchase
- Future furniture purchase
- Other items needed

Retirement

401(k) and 403(b) savings are retirement plans offered by employers.

- If taken out of your payroll, you do not need to enter the amount on your Monthly Spending Record
- Should have documentation/statements to show balance
 - Depending on your employer, they may match up to a certain percentage of what you contribute to your own retirement savings. This would increase your balance at a faster rate and is recommended if your income allows
 - If you cannot afford your monthly expenses, stop funding the retirement account until your finances stabilize

Income taxes do not have to be paid until the money is withdrawn from the account

Penalties:

For withdrawing prior to age 59 1/2

- Federal government charges 10%
- Must be claimed as ordinary income on your tax return
- Borrowing against the account may be unwise because you take the risk of not being able to repay the amount borrowed
- Many employers require full payment should you leave the company

Questions to ask about your employer's retirement plan

- Does the company offer a 401(k) or 403(b) plan or other retirement plan?
- How long must I work to qualify for the company plan? (is it available to part-time employees?)
- Is there an employer match?
- Are there certain enrollment dates?
- How often can I change (increase my contribution rate)?

If there is not a 401(k) or 403(b) plan available through your employer, ask your bank about individual retirement accounts (IRA) for alternative options to retirement savings.

Useful forms for recordkeeping

The Annual Payment Plan will assist you in making sure you are saving what you need to meet your savings goals.

You may also use a transaction or checkbook register to track any account. You can do this by labeling it "Emergency Fund Savings Register" and keeping track of any deposits or withdrawals.

Setting goals:

Set some reasonable financial goals while you are in **Financial Fitness**:

- Focus on an action or behavior that will help you to accomplish your goals
- Break it down to bite size pieces. You're better off pushing yourself to do a little more and succeeding, than pushing yourself to do a lot more and failing

Example:

Goal: Cut down money spent on food and convenience stores

- **Day1:** I won't buy lunch or snacks at the convenience store. I will make out 2 weeks' menus from sale flyers and grocery shop for the needed items.
- **Days 2-14:** I will pack my lunch and make meals from the weeks' menu.
- **Day 14:** I will put the extra \$75.00 that I save from packing my lunch and sticking to a menu toward my emergency fund.

Goal: Cut back on the amount spent on cell phone plan: 1 month from today (August 1, 20__)

- **Step 1:** Decide what features are absolutely necessary in a phone plan
- **Step 2:** Do some comparative shopping
- **Step 3:** Make sure there will be no fees for early termination on current plan
- **Step 4:** Make the switch
- **Step 5:** Allocate the money saved on the new plan to another category such as debt reduction or emergency fund

Goal: Have \$1,000 saved for an emergency fund: 1 year from today (August 1, 20__)

- **Step 1:** Save \$22.00 from every paycheck (weekly) into savings
- **Step 2:** Stop purchasing coffee/food/soda/etc. from the gas station
- **Step 3:** Limit eating out to twice a month
- **Step 4:** Cut cable and use a streaming device

What kind of tangible goals do you have while enrolled in Financial Fitness?

Homework:

1. Set 2 short-term goals (with deadlines) and write out the steps you will need to accomplish the goals. Make sure at least one of them includes saving.
2. Set 1 longer term goal (with a deadline) and write out the steps you will need to do to complete it.
3. Make a list of questions you have regarding saving for your family. Think about saving for annualized expenses, an emergency fund, regular savings, or retirement savings when creating questions.

Reminder! Always continue to use the following tools:

- Receipt Envelope & Organizer folder
- Small Pocket Notebook
- Payment Calendar
- Daily spending Record
- Transaction (checkbook) Register - Keep it balanced! Reconcile against bank statement monthly!
- Monthly spending Actual & Annualized Payment Plan
- Debt sheet



Before you buy

- Do I have the money for it?
- Will my budget suffer if I purchase it?
- Think it over for 24 hours. Sometimes a little space gives a different perspective.
- Can I find it cheaper or even used? Do your homework.
- Will it be a better price in a different season? On clearance maybe?
- Shop for holidays throughout the year at clearance and discount sales.
- Will there be a recurring cost with the upkeep and can you afford it?

Month -by -month guide to the Best Time to Purchase:

JANUARY

- TVs, electronics, bedding, linens, and fitness equipment, carpet

FEBRUARY

- Winter apparel and accessories, appliances, furniture and housewares, cameras

MARCH

- Non-Apple smart phones, running shoes, team apparel

APRIL

- Home, garden and auto supplies, spring clothing, cookware, carpet

MAY

- Home furnishings and goods, mattresses, desk top computers and laptops

JUNE

- Tools and home improvement tools

JULY

- Swimwear, summer entertainment goods, air-conditioners, camcorders

AUGUST

- Laptops, summer clothing

SEPTEMBER

- Home furnishings, outdoor and patio goods, last-generation iPhones/iPads, computers, cars

OCTOBER

- Denim and fall fashions, camping gear, sports equipment

NOVEMBER

- Video games, consumer electronics, gas grills

DECEMBER

- Toys, Blu-ray players, camcorders, E-book readers, GPS, headphones, kitchen cookware, major appliances, TVs, carpet