

## Budget is a Dirty Word

**Money management  
for those who hate to manage money**

Presented by Carol Topp, CPA  
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## A Spending Plan is...

A way to reach our financial goals and live out our values and priorities

- Gives us facts.
- Avoids waste and overspending.
- Keeps our values and priorities in check.
- Leads to financial freedom.  
No freedom without limits
- Lets us control our money instead of our money controlling us!

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## Spending Plan Order

Give. . . something first  
Save. . . at least 10% for the future  
Start with \$1,000  
Debt. . . maximize repayment  
Spending. . . planned beforehand

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## Different Priorities

Most of us live like this:

**Income - Spending = Give and Save**

Instead we should live like this:

**Income - Give - Save - Debt Payment  
= Spending**

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## Benefits of Saving

- To meet future needs without debt
- Freedom from bondage
- To have more choices

## Benefits of Giving:

- To bless others
- To break the power of money

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## ENVELOPE SYSTEM



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EMPLOYEE INCOME PER MONTH		TOTALS	B. INSURANCE (Prft by Yr)	
Salary #1 (net take-home)	_____		AUTO	_____
Salary #2 (net take-home)	_____		HOMEOWNERS	_____
Other (less taxes)	_____		LIFE	_____
<b>TOTAL MONTHLY INCOME</b>	<b>\$ _____</b>		MEDICAL/DENTAL	_____
			Other	_____
% GUIDE		7. HOUSEHOLD/PERSONAL 15-25%		
<b>1. GIVING</b>	<b>\$ _____</b>	GROCERIES	_____	
Church	_____	CLOTHES/DRY CLEANING	_____	
OTHER CONTRIBUTIONS	_____	GIFTS	_____	
<b>2. SAVINGS</b>	<b>\$ _____</b>	HOUSEHOLD ITEMS	_____	
EMERGENCY	_____	PERSONAL:	_____	
REPLACEMENT	_____	Liquor/Tobacco	_____	
LONG TERM	_____	Cosmetics	_____	
<b>3. DEBT</b>	<b>\$ _____</b>	Books/Beauty	_____	
CREDIT CARDS:		OTHER	_____	
VISA	_____	Books/Magazines	_____	
Master Card	_____	Alcohol	_____	
Discover	_____	Music/Lessons	_____	
American Express	_____	Personal Technology	_____	
Gas Cards	_____	Education	_____	
Department Stores	_____	Manufactures	_____	
EDUCATION LOANS	_____			
OTHER LOANS:		<b>8. ENTERTAINMENT 5-10%</b>	<b>\$ _____</b>	
Auto Loans	_____	GOING OUT:		
		Meals	_____	

Available at [www.GoodSenseMinistry.com/resources/curriculum\\_Budget\\_Course.asp](http://www.GoodSenseMinistry.com/resources/curriculum_Budget_Course.asp)

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## Make it Automatic

- Automatic transfer to savings account
- Payroll deduction into 401(k) plan
- Automatic mortgage payment
- Automatic utility payments (BillPayer)
- On-line banking for regular monthly bills
- Automatic investments into IRAs, Roths, 529s, etc..

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## Dangers of Debt

- Presumes on the future
- Denies God the opportunity to bless us
- Fosters envy and greed
- Allows us to live a lie

### Credit Card Rules

1. Use only for budgeted items
2. Pay the balance in full every month  
If you violate rule # 1 or # 2 cut up your cards (plastic surgery)

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## You are in trouble if...

- Miss a payment
- Have no savings
- At your credit limit
- Only able to make minimum payments
- Using a quick cash service
- Family fights over money
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Call Consumer Credit Counselling Services  
1-800-355-2227  
[www.cccservices.com](http://www.cccservices.com)

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## What to do if the ends don't meet

- Don't get discouraged. Get encouragement
- Pray for wisdom and guidance
- Increase your income. Sell some assets.
- Reduce your expenses. Redo your Spending Plan.
- Borrow wisely
  - Avoid cash advances
  - Follow credit card rules

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## How to get out of debt

- Decrease spending & add it to your minimum balance  
Ideas? Cable, cell phone, subscriptions, dining out, lottery tickets, hair & nails, shoes, lunch, lattes, home decor, DVDs, gadgets, bottled drinks, takeout
- Pay off smallest debt first
- As a debt is paid, roll the amount you were paying into the next largest debt (a snowball)
- Incur no new debt!

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### Debt snowball example

<u>Debt</u>	<u>Balance</u>	<u>Min</u>	<u>Extra</u>	<u>New Pymt</u>	<u>Payoff</u>
Sears	\$250	\$25	<b>\$100</b>	\$125	2 months
Visa	\$500	\$26	<b>\$125</b>	\$151	3 more months
Car	\$2,500	\$150	<b>\$151</b>	\$301	6 more months
Loan	\$5,000	\$200	<b>\$301</b>	\$501	6 more months

As a debt is paid, roll the amount you were paying into the next largest debt (a snowball)

After two months: Sears PAID!

After 3 more months VISA PAID OFF!

After one year, three debts PAID OFF!

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### Resources

[www.Crown.org](http://www.Crown.org) for books and articles

[www.DaveRamsey.com](http://www.DaveRamsey.com) Radio program, books and classes at local churches

[www.GoodSenseMinistry.com](http://www.GoodSenseMinistry.com) Budget course offered at local churches. Click on Resources for helpful charts

[FeedThePig.org](http://FeedThePig.org) interactive site for tweens, 20s and 30s, podcasts, quizzes, etc.

[www.CarolTopp.com](http://www.CarolTopp.com)