

YOUR MONEY COUNTS  
**MAKE YOUR MONEY COUNT**



Together we thrive

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## YOUR MONEY COUNTS

The purpose of Your Money Counts is to help people realize their dreams and ambitions. However, many of us do not feel confident about our finances and do not have a plan to help us achieve our goals. One of the most powerful things you can do to relieve financial stress, and set yourself up for success is to assess your situation and create a plan. A Spending/Savings Plan, or budget, can help you determine how to meet your short term and long term financial goals. Incorporating a spending plan into your financial routine, that includes making saving a priority, will help put you on the path to achieving your financial goals.

### STEP 1: SETTING FINANCIAL GOALS

Before you can create a plan for spending and saving, financial goals must be set. Answer the following questions to help **identify** and **prioritize** your short-, mid- and long-term goals.

1. Imagine your life in **10** years. What does it look like?
  
  
  
  
  
  
  
  
  
  
2. What do you need to do over the next **3** years to achieve these goals?
  
  
  
  
  
  
  
  
  
  
3. What do you need to do in **1** year?

Goals provide direction and motivation for planning. Goals are aligned with where you want to be in the future and help you determine what you need to do to get there. Setting goals will help you balance your needs and wants.



## Characteristics of Financial Goals

### Set **SMART** Goals:

- **Specific** – Goals should be specific. How much do you need to save? How much time do you have before you need the money? How many pay periods are available to save the money? For example, you might need to save \$2,000 over 2 years for a down payment to buy a car or house. If you get paid once each month, you would have to save \$208.33 each pay period to achieve your goal.
- **Measurable** – You must measure and monitor your progress. How will you do this? Do it in a way that makes sense to you. As you save money throughout the year, you can do this in line with your pay schedule or monthly. Track savings on a computer, on paper, or have the funds transferred directly into a savings account. In any event, measure your progress as you move towards achieving your goal.
- **Attainable** – For your budgeting goals to be successful, it is important that you believe that they can be achieved. If applicable, it may be helpful to include your family in creating goals, to ensure that everyone understands and works toward meeting the goals that you set. For example, if a goal is to reduce utility expenses, everyone should work on keeping the lights off in a room that is not in use.
- **Realistic** – Set goals that are reasonable and realistic. Don't try to save too much each period and end up sacrificing other parts of the budget. You might have to lengthen your time frame to achieve a goal and decrease the amount you save each time. Remember, saving is a lifelong process and a consistent, systematic approach will pay off.
- **Timely** – Set a specific time frame to achieve your goals. Know when you would like to achieve a goal and hold yourself to a regimen that will get you there. Savings is a common goal. Decide a specific amount you would like to save and by what date.

After your specific goals are identified, determine the financial details. Here are two examples:

SAMPLE GOALS				
Goal	Short-, Mid- or Long-Term	Total Amount Needed	Months until Goal is Reached	Amount to Save each Month
Taking the family on a weekend vacation	Short	\$600	12	\$50
Saving for a down payment on a new home	Mid	\$3,600	36	\$100

### TIP:

**If applicable, involve your family!** Think of this as your family enterprise. Consider sitting down with your family and letting your children participate in making decisions and setting the financial goals. Help them understand realistic options based on the family's income and let them weigh in on choices that impact the family.

## STEP 2: WHERE IS YOUR MONEY GOING?

Knowing where you are now is essential to determining your destination and the path to take to get there. Answer the questions below, determining if you are taking these actions: Always, Sometimes or Never.

- A    S    N   I keep a monthly written plan that addresses my income and spending.
- A    S    N   I track my ongoing spending to make sure I stick to my written spending plan.
- A    S    N   I set aside at least 10% of my income to cover my living expenses for 3-6 months if I become unemployed.
- A    S    N   I pay off my unsecured credit card balances each month.
- A    S    N   I save for periodic expenses such as car registration, car insurance, car repairs, vacations, and gifts.
- A    S    N   I place money into my retirement account each payday
- A    S    N   I review my credit report every year.

Do you do each of these items always, sometimes, or never? Understanding your situation will help you achieve your financial goals and allow you to plan your financial journey. Financial security is an important part of your money plan. As you assess your situation, think about how you will make sure your emergency savings balance is between three to six months of your net income.

### TIP:

#### **Emergency savings is crucial to having a successful budget.**

A great first step you can take is to begin to build an emergency savings. This provides a great foundation so that an unexpected expense or life event won't set you back.

### Additional Exercise: Your Daily Habit

How much do you spend annually if you buy \_\_\_\_\_ five days a week?

Cost of your habit: \$\_\_\_\_\_ x 5 times per week x 52 weeks =

Your daily habit adds up over time. What if you were to cut that cost in half? How much closer would you be to achieving your financial goals?

### STEP 3: CREATE YOUR SPENDING AND SAVINGS PLAN

Budgeting is the cornerstone of a personal financial plan, whether you are saving a lot of money already or you are behind on your financial obligations. A budget tells a financial story and yours will be a successful one by **planning, tracking and adjusting**.

Simply put, a spending plan or budget is a list of income (how much money comes in) and expenses (where the money goes). There are several ways to gather this information. It is often easier to figure out how much money comes in than where the money goes.

To determine how much money is coming in, count all sources of income including any unemployment compensation or severance pay you'll receive. Use what you know will come in and not what you hope will come in. Work with the most concrete, guaranteed numbers possible when it comes to income.

Determining where your money is going can take a bit more time and effort. Typically your expenses will fall into several categories:

**Fixed Expense:** An expense that remains constant from month to month such as a car payment or rent payment.

**Variable Expense:** An expense that varies from month to month. These expenses can be the most challenging to determine.

**Periodic Expense:** An expense that is incurred at least once a year such as insurance payments (home or car), tuition, gifts, etc.

**Debts:** Outstanding liabilities that you pay down each month. Typically the payments on debts like credit cards will change throughout the year.

**Savings:** Income set aside for things such as emergencies or other financial goals.

If you use debit or credit cards for most of your spending, you can easily get a list of the transactions online or by looking at your printed statement. If you use checks, your checkbook will be a good place to get the information. If you mainly use cash and have not kept track of where you spend it, you will need to start keeping a log of every dollar you spend.

JOE AND JANE'S MONTHLY SPENDING PLAN		
Income		Totals
Take Home Pay	\$2,000	
Unemployment	\$1,000	
<b>Total</b>		<b>\$3,000</b>
<b>Expenses</b>		
Housing	\$1,200	
Utilities		
Electric	\$150	
Cell Phone	\$175	
Cable	\$150	
Transportation		
Car Payment	\$250	
Car Insurance	\$75	
Gas	\$200	
Saving for Emergencies	\$100	
Credit Card Debt	\$200	
Living Expenses		
Groceries	\$500	
Medical	\$100	
Household	\$100	
Eating Out	\$150	
Gifts	\$50	
Children's Lessons	\$100	
<b>Total Expenses</b>		<b>\$3,500</b>
<b>Surplus or Deficit</b>		<b>-\$500</b>

**TIP:**

For more in-depth discussions on budgeting, you may wish to reach out to GreenPath Financial Wellness, a non-profit financial wellness organization. Your individual situation can be reviewed at no-cost by calling 866.692.2659 or visiting [www.greenpath.org](http://www.greenpath.org).

Once you have a list of your expenses and recent purchases, you'll want to categorize your spending so that you can determine where your money goes. You may want to use very simple categories or be more detailed. Let's see how one family does it:

*Jane was recently laid off from her job. She and Joe know that they'll need to change their income or spending to manage this change. Their current spending plan is on the previous page.*

EXPENSES	ANNUAL COSTS	MONTHLY COSTS
Car Insurance	\$900	\$75
Saving for Emergencies	\$1,200	\$100
Gifts	\$600	\$50
Children's Lessons	\$1,200	\$100

*To include the periodic and unexpected expenses, Joe and Jane used the chart above. Periodic expenses come less often than monthly, like gifts and insurance. Emergencies (unexpected expenses) are just that — the car that breaks down or a medical bill that wasn't covered by insurance. Those things will continue to happen and you need to plan for them.*

It is not important to budget down to the penny. It is important to have a good idea where your money is going so that you can make changes as needed. Don't panic if, right now, there is more money going out than coming in, as referenced in the example of Joe and Jane. We will address this situation in the Pay Off Debt section.

## **Make Savings Part of Your Budget**

Have you heard the saying, “**Pay yourself first?**” This slogan suggests that when you are paid you save money for yourself (savings account) before you pay your bills. When you plan to save, the “expense” called savings becomes a routine bill that you “pay” each month. With this bill, the recipient is you! You can achieve your goals by making saving a part of your personal financial budget.

## **Save For Emergencies**

Most financial experts agree that keeping 3-6 months of income in an emergency savings account is solid financial guidance. Having a safety net, like an emergency savings account, can help minimize your worry, protect you against uncertainty, prevent the need to liquidate assets, and give you access to cash rather than credit. Create your emergency savings before you begin investing for other financial goals.

## **Save to Pay for Periodic Expenses**

Periodic expenses are the trickiest expenses in the family budget. These expenses don't occur each week or each month. Instead, they occur at different times during the year. When you plan your annual budget, pay particular attention to your periodic expenses. These generally include expenses such as car or house maintenance and repairs, gifts, entertainment, clothing, vacation and insurance.

You might have other expenses in your budget that you identify as periodic. Reviewing old credit card or financial statements is a good way to determine what you purchased last year and how much you spent. Remember, you should treat periodic expenses as monthly expenses in your budget. Calculate how much you expect to spend in each of the categories next year, divide each number by 12 to determine the monthly amount for each expense.

By planning ahead and working off a monthly spending plan, you will be able to avoid peaks and valleys with your finances.

## **Save For Your Goals**

Saving a little each month can really add up — the earlier you can start, the better.

### **TIP:**

#### **Use direct deposit to help save.**

Wherever possible, automate your savings by using direct deposit to send part of your check to a separate savings account, a 401k plan, or a college savings plan for your children. This way, you pay yourself first, and work to live on the remaining amount from your check. Getting that emergency savings funded is a great first step!

## Save For Long Term Goals

Once you have your emergency savings account funded you will begin to diversify your savings through other types of investments. Which investments you choose will be based on a number of factors including your goals, your tolerance to risk, the risk of the investment, and what life stage you are in. If your company offers a 401k investing option, you can benefit from tax deferred growth. Be sure to take advantage of any company match programs that can help boost your savings.

TYPES OF INVESTMENTS	
Stocks	When you buy a stock, you buy part of a company. The advantages of investing in stocks include higher potential returns over time than most investments offer and returns that historically have outpaced inflation.
Bonds	When you purchase a bond, you are making a loan to a corporation or government. A bond is basically an IOU with a stated face value. The issuing company will pay you a set amount of interest and the face value at the maturity date.
Mutual Funds	A mutual fund is an investment vehicle that enables its shareholders to pool their funds as a single investment account using professional management. Each fund is managed toward a particular investment objective, such as growth, income or asset preservation. The mutual fund's prospectus will explain the fund's investment objective and tell you what securities the fund holds.

RETIREMENT SAVINGS PLANS	
401(k) and 403(b) Plans	A 401(k) is a retirement plan for private sector employees that allows you to make deductible contributions that will grow tax-deferred until you withdraw them. 403(b) is the same as above, but limited to government and tax-exempt organizations.
Individual Retirement Accounts (IRAs)	Individuals with income from employment can deposit up to 10% of their earnings (to a specified limit) each year into a special account set up by banks, brokerages or financial advisors. IRAs are self-directed, which means you choose how the money is invested. Contributions may be deductible on your tax return.
Roth IRA	Contributions are not deductible, but if the account is open for at least five tax years, withdrawals of original contributions and investment earnings are tax-free if you are at least 59 ½, become disabled, or withdraw up to \$10,000 for first-time home buying expenses.
Annuities	Under an annuity contract, you make an up-front payment — or series of payments — in return for a stream of income in the future, often at retirement.

The earlier you start saving, the more you will benefit from compounding interest. This is the interest earned on interest payments already built up in an investment fund. The earlier you begin, the larger your nest egg will grow.

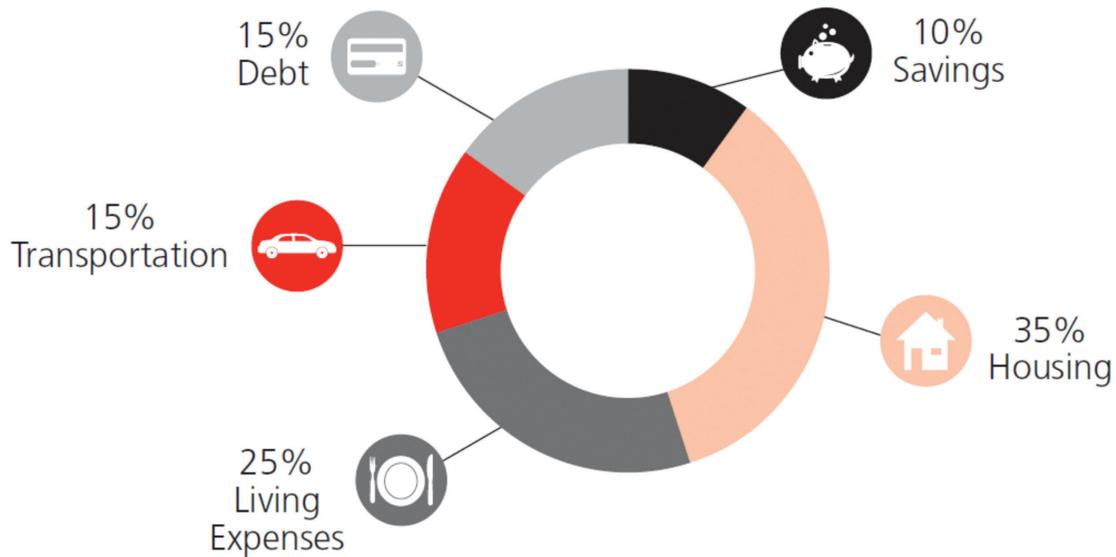
**TIP:**

**Start saving NOW.**

Contribute to a retirement plan. Start with however much you can afford, and increase it by at least 1% each year.

**SAMPLE SPENDING SUGGESTIONS**

Financial experts have recommendations for monthly expenses. Your actual expenses will vary depending on where you live, your lifestyle, and your goals. Keeping track of your income, expenses and debts will allow you to continually monitor your budget as you move toward accomplishing your goals. Most people tend to underestimate their expenses by about 25%; this is why tracking your expenses is an important step of budgeting. Some tools you can use to track your expenses include a smart phone app, a budgeting worksheet, or an excel spreadsheet (see page 10 for an example budget worksheet).



**BUDGET TOOLS**

There are many options to help you with your budget. You might want to use one of the many free budgeting apps such as *Mint.com*, *Clarity Money*, or *Mvelopes*. Simple Excel Worksheets and other online programs can work well too. Find a method that works best for you. You'll find a sample budget worksheet on the following page.

# YOUR MONEY COUNTS

## MY BUDGET WORKSHEET

HOUSING	
Expenses	Monthly
Mortgage/Rent	\$ _____
Second Mortgage/ Home Equity	\$ _____
Property Taxes	\$ _____
Insurance	\$ _____
Association Dues	\$ _____
Other _____	\$ _____

UTILITIES	
Expenses	Monthly
Gas	\$ _____
Electric	\$ _____
Water/Sewage/Trash	\$ _____
Cell Phone	\$ _____
Internet/Cable	\$ _____
Land Line	\$ _____
Other _____	\$ _____

TRANSPORTATION	
Expenses	Monthly
Public Transportation	\$ _____
Car Loan/Lease Payments	\$ _____
Fuel	\$ _____
Car Insurance	\$ _____
Car Maintenance	\$ _____
Parking/Tolls	\$ _____
Other _____	\$ _____

SAVINGS	
Expenses	Monthly
Savings/Emergencies	\$ _____
Retirement/Investments	\$ _____
Education	\$ _____
Other _____	\$ _____

DEBT	
Expenses	Monthly
Total Credit Cards	\$ _____
Student Loans	\$ _____
Medical Debts	\$ _____
Misc. Debts	\$ _____
Other _____	\$ _____

LIVING EXPENSES	
Expenses	Monthly
Groceries	\$ _____
Childcare	\$ _____
Child Support/Alimony	\$ _____
Medical/Life Insurance	\$ _____
Medical/Doctor	\$ _____
Medications	\$ _____
Tuition/Books	\$ _____
Children Sports/Activities	\$ _____
Work/School Lunch	\$ _____
Clothing	\$ _____
Laundry	\$ _____
Household/Toiletries	\$ _____
Pet/Medical	\$ _____
Religious Institution Giving	\$ _____
Charitable Giving	\$ _____
Eating Out	\$ _____
Tobacco/Alcohol	\$ _____
Entertainment	\$ _____
Sports/Recreation/Hobbies	\$ _____
Vacations	\$ _____
Hair/Nails	\$ _____
Holidays/Birthdays	\$ _____
Children Allowance	\$ _____
Other _____	\$ _____
<b>Total Monthly Expenses</b>	<b>\$ _____</b>

Total Monthly Net Income
Include <i>after tax</i> net income: wages, part time, government assistance, pension, Social Security, etc.
\$ _____



Total Monthly Expense
\$ _____



Budget Surplus/Deficit
\$ _____

# YOUR MONEY COUNTS

## HOW TO USE MY BUDGET WORKSHEET

### COMPLETE

Estimate each monthly expense. *(Strive for accuracy.)*

Fill in Total Monthly Net Income. *(Include take-home pay and all sources of net income.)*

Subtract Total Monthly Expense.

➔ Surplus or Deficit?

#### What if my expense is not monthly?

Non-Monthly Expense	What to Do	By What Number	Monthly Expense
Weekly (groceries, gasoline)	X	4	= Monthly expense
Quarterly (water, etc.)	÷	3	= Monthly expense
Semi-Annually (auto insurance)	÷	6	= Monthly expense
Annually (vacations, gifts)	÷	12	= Monthly expense

### BALANCE

Key to success — live within your means.

Pay yourself first by trying to save 10% of your net income.

Decide what your family's most important goals are. Think about your wants vs. your needs.

Result	What to do
Surplus (net income greater than expenses)	<ul style="list-style-type: none"> <li>• Add to savings</li> <li>• Save for goals</li> </ul>
Deficit (expenses greater than net income)	<ul style="list-style-type: none"> <li>• Increase net income</li> <li>• Decrease expenses</li> <li>• Both</li> </ul>
Balance (net income = expenses)	<ul style="list-style-type: none"> <li>• Always aim to include savings in your budget</li> </ul>

### TRACKING & ADJUSTING

Keep track of actual spending. (Save receipts, use a notebook, computer or app.)

Record monthly expense totals on the My Budget worksheet.

Hold meetings with family and adjust spending to balance the budget.

<b>Utilities</b>	Turn off lights; use Energy Star appliances; unplug appliances when not in use; turn down heat; turn up air conditioning; insulate; use LED bulbs.
<b>Transportation</b>	Shop vehicle insurance; keep proper air pressure in tires; car pool; public transportation; combine errands; walk.
<b>Debt</b>	Keep debt low; make arrangements to pay off old debt; carefully evaluate taking on new debt.
<b>Expenses</b>	Buy sale items; take lunch to work; limit entertainment and dining out expenses.

For further assistance, you may wish to reach out to GreenPath Financial Wellness, a non-profit financial wellness organization. Your individual situation can be reviewed at no cost by calling 866-692-2659. You can also visit [www.YourMoneyCounts.com](http://www.YourMoneyCounts.com) & [www.greenpath.org](http://www.greenpath.org) for more information.



## **STEP 4: PAY OFF DEBT**

The word “credit” comes from the Latin word for “trust.” This means that someone is willing to take the risk of making a loan because they trust that the borrower will repay.

Credit itself is neither a positive nor a negative thing; it can either be used wisely or recklessly. However, debt can limit your ability to have financial flexibility. Paying off debt is a great way to improve your financial situation. Start with these tips:

- Stop accruing new debt.
- Reduce expenses and apply additional funds to pay off debt.
- Contact your creditors to work out payment arrangements.
- Refinance or modify loans to make things more manageable.
- Consolidate your debt.
- Explore the option of debt management.
- Pay off collection accounts.

## **STOP ACCRUING NEW DEBT**

In some cases, there just isn't a way to pay everything no matter how hard you work to increase income or decrease expenses. If this is the case, you will need to be very careful where you put your resources.

Start by listing your debts in order of importance. Rent or mortgage payments, vehicle payments and taxes are generally more important than credit cards. Here's an example of a prioritized debt list:

1. House payment
2. Vehicle payment(s)
3. Taxes
4. Support payments
5. Student loans
6. Other debts like credit cards, personal loans, loans from family/friends

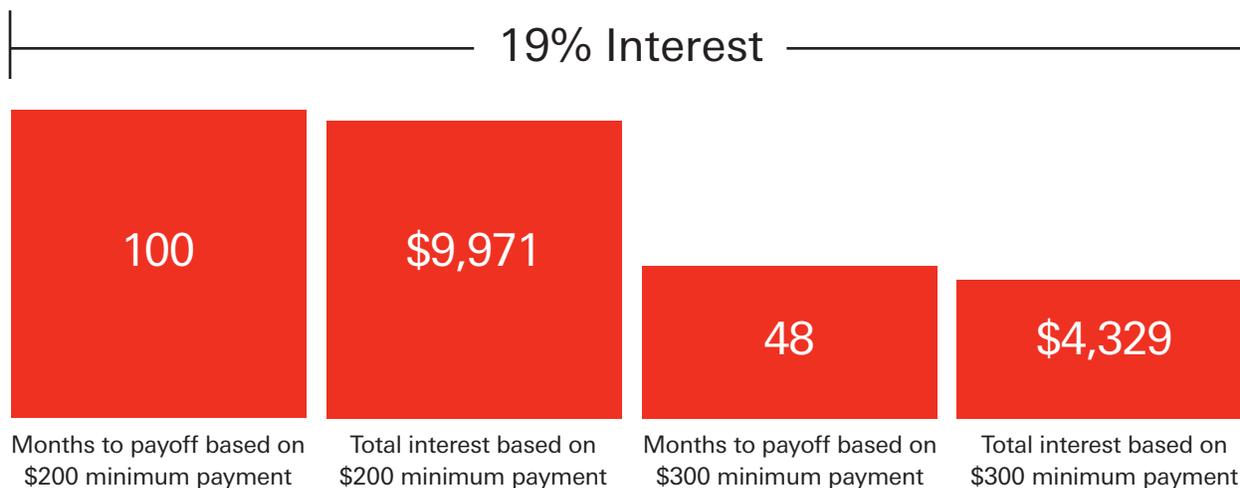
## REDUCE YOUR EXPENSES AND APPLY ADDITIONAL FUNDS TO PAY OFF DEBTS

Use the exercise we did in the previous step to identify areas where you can reduce spending. Take the money you are applying to your daily coffee and use it to pay down your debts. Paying off your debts provides more flexibility to your financial choices.

**Snowball Method** – The snowball method for paying off debt is a strategy used to pay off the smallest debt first, while making minimum payments on larger debts. Once the smallest debt is paid, rollover what was being paid on the smallest debt and apply it to the next smallest debt, and so on. This momentum provides encouragement as progress is being made and will help pay off debts in an effective and efficient manner.

## THE EFFECT OF INTEREST RATES AND MINIMUM PAYMENTS

The impact of interest rates and making only the minimum payment can be very powerful. Below, we are comparing credit card payoff scenarios with two payment strategies: making the minimum payment and making a higher proposed payment.



In this example, the credit card has an interest rate of 19%, a \$10,000 balance and a required minimum monthly payment of \$200. If you just make the minimum payment of \$200, it would take 100 months (8 years, 4 months) to pay off and you would pay \$9,971 in interest. You would be paying almost double the original balance. However, if you were able to pay an extra \$100 per month, you would reduce the time to pay off the debt to 48 months (4 years), and you would pay \$4,329 in interest vs. almost \$10,000; a savings of \$5,642. There are different methods and strategies for paying off debt. If you have questions about options, you may wish to reach out to GreenPath Financial Wellness at 866.692.2659 to find a plan that works best for you.

## **CONTACT YOUR CREDITORS**

You may want to contact your creditors, such as credit card companies, to explain your situation. They may be willing to help you by making payment arrangements or lowering your rate through internal assistance programs that they may offer. Some lenders may change your due date to later in the month or even allow you to skip payments for a month or two (called forbearance). Be sure to take good notes, including the date and who you spoke with. Ask for all details in writing, including any potential negative impact on your credit score.

## **REFINANCE OR MODIFY LOANS**

Some lenders may allow you to refinance your installment loan, such as a student loan, to lower the monthly payment. Other lenders may consider modifying your existing loan by changing the interest rate and/or term of the loan. Be sure that you fully understand the changes to your loan before you sign. Keep in mind that even though your monthly payment is lower the payments may be stretched out over a longer period which will mean that you will end up paying more interest over the life of the loan.

## **DEBT CONSOLIDATION**

Technically, consolidating debt is merely combining several debt payments into one payment. This can apply to personal loans as well as to credit card offers with 0% interest for a set period. This concept is often associated with loan companies as well. For example, they may loan you money to pay all of your creditors, and then you'll repay the debt consolidation loan company in one monthly payment. For some people, this is more manageable because they don't have to remember to pay several creditors, they only need to pay one creditor. If a person is getting late fees from several credit card companies, this is also a helpful option because they will (hopefully) be current on the debt consolidation loan and avoid the many late fees they were previously being charged.

## **DEBT MANAGEMENT**

A Debt Management Program sets up a payment schedule for you to repay your debts over a specified period — generally 3-5 years. You may also receive a reduction or waiver in interest rates and late fees, which will greatly help accelerate the payoff of your balances. Credit counselors also provide assistance with establishing a realistic budget as well as other financial education. There may be a fee for this service, and it is important that you find a reputable agency to work with.

The National Foundation for Credit Counseling lists reputable counseling agencies on their website at [www.NFCC.org](http://www.NFCC.org).

## PAY OFF COLLECTION ACCOUNTS

When bills become delinquent, creditors will start calling. The Fair Debt Collection Practices Act establishes rules to be followed by creditors when attempting to collect on debts and is meant to protect debtors' rights. These rules include:

- Prohibiting debt collectors from using abusive, deceptive and unfair collection practices.
- Establishing procedures debt collectors must use in contacting the debtor/credit user.
- Establishing how a payment must be applied.

If you feel that your rights have been violated, you can file a complaint with the Consumer Financial Protection Bureau at [www.CFPB.gov](http://www.CFPB.gov). More information about your rights can be found on the Federal Trade Commission's website at [www.Consumer.FTC.gov](http://www.Consumer.FTC.gov).

### TIP:

For more in-depth discussion on these topics, you may wish to reach out to GreenPath Financial Wellness, a non-profit financial wellness organization. Your individual situation can be reviewed at no-cost by calling 866-692-2659 or visiting [www.greenpath.org](http://www.greenpath.org).

## STEP 5: LIFE HAPPENS, BE FLEXIBLE

Life happens, and your spending plan and goals should be updated accordingly. It is important to review your financial goals at least once per year, and sooner if you have a major life change, such as:

- Marriage
- Kids
- Divorce
- Health expenses
- Job change
- Emergency
- Death

Going through a transition in life can cause significant financial challenges. Whether the changes you are experiencing are intentional or involuntary, money management is key to reducing stress and weathering financial challenges successfully.

### TIP:

#### **As life changes, re-evaluate your budget.**

Sit down and re-evaluate your plan whenever a major life change occurs. Make sure saving is a priority and you do what you can to avoid unnecessary debt.

## REAL LIFE SCENARIOS

What should you do to ensure a smooth financial transition when the following life events occur?

### Getting Married:

- Discuss how bill will be paid.
- Discuss spending styles.
- Determine if you should combine accounts.
- Know each other's credit scores.
- Understand each other's debts.
- Create a spending plan together.

### Expecting Your First Child:

- Update your spending plan to include new expenses such as daycare, diapers, formula, etc.
- Determine how to navigate maternity leave.
  - Will there be a loss of income for a period of time that you need to plan for?
- Speak with HR regarding health insurance to include your new baby. Will this increase premiums?

### Buying a New House:

- Determine affordability.
- Update the budget to include new expenses such as utilities, home association fees, property taxes.
- Begin to save for maintenance and repairs.

### Attending College:

- Explore options for paying for education.
  - Grants
  - Work Study Programs
  - Employer Tuition Reimbursement
  - Scholarships
  - Student Loans/Financial Aid
- Compare cost of colleges, including living and travel expenses.
- Consider earning potential post-graduation.

*RESOURCE: GreenPath Financial Wellness is a national nonprofit organization that provides financial counseling, education and products to empower people to lead financially healthy lives. In working directly with individuals, and through partnerships with other organizations, GreenPath aims to remix the American dream so it works for everyone. Headquartered in Farmington Hills, Mich., GreenPath has nearly 500 employees and operates about 60 branch offices in 19 states. GreenPath is a member of the National Foundation for Credit Counseling (NFCC), and is accredited by the Council on Accreditation (COA). For more information, visit [greenpath.org](http://greenpath.org) or to speak one-on-one with a certified financial wellness expert, call 866.692.2659.*

It is important to take what you have learned and act on it. Life changes and you can too. You are the money manager of your family enterprise. Complete the following action plan, and use the checklist to ensure you keep moving toward your goals. Set a date to complete the goal by and check the box as you complete the action item.

**ACTION PLAN:**

- 1** **I will:** Set and review my financial goals annually — long, mid, and short term. By: \_\_\_\_ - \_\_\_\_ -20 \_\_\_\_
- 2** **I will:** Create a spending plan that aligns with my goals and allows me to live within my means. By: \_\_\_\_ - \_\_\_\_ -20 \_\_\_\_
- 3** **I will:** Save and pay myself first, to establish an emergency savings of 3-6 months' income. By: \_\_\_\_ - \_\_\_\_ -20 \_\_\_\_
- 4** **I will:** Track and adjust my plan accordingly. My spending plan will be a tool to achieving my dreams, and I will review it monthly. By: \_\_\_\_ - \_\_\_\_ -20 \_\_\_\_
- 5** **I will:** Pay down debt. By: \_\_\_\_ - \_\_\_\_ -20 \_\_\_\_
- 6** **I will:** Save for my long-term goals. By: \_\_\_\_ - \_\_\_\_ -20 \_\_\_\_

Additional Notes or goals: \_\_\_\_\_

**I will achieve my dreams!**

## KEY TERMS

**Annuities** – Under an annuity contract, you make an up-front payment — or series of payments — in return for a stream of income in the future, often at retirement.

**Bonds** – Loans made to corporations or governments. If you buy a bond with a stated face value, the issuing company will pay you a set amount of interest and the face value at maturity of the bond.

**Budget or Spending Plan** – A list of income (how much money comes in) and expenses (where they money goes).

**Credit** – An agreement or contract where you receive money or a product now, with the idea that you are going to repay the lender back later over time.

**Debt** – An outstanding liability that you are paying down each month.

**Debt Consolidation** – Combining several debt payments into one payment.

**Debt Management Program** – Sets up a payment schedule for you to repay your debts over a specified period — generally 3-5 years. You may also receive a reduction or waiver in interest rates and late fees. There may be a fee for this service.

**Emergency Savings Account** – A savings account to help you cover an unplanned expense such as a car repair. It is recommended to have three to six months of living expenses in your emergency savings account.

**Expense** – The cost of something, or money that is going out in your budget.

**Fixed Expense** – An expense that remains constant from month to month.

**Income** – Money that you earn or comes in to your household.

**IRA** – Individuals with income from employment can deposit up to 10% of their earnings (to a specified limit) each year into a special account set up by banks, brokerages or financial advisors. IRAs are self-directed, which means you choose how the money is invested. Contributions may be deductible on your tax return.

**Loan Modification** – Modifying an existing loan by changing the interest rate and and/or term of the existing loan.

**Mutual Funds** – An investment vehicle that enables its shareholders to pool their funds as a single investment account using professional management.

**Periodic Expense** – An expense that comes about throughout the year but does not occur every month.

**Refinance** – To renew or reorganize the financing of something by making or obtaining another loan on fresh terms.

**Roth IRA** – Contributions are not deductible, but if the account is open for at least five tax years, withdrawals of original contributions and investment earnings are tax-free if you are at least 59 ½, become disabled, or withdraw up to \$10,000 for first-time home buying expenses.

**Stocks** – Money or capital invested or available for investment or trading. When you buy a stock, you buy part of a company.

**Variable Expense** – An expense that varies from month to month.

**401 (k)** – A retirement plan available to private sector employees that allows you to make tax deductible contributions that will grow tax-deferred until you withdraw them.

**403 (b)** – A retirement plan available to government and non-profit organization employees that allows you to make tax deductible contributions that will grow tax-deferred until you withdraw them.









