

Building a Better Budget – Mini Podcast Script

Financial Wellness is just like anything else: It takes a little discipline, and some good advice. At Golden 1 Credit Union, we're here to help. As a not-for-profit, member-owned credit union, our main goal is to help you reach your goals. Providing financial advice and education is another way of doing just that. Whether you're trying to make a major purchase, start an investment fund, or just have some peace of mind, Golden 1 is your financial partner and together we can be golden.

Welcome to the Golden 1 Credit Union Financial Wellness Podcast. I'm Rebecca...

...and I'm Martin!

And welcome back to America Saves Week! Each day this week we are going to cover a different financial topic related to savings. Today we are talking about Building a Better Budget.

If you'd like more information on America Saves Week along with lots of free, valuable resources to help you be a more mindful saver, visit www.americasaves.org.

You can always visit our newly re-designed website, too, at www.golden1.com/financial-wellness for free videos, podcasts, webcasts, and a Learning Lab with dozens of free educational modules and financial calculators.

It's finally here, Rebecca. After months of talking about them we finally have an entire podcast dedicated to them!

That's right Martin, your favorite word and mine...

I mean, it's not my favorite, favorite word. It's my favorite financial education word, I'll give you that.

Fair enough. If you haven't guessed or maybe you didn't hear me in the beginning when I said it, but today we are going to break down the process of building a better budget.

We know you may be thinking, "But I'm doing ok right now. I can pay my bills mostly on time," or "I don't have enough money left over at the end of the month to even consider putting a budget together."

Maybe it always feels like your goals are too overwhelming or you're not sure about making any drastic changes to your lifestyle.

Most of us have had those thoughts, but we are here to tell you that if you create a thorough enough budget, you can achieve success and live a healthier financial life.

That's right. A budget is really just a tool that can help you make the most out of your money.

There's one rule that you have to keep in mind while you're building your budget. It's simple, straightforward, and pretty obvious: Your income has to be more than your expenses. That means the money that you bring in through

a paycheck is more than what you spend or pay out every month.

Correct. You can't spend what you don't have. Simple as that. How should you go about creating your budget? Well, do whatever works for you. Write it all down on a piece of paper, use an online or mobile budgeting tool like the one we have available in our Learning Lab, or you could even type it all up in a spreadsheet. There's no wrong way to do it as long as you do it.

Once you've decided how you'd like to build your budget it's time to start plugging in some numbers. Let's start with income. How much money do you make in a month?

Consider all your sources of income, but try to be realistic.

Don't count on getting overtime or bonuses or commissions on every single paycheck. Try to include only your base income in your budget so you aren't surprised when the number changes from month to month.

Great advice, Martin. Once you've determined your monthly income take a look at all of your expenses for the same time period.

This might be a little harder to do, because we usually spend money on so many things we don't even think about. The easiest way to do this would be to track everything that you spend during a typical week.

You can write each transaction down, or if you decide to go digital and not use any cash you can go to your financial institution's website or app to look at all of the purchases you made and add them up.

Now that you know how much you spend just to live, multiply that number by 4 and add all of your mandatory bills to get your total monthly expenses. If your expenses are higher than your income, you've got a bit of a problem, but don't worry!

We may be able to help! Think of things that you can do to tip the money scale in the other direction. Ask to work overtime, carpool to save on gas, maybe sell things you don't need anymore? You could even just ask for a raise.

However, making your budget work isn't just about adding more income, it can also mean reducing the amount of money you spend. There are 4 words that I like to use when I talk about saving money: Reduce, Substitute, Postpone, and Forego.

Why don't you give us an example of what you mean, Martin?

I'd be happy to! As always, I'll use coffee as an analogy here. Let's say someone has a \$25 a week coffee habit. That sounds like a lot, but it's just \$5 each weekday at a coffee shop. That's \$100 a month just on coffee.

Sounds like someone who really likes coffee especially when someone else makes it!

Exactly. But if this person wants to start saving, or getting out of debt, or paying their bills on time they could REDUCE the amount of coffee they buy. Maybe they decide to just buy coffee on Mondays and Fridays to celebrate the beginning and the end of the week!

That's only \$10 a week or \$40 a month. Just by REDUCING their coffee shop trips to two days a week this person is already saving \$60 a month!

But let's not stop there. To save even more money, and still have coffee every day, you can SUBSTITUTE the coffee shop coffee with home brewed coffee. A one pound bag goes for about \$10 and will usually last me about two weeks.

Now we've gone from \$100 a month to just \$20 a month and all you have to do is wake a little earlier to make your own coffee. You're also saving on gas by not making all those trips.

You see where we're going with this? Now, let's take it one step further and POSTPONE buying coffee at all until it's absolutely needed. Maybe once or twice a month?

Down to \$10 a month! How much lower could we go?

I know this last one is going to be tough for a lot of our listeners, but the last option is to FOREGO coffee altogether.

That'll be a tough one, Martin, but saving \$100 a month is no joke. Sometimes we don't think about how much those little purchases add up to until we sit down and write it all out.

There are a bunch of excuses to not get started on your budget, but trust us, the feeling of satisfaction when it's done is so worth it.

How true! Sit down and write out your income and your expenses today. You may find that you have more money left over than you thought! If you need some help we are here for you 24 hours a day on our Financial Wellness Center: www.golden1.com/financial-wellness.

Thank you so much for listening today. Check back in with us tomorrow when we will be talking about how to remain financially savvy even in retirement.

Until then, this has been Rebecca...

...and Martin, wishing you financial health and happiness and always reminding you to...(Both)...Stay golden!

Golden 1 Credit Union is insured by NCUA.