

## **BASIC PRINCIPLES OF FINANCIAL MANAGEMENT**

- 1) Establish a central location for all financial records.
- 2) Establish a specific location to put all current (outstanding) bills.
- 3) Set aside about 30 minutes each week to go through and pay your current bills and assess your financial situation. You may also want to balance your checkbook during this time. It may be helpful to establish a chart for ongoing bills that indicated when the bill is due, the standard cost, and a place to check off when the bill has been paid.
- 4) Make a budget.
- 5) Stick to your budget. Maintain a record of all of the things you spend money on, so that you can adapt your budget as needed.

### **MAKING A BUDGET**

- 1) Figure out what you spend money on currently. To do this, go through all past bills and your check register and categorize your expenses. Add up the money spent in each category (e.g. rent, groceries, electricity, clothing, entertainment, etc) and record. You may want to make a list, then add to it over the next two weeks or so, because it's hard to remember everything at once. Don't forget about expenses that come up only once to twice a year, like car insurance or renter's insurance.
- 2) Using the information from #1, make a list of projected expenses.
- 3) Make a list of your income. This includes money from full or part-time employment, SSI and/or SSDI, stocks, settlements, etc.
- 4) Add up your income. Add up your projected expenses. If your projected expenses exceed you projected income, then you need to modify your budget.
- 5) To modify your budget, look again at your expenses. Decide what is an essential expense and what is a nonessential expense. Can the cost of any of your nonessential expenses be decreased or eliminated? Can you decrease the amount of money you spend on essential things (e.g. less money on groceries)? Adapt your budget until your expenses are less than your income.

### **What if there simply isn't enough money to pay your bills?**

Most companies/creditors are willing to work with you if you are straightforward about the problem, and have a plan for catching up in the relatively near future. **ASK THEM!** It is usually better to arrange for smaller payments to each creditor for a period of time than to only pay some bills, but pay them in full.

### **WAYS TO CUT SPENDING**

Taken in part from Everyone's Money Book by Jane Bryant Quinn, Delacorte Press, 1979.

1. Buy less on credit cards.
2. Shop from a list and don't buy things that aren't on the list.
3. Rent, don't buy, things you rarely use.
4. Watch your spending at the grocery store. Buy large economy sizes, store brands, and take advantage of specials. Coupons may save you money, but only if you use them to purchase things you already planned to buy.
5. Go to yard sales and thrift shops to get furniture and household items.
6. Carpool or walk when possible. This will save you money on gas and probably make your car last longer.
7. Turn off lights when not in use.

Monthly Expenses	Monthly Amount (Year: _____)												
	Due Date	Jan	Februar	March	April	May	June	July	August	Septemb	October	Novemb	Decemb
Rent													
Phone													
Electric													
Cable													
Medications													
Food / Groceries													
Household Items													
Cleaning Supplies													
Bathroom Supp's													
Grooming Supp's													
Laundry													
Bus Transfers													
Newspaper													
Insurance ?													
Dentist/Health													
Visa Bill													

MONTHLY EXPENSES	DUE DATE DATE	JAN	FEB	MAR	APR
RENT	5TH				
CAR PAYMENT	10TH				
HEALTH INSURANCE	10TH				
VISA	18TH				
VA. POWER	20TH				
CAR INSURANCE	QUARTERLY				

