

George's 7 - 3 - 7 Spending Plan

Part 1 – Gain Control of Your Money

Normal is... too much month left at the end of the money, broke, no savings, credit card debt, making minimum payments, can't cover an emergency, no retirement fund, no college fund, student loan debt, stress, money fights, anxiety, worry, relationship pressures, etc..., just like the Jones Family next door.

The statistics are terrible! Yet perception is often, *"I'm OK. I'm fine. I'm good with money."*

You work too hard to settle for *"normal"*

Keep doing the same things you've been doing, you'll get the same things you've got.

Do something different to get something different! Change can be hard, but worth it!

Part 1 - A Seven Part Spending Plan – Gain Control of Your Money

Not a Budget! Budgets don't work!

The Spending Plan must be IN WRITING!!!

Don't carry all that information and stress in your head. It becomes more "real" and "do-able"... a goal when it is written down. Digital apps and software help make the whole process easier.

- 1. Net Income** - Be aware of gross pay and all the taxes, benefits, and deductions, but make it easy - just set the plan in place based on net pay. Automate with direct deposit.

- 2. Minus Regular At Home Expenses** - These are bills that everyone has: rent or mortgage, auto insurance, phone bill, utilities, car payment, etc... Automate these bills as much as possible; use calendar reminders, auto-pay, bill pay, average pay, etc...

- 3. Minus Reserve Fund** expenses - save ahead every month for irregular and future expenses you know are going to happen. Christmas fund, vacation, kids school start-up expenses, auto and home maintenance, tires, property taxes & insurance (escrow account), pet expenses, etc...

- 4. Minus Outside Home Expenses** - groceries, restaurants, gas, clothing, etc...
...and Fun Money. Fun must be in the plan! A plan that cuts too deeply, or is too controlling and restrictive will not work – it is not sustainable

Consider *Cash Envelopes* vs. plastic cards; they are not the same! Cash is real. It provides pain feedback, gives negotiating power, and immediate control of spending.

Cards are too easy and convenient. Average spending is +20% with cards. If you use cards, they must be carefully tracked and controlled. It is easy to over-spend with cards.

5. Minus Minimum Debt Payments - we'll get to paying off debt later, but first cover the minimums to avoid penalties, interest, collections calls, credit score hits, etc...

6. Minus Giving - giving changes emotions, focus, and attitude. Do you care about something bigger than you... a Church, a homeless shelter, a veteran's cause, a mentoring program, homeless programs, a women's shelter, the local food bank, a political candidate or cause, "Save the ____!", a school, your kid's teachers, some kid's activity, etc... etc... or IS IT ALL ABOUT YOU? Even a small amount given changes us, and dramatically helps the cause we support. What do you want your kids to see you doing?

7. Equals Gap Money - Extra money that can be applied to an Action Plan. There **must** be a positive gap – the gap between your income and your expenses. Negative Gap (additional debt) is not sustainable!

Only the Beginning... A Spending plan is the first step on the path to Financial Well-Being. *Maximize the Gap* in Part 2, and *Become Really Good with Money* in Part 3 of the 7 - 3 - 7 Spending Plan Series. Over time, this "recipe" will change your financial life.

The most important part of any journey - the first step... and the first step is the most difficult. You must commit to start. You must commit to doing something different. It won't be easy; change never is. There will be obstacles and difficulties; adapt and overcome! Trust me, the results of change will be worth far more than the pain of change!

Do you want to get well? ...or are you OK with "normal"?

You must commit to start... and start now!

You can do this!

The Personal Financial Counselor is here to provide all information and support you need.