

The Golden **4** In Creating an Effective Budget

Presented by:
Gregorio Alcantar
EOP Counselor



CAL STATE LA

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

How much money DO you need?

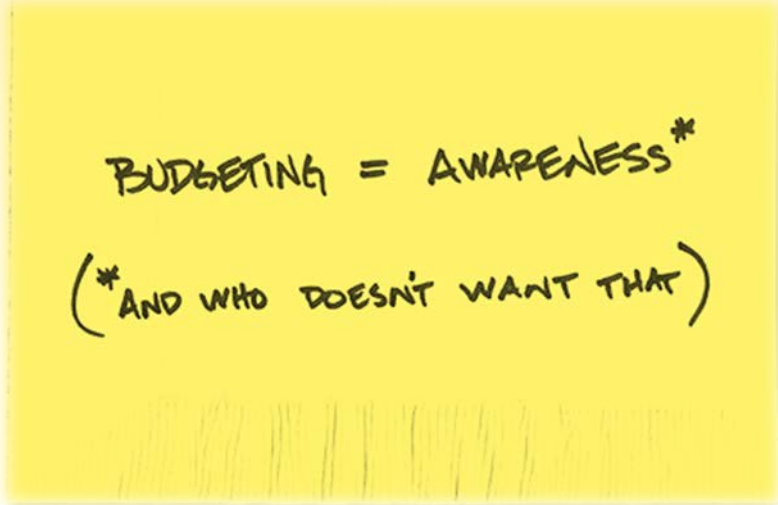


What is a Budget?

A budget is simply your **SPENDING PLAN**
based on your **income** and **expenses**.



Why Should I Learn To Budget?



BUDGETING = AWARENESS*
(*AND WHO DOESN'T WANT THAT)

- ❖ See where you stand (Here & Now)
- ❖ Helps you live within your means
- ❖ Gives you control over your money
- ❖ Helps you “find” money you didn’t know you had
- ❖ Helps you decide what you can and cannot afford (i.e. priorities)
- ❖ Encourages better use of the money
**(e.g. savings plan, emergency fund)
- ❖ Helps you set and work toward your goals
- ❖ Gives you a sense of purpose

Celebrities Who Went Bankrupt/Broke



GOLDEN STEP #1

GOALS



S.M.A.R.T. Goals

Do you have financial goals
for your money?

Have you written down
those goals?



S - Details?

M - How will you measure it?

A - Can it actually happen?

R - Does it tie into your
overall life goals?

T - How long?

GOLDEN STEP #2: Know your Income

- Paycheck
- Allowances
- Bonuses/Tips
- Interest/Dividends
- Financial Aid
- Inheritance/Gifts
- Money found
- Cash prizes



- Income Tax Refund
- Mail-In rebates (when received)
- Refunds
- Proceeds from garage sales
- Proceeds from sale of arts/crafts
- Sell your old cellphones back
- Savings (including piggy bank)

GOLDEN STEP #2 (continued)

Know your Expenses

☐ Fixed Expenses

These are items that are the same price every time they are due

☐ Variable Expenses

These are items that change in amount and/or time when they are due



Monthly Budget Example

Income		Fixed Expenses		Variable Expenses		Totals	
Income 1	\$ 2,500.00	Car Payment	\$ 445.00	Food (groceries, smoothies, fast food, etc.)	\$ 500.00	Income	\$ 3,750.00
Income 2	\$ 1,000.00	Car Insurance	\$ 100.00	Entertainment (movies, music, video games, clubs, parties, etc.)	\$ 60.00		
Other	\$ 250.00	Cell Phone	\$ 75.00	Gas	\$ 100.00	Fixed Expenses	\$ 2,185.00
		Credit Card	\$ 100.00	Hygiene (toiletries, personal items)	\$ 50.00	Variable Expenses	\$ 1,055.00
		Rent/Mortgage	\$ 1,000.00	Misc Car	\$ 120.00		
		Utilities	\$ 120.00	Church	\$ 100.00		
		Cable/Internet	\$ 65.00	Donations	\$ 100.00		
		Savings	\$ 50.00	Gifts	\$ -	Total Exp	\$ 3,240.00
		Student Loans	\$ 150.00	Clothing	\$ 50.00		
		Memberships	\$ 30.00	Books	\$ 75.00		
		Tuition	\$ -			Disposable Income	\$510.00
		Retirement	\$ 50.00				

GOLDEN STEP #3: Prioritize

(Decide What's Important)

Fixed vs. Variable Expenses

(Needs vs. Wants)

Fixed Expenses

- Paying yourself
- Tuition (if in school)
- Installment Loans
- Rent/Mortgage
- Utilities
- Insurance
- Other

Variable Expenses

- Food
- Credit cards
- Clothing
- Transportation
- Personal / Cell Phone
- Entertainment

Delayed Gratification is resisting a smaller but more immediate reward in order to receive a larger or more lasting reward later.

Ways to Save at Cal State LA

• **Free Services:**

- Water-filling stations
- Staff Gym in P.E. Bldg.

• **Discounts:**

- 50% off vending rack
- Starbucks after 4pm pastries discount

• **Staff ID Card**

- Get 10% on GE Bookstore purchases & coffee
- 10% off – Food Court

• **Low Cost Services:**

- Health center on campus
- Discount on movie tickets
- Commuter Services



GOLDEN STEP #4

Track, Review and Adjust

Keep an eye on your budget to see if you are on track.



Better to be proactive than reactive.

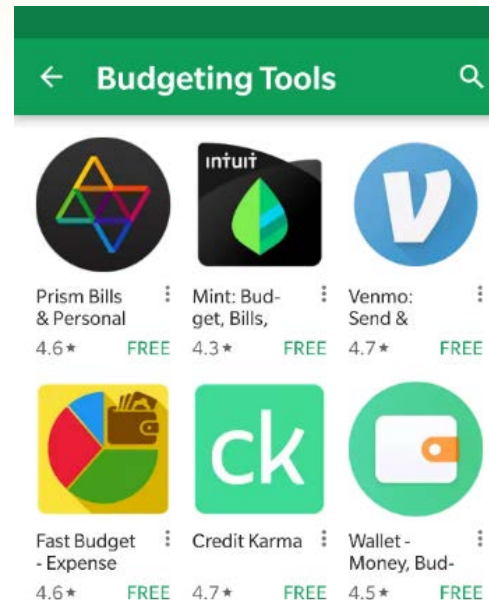
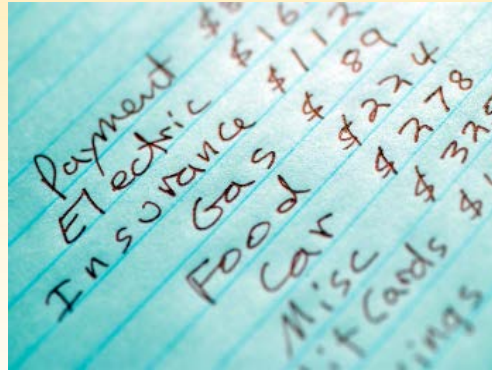


Use Your Resources

Additional help can come from:

- Software
- Budgeting Apps/Tools
- Social Media
- Articles/Books
- Workshops

Budgeting Tools



Online Banking

Tips on Budgeting

1. Write It Down
2. Automate Your Savings
3. Reward Yourself
 - when reaching financial goals
4. Be Kind to Yourself
 - budgeting is a marathon, not a sprint
5. Be Honest and Realistic
 - don't underestimate or guess at expenses

**“The more you know...
The less you’ll owe.”**



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Email me for a copy
of PPT & other
helpful articles

Contact

Gregorio Alcantar
Educational Opportunity Program
CALIFORNIA STATE UNIVERSITY, LOS ANGELES
5151 State University Drive, Los Angeles, CA 90032

Phone
3-3368

Email
gregorio.alcantar@calstatela.edu

Web
calstatela.edu/eop

20 Money Saving Strategies

To Help Keep More Money In Your Pocket



#1	<ul style="list-style-type: none"> • Reduce the cost of utilities. • Disconnect your cable TV service. • Turn off the lights when not in use. 	#9	<ul style="list-style-type: none"> • Find free or inexpensive ways to entertain yourself. • See movies in the afternoon rather than in the evening or rent videos. • Check out local museums and parks. • Ask about discounts or promotions. • Participate in sports. • Join school clubs. • Read a book.
#2	<ul style="list-style-type: none"> • Stop spending for things you don't really need. • Stay away from the shopping mall and out of the stores (particularly when you're upset or depressed). 	#10	<ul style="list-style-type: none"> • Take care of yourself, but look for deals. • Avoid membership in trendy health clubs; take advantage of the school's health club or the YMCA. • Rely on coupons or specials for hairdressers and barbers.
#3	<ul style="list-style-type: none"> • Stop paying for purchases with your credit card. • Use a debit card. • Limit your credit cards to one (1). 	#11	<ul style="list-style-type: none"> • Don't waste money on a lot of expensive cosmetics sold at department stores.
#4	<ul style="list-style-type: none"> • Reduce your food expenditures. • Buy in bulk. • Don't shop more than once a week. • Buy only what you've put on the list. No impulse purchases. • Don't buy what you can't use. 	#12	<ul style="list-style-type: none"> • Avoid or reduce expensive luxury habits. • Give yourself a manicure and pedicure rather than paying someone else to do it.
#5	<ul style="list-style-type: none"> • Treat eating out as a luxury. • Eat out less frequently and less expensively. • Use restaurant coupons. • Eat early – take advantage of early-bird specials. • Eat when you're hungry, not when you're upset. • Order entrees only, not expensive desserts or appetizers. • Split or share meals with a friend. 	#13	<ul style="list-style-type: none"> • Buy products, clothes and food that you really need. Shop around: look for sales and specials.
#6	<ul style="list-style-type: none"> • Learn to cook for yourself. • Pack your lunch and take it with you to school. 	#14	<ul style="list-style-type: none"> • Shop for clothes wisely. • Shop at discount outlet stores, and campus thrift shops. • Look for generic labels; avoid expensive, brand-name clothing. • Avoid buying and wearing clothes that must be dry-cleaned.
#7	<ul style="list-style-type: none"> • Find an alternative to driving your car. Rely on public transportation, friends, bikes and your feet. 	#15	<ul style="list-style-type: none"> • Live at home or with a relative. • Get a roommate.
#8	<ul style="list-style-type: none"> • If you MUST have a car, try the following tips to save money: • Wash your car yourself. • Look for coupons for oil changes. • To avoid long-term expenses, keep your car in shape. • Use cash or debit cards to pay for gas. • Carpool with friends. 	#16	<ul style="list-style-type: none"> • If you want or think you need something, wait a full 24 hours before you buy it.
		#17	<ul style="list-style-type: none"> • Keep the debt management counselor's extension handy when debt becomes unmanageable.
		#18	<ul style="list-style-type: none"> • Open a savings account.
		#19	<ul style="list-style-type: none"> • Email or chat online instead of using the telephone.
		#20	<ul style="list-style-type: none"> • Apply for scholarships.