



Money Management: Budgeting



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About me...

■ Education

- Western Michigan University
 - BS Industrial and Manufacturing Eng
- University of Detroit-Mercy
 - Master's of Business Administration

■ Professional/Career

- MDL Investments and Consulting
- Manufacturing Engineer



What is your Attitude Towards Money?

- What is your first memory of money
 - How you viewed “money” in the past can shape your feelings towards money in the future
- How do you organize your money
 - The best method is in numeric order in a wallet or purse
 - If your money is out of order then you may spend it with out keeping track of how much you are spending
- Keeping track of your money
 - “Respecting” your money will help you with your finances
 - If you keep track of your money you ultimately keep track of your finances





Budgeting

- 10% (before tax) charity
- 20% (before tax) yourself
 - Savings, investments, etc
- 70% remaining
 - e.g. bills, expenses
 - Taxes are included

Budgeting

■ Establishing a budget

- In order to know how much you can spend you must have a budget

■ Online banking

- Most financial institutions have online banking to keep track of your account
- Be careful of items that may take longer to post to your account

■ Checking account ledger

- Keep track of all transactions on a ledger



Unexpected Cost

- Laundry
- Trip home
- Car Note
- Car Insurance
- Renter's insurance
- Fast food/ restaurant
- Entertainment
- Hair cut/ style
- Copies -library
- Books
- Class fees/ materials
- Warm clothes
- Trip home
- Toiletries
- Cell phone
- Prescription/ co-pay





Need vs Want

- A want is something you can do without e.g. cable, internet access, the latest pair of athletic footwear
- A need is something that is vital e.g. rent (room and board), utilities, clothing



Budget Items

- Major items (needs)
- Minor items (wants)
- Other items (unexpected)

How to construct a budget

- 1st Income
- 2nd Major bills (mandatory)
 - e.g. housing, vehicle
- 3rd Minor bills (optional)
 - e.g. entertainment, cable





Income

- Earned income
 - Job
- Passive income
 - No physical work
 - e.g. real estate, song on radio, commercial on TV
- Portfolio income
 - Stocks, bonds, mutual funds



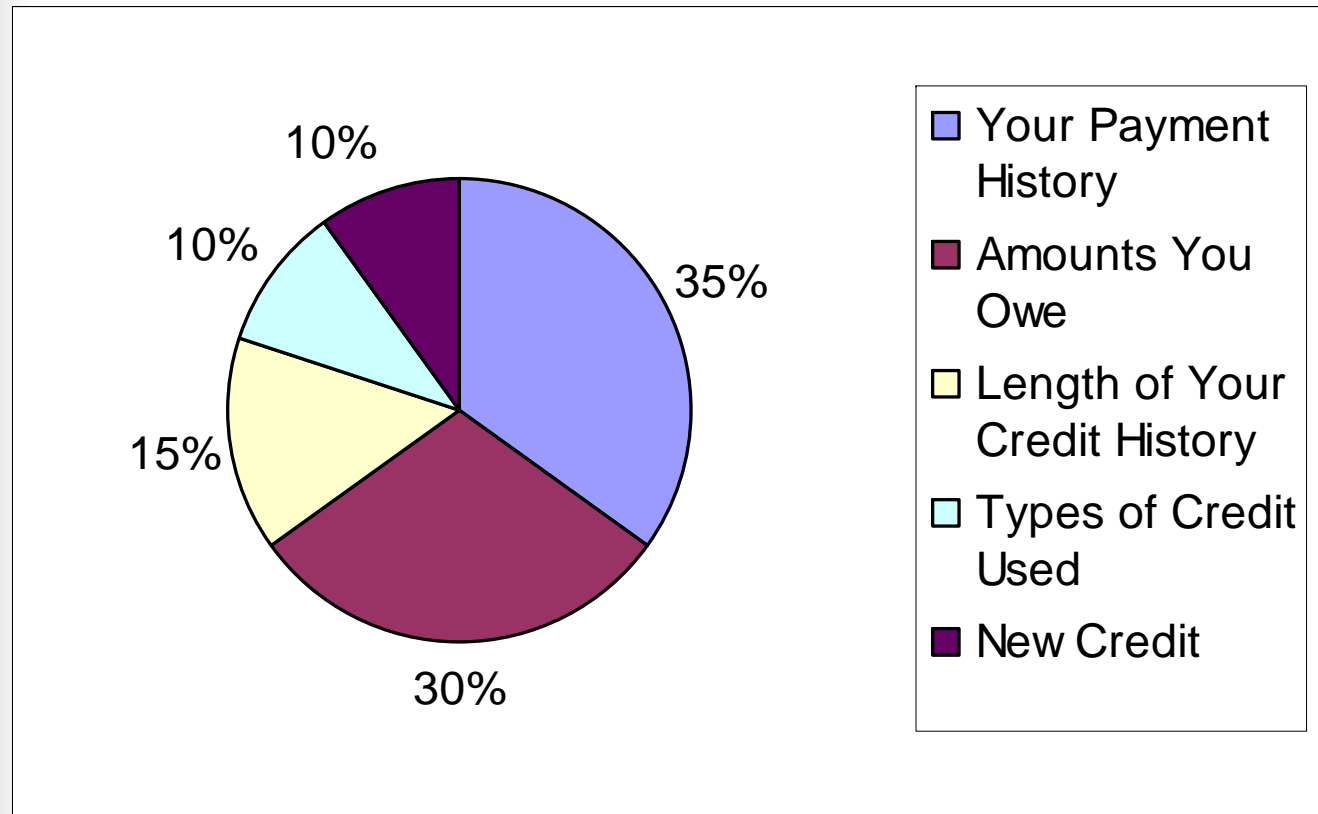
Credit



What is FICO score

- A FICO score is a credit score developed by Fair Isaac & Co.
- Credit scoring is a method of determining the likelihood that credit users will pay their bills

Credit Scoring



Scores

Above 719	Excellent Credit
680-719	Good Credit
620-679	Lender will take a closer look at your file
585-619	Higher risk, you will not be eligible for best rate and product
Below 585	Credit products may not be available; Lenders will need to consider other information in your application.

