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BUDGETING 101 – Hints & Tips

General principles of dealing with personal finances

- Acknowledge that God owns everything and we are stewards of the resources entrusted to us
- As Christians attempting to be good stewards, every spending decision is a spiritual decision
- Always think and pray before making spending decisions
- Establish a written budget – with your spouse (if applicable)
- Set realistic goals & objectives – with your spouse (if applicable)
- Always spend less money than what you earn
- Always provide for the Lord's work first
- Once you have positive cash flow, always pay yourself second
- Avoid debt at almost any cost, especially consumer debt (credit cards, store credit, personal loans, etc.)
- If you are in debt, make it a major priority to get out of debt
- Save and invest money on a regular basis
- Avoid risky investments
- Learn to be content with much or little, as God provides
- Avoid extravagance and personal indulgences
- Continue to learn about money from a Godly perspective (Crown Ministries, Good Sense Ministry, Etc.)
- Seek good Christian advice & counsel
- Find an accountability partner to can help keep you on track (Friend, someone from church, etc)
- Stay on track – stick to your written plan

Why should I do a budget?

- To clearly identify how much income is coming into your household
- To clearly identify your expenses (how much you are spending & where)
- To identify areas in which you are spending too much money and may be able to cut back
- To identify other problem areas that could be corrected
- To help you set financial goals & priorities
- To establish a written plan for how you are going to spend, save & invest the household income
- To increase your level of awareness of spending within your income
- To provide a written plan that you can refer back to when and if necessary
- To help with financial communication within the family
- To provide a written plan to use as a way of keeping track of your success in your finances
- A budget helps you to spend according to your priorities instead of your impulses.

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Budgeting Realities

- A budget will only work if you use it
- A budget will not solve all your immediate problems, but will help you work towards financial freedom
- A budget should be realistic with attainable objectives (otherwise you will fail at using it)
- Keep your budgeting records up to date (at least on a monthly basis)
- Refine the budget numbers as you go along. Don't try to be perfect or you will never get started
- Make changes as your circumstances change or as necessary for other reasons
- Keep track of miscellaneous spending of cash
- Use checks and make notes in your ledger whenever possible to have a record of your purchases
- Keep receipts for purchases and make notes immediately on the receipt to remind you what it was for until you record it in your records

Questions to ask when making major purchases

- Am I satisfying a need or a desire?
- Am I making an impulsive purchase or have I taken time to think about this?
- If I put off the decision now, can I still decide tomorrow or next month or next year if it is still important?
- Have I prayed about this purchase to determine if it is in God's will for me?
- Have I sought Christian counsel regarding this purchase?
- Has my spouse been informed and is he/she in agreement with this decision?
- If I am going to buy, have I shopped and compared prices to assure a good buy to be a good steward?
- Is the purchase something that will go down in value quickly or require additional money in order to maintain? If so, how does that affect my budget or net worth?
- Will the purchase add or detract from our family situation?

Fixed versus Variable Expenses

After completing the budget, go through the various categories of expenses and mark which expenses are **FIXED** (cannot be changed) and which are **VARIABLE** (can be changed).

Review your variable expenses to determine which areas may be identified as places that can be adjusted in order to make the budget balance. These are areas that could be cut back on in order to allow for other more necessary expenses. These are also areas that may be cut back in order to allow you to save more towards long-range goals such as college savings or retirement.

Samples of Variable Expense Categories

Groceries	Entertainment	Travel/Vacations
Cable TV	Clothing	Gifts

Fixed expenses can sometimes be changed when making lifestyle changes to achieve your goals of spending less money. Downsizing your home will reduce your mortgage, heating & electric, maintenance expenses, etc. Selling an expensive car to purchase a less expensive car will reduce your car payments, etc. (Even though repairs on a used car may be more than a new car, it will still likely be less than your loan or lease payments on a new car.)