

BUDGETING & DEBT ELIMINATION

February 16, 2023

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BUDGETING & DEBT MANAGEMENT

FINANCIAL STRESS



More than **20%** of Americans would rather go to the dentist or wait in line at the BMV than talk about their finances. More than **40%** of Americans find it difficult to talk about debt with their friends and families.

DETERMINE NET WORTH



The average American carries a debt balance of **\$96,371**. Nearly **77%** of Americans carry debt.

CALCULATE DEBT-TO-INCOME RATIO

CREATE A BUDGET



Of Americans with debt, **45%** carry credit card debt, **40%** have mortgage debt, and **37%** have auto loan debt.

SUGGESTED SPENDING



53% of Americans have more credit card debt than emergency savings.

EMERGENCY FUND & DEBT MANAGEMENT

Sources:

<https://www.bankrate.com/personal-finance/debt/average-american-debt/#key-insights-on>

<https://www.moneygeek.com/credit-cards/analysis/average-american-debt>

<https://www.bankrate.com/personal-finance/debt/credit-card-debt-emergency-savings-2022/>

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FINANCIAL
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NET WORTH

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SPENDING

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& DEBT MANAGEMENT

ASSETS

ACCOUNTS

- Checking account
- Savings account
- CollegeChoice 529 – Kid 1
- CollegeChoice 529 – Kid 2
- CollegeChoice 529 – Kid 3
- Retirement plan
- Health savings account

OTHER ITEMS

- House
- Car

DEBTS

ACCOUNTS

- Credit card
- Personal loan
- Federal student loan
- Mortgage

OTHER ITEMS

- Citizens electric bill
- IPL power bill
- Verizon phone bill

ASSETS

- DEBTS

NET WORTH



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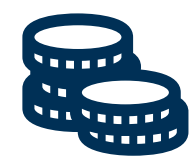
1

MINIMUM
MONTHLY
PAYMENTS
TOTAL

\$1,115



\$80



\$200



\$185



\$650

2

ANNUAL SALARY

\$55,000

÷ 12 MONTHS



÷ 12

MONTHLY GROSS INCOME

\$4,583

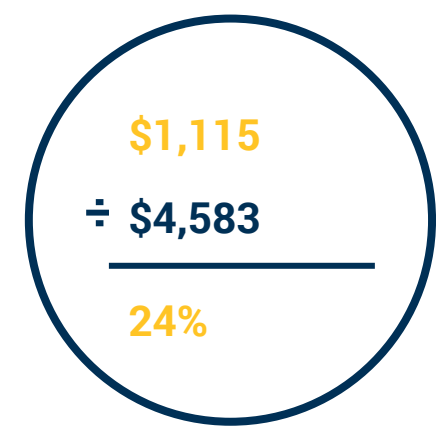
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TOTAL MONTHLY PAYMENTS

÷ MONTHLY GROSS INCOME



DEBT-TO-INCOME RATIO



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1

| Monthly Income | |
|----------------------|--|
| Net salary 1 | |
| Net salary 2 | |
| Additional income | |
| Total monthly income | |

2

| Housing Expenses | |
|------------------------|--|
| Rent/Mortgage | |
| Home insurance | |
| Electric | |
| Gas | |
| Water | |
| Trash/Recycling | |
| Phone | |
| Other | |
| Total housing expenses | |

3

| Balance Sheet | |
|----------------|--|
| Total income | |
| Total expenses | |
| Variance | |

BUDGETING & DEBT MANAGEMENT

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|----------------------------------|
| |
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| EMERGENCY FUND & DEBT MANAGEMENT |

| Monthly Income | | Monthly Expenses | | |
|------------------|------------|------------------|----------|------------|
| \$3,000 | | \$3,350 | | |
| | Expense \$ | Suggested % | Actual % | Difference |
| Rent/Mortgage | \$1,000 | 28% | 33.30% | - 5.30% |
| Home Insurance | \$30 | | | |
| Phone | \$65 | 2% | 2.17% | - 0.17% |
| Car Payment | \$255 | 10% | 10.70% | - 0.70% |
| Car Insurance | \$65 | | | |
| Gas | \$80 | 2% | 2.70% | - 0.70% |
| Utilities | \$150 | 7% | 5.00% | 2.00% |
| Groceries | \$250 | 10% | 8.30% | 1.70% |
| Medical | \$200 | 5% | 6.67% | - 1.67% |
| Giving | \$300 | 10% | 10.00% | 0.00% |
| Debt Repayment | \$305 | 10% | 10.17% | - 0.17% |
| Savings | \$200 | 10% | 6.67% | 3.33% |
| Other | \$450 | 6% | 15.00% | - 9.00% |
| Total Difference | | | | - 10.68% |

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| Debt Name | Balance Due | Interest Rate | Minimum Monthly Payment | New Monthly Payment |
|---------------|-------------|---------------|-------------------------|---------------------|
| Credit Card 1 | \$650 | 10% | \$25 | \$225 |
| Credit Card 2 | \$2,000 | 17% | \$60 | \$60 |
| Student Loan | \$12,000 | 4% | \$220 | \$220 |
| | | | | |
| | | | | |

Total Debt:

\$14,650

Total Minimum Monthly Payments:

\$305

Amount Budgeted for Debt Repayment:

\$505

New Total Monthly Payments:

\$505

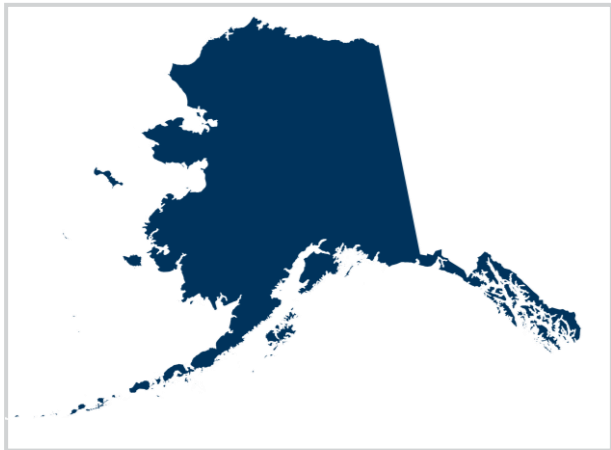
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