

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



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

CREATE A BUDGET

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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DETERMINE
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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

\$347,600

- DEBTS

- \$164,650

NET WORTH

\$182,950

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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

3

TOTAL MONTHLY PAYMENTS

÷ MONTHLY GROSS INCOME

DEBT-TO-INCOME RATIO



\$1,115

÷ \$4,583

24%



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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	

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Monthly Income	\$3,000	Monthly Expenses	\$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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EMERGENCY FUND
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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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