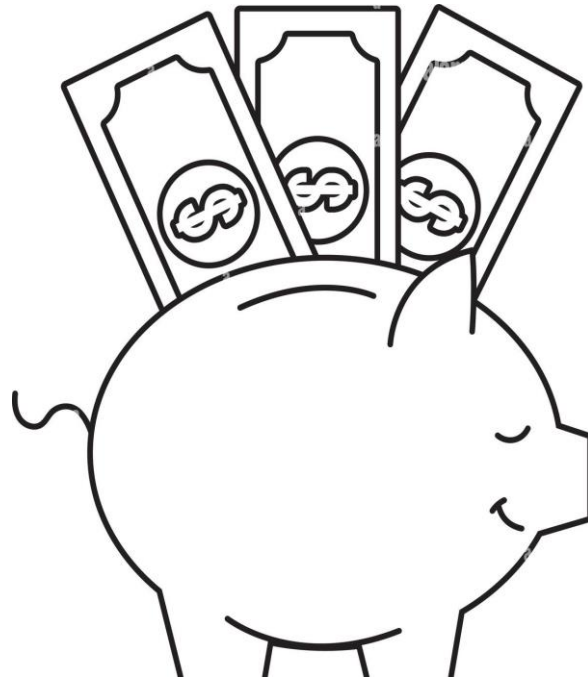




**Miracle Hill**  
MINISTRIES

# Financial Readiness

## *Class 2 – Budgeting, Spending, Debt*



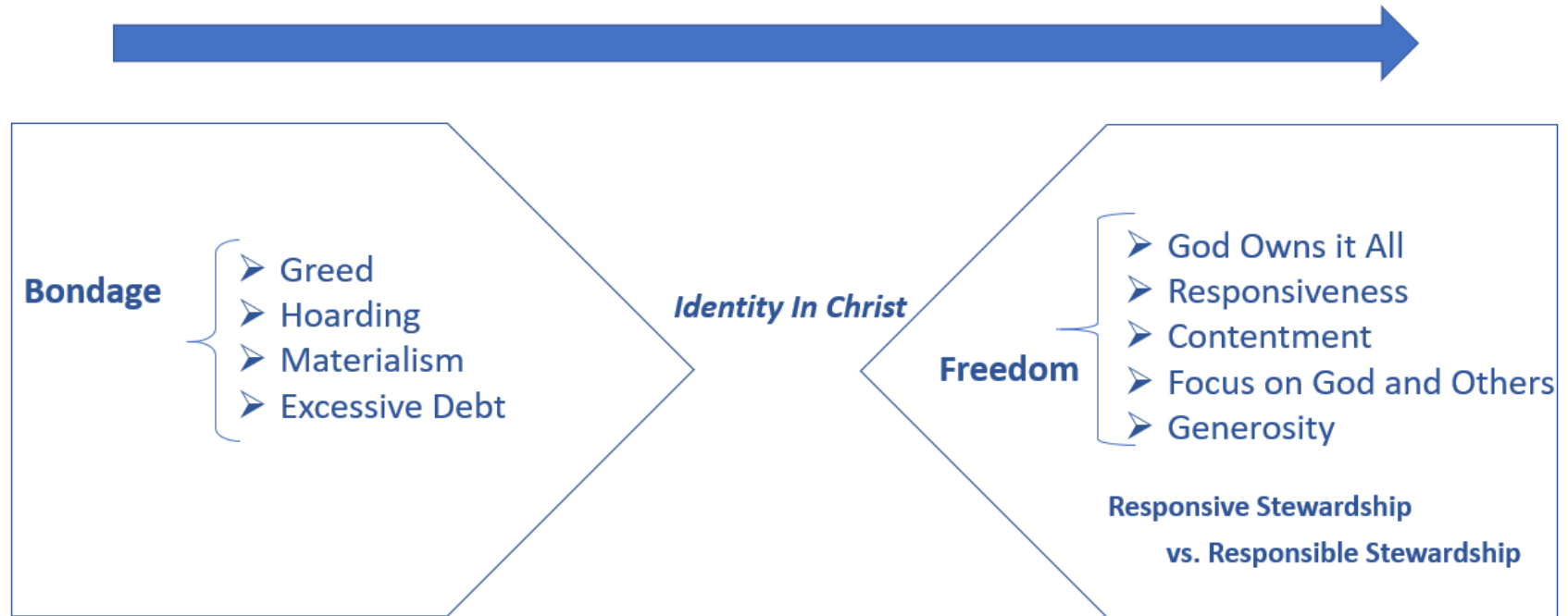
# Key Concepts From Last Class

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- The bible has over 2,000 verses about how to handle money – important principles:
  - God owns it all
  - I am here to be a steward of God's resources
  - Seek wise counsel
  - Expect uncertainty
  - Have a plan and stick to it
- Must work to base our identities as “God's Image Bearers” (Genesis 1:26-27)

# Your Identity in Christ

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# Use Financial Readiness Web Site as a Tool

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- [www.overcomersresource.com](http://www.overcomersresource.com)
  - Links to contact instructors
  - Electronic copies of handouts
  - Resources for credit counseling, debt consolidation
  - How-to videos



## Are you being responsive to God in stewarding His resources?

"Our use of money and possessions is a decisive statement of our eternal values."

*-Randy Alcorn, Money Possessions and Eternity*

"If a person gets his attitude toward money straight, it will help straighten out almost every other area of his life."

*-Billy Graham*

"Jesus Christ said more about money than about any other single thing because, when it comes to a man's real nature, money is of first importance. Money is an exact index to a man's true character. All through Scripture there is an intimate correlation between the development of a man's character and how he handles his money."

*-Richard Halverson*

Home

Class Resources

What to do

Detailed Steps

Contact A Counselor

# Budgeting, Spending, Debt - Outline

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- Money mindsets and attitudes
- Budgeting and spending basics
- Internet and manual tools/techniques
- Debt elimination
- Introduction to establishing new credit

# Money Mindsets & Attitudes



# Money Mindsets and Attitudes

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- A money mindset is your “financial personality”
- These mindsets usually begin during your upbringing and become a way of life as you mature
- Most don’t even realize that they have a particular mindset and are often unwilling to change until it leads to adverse situations
- God inspired King Solomon to write down financial advice – wise men save and have assets but fools spend everything

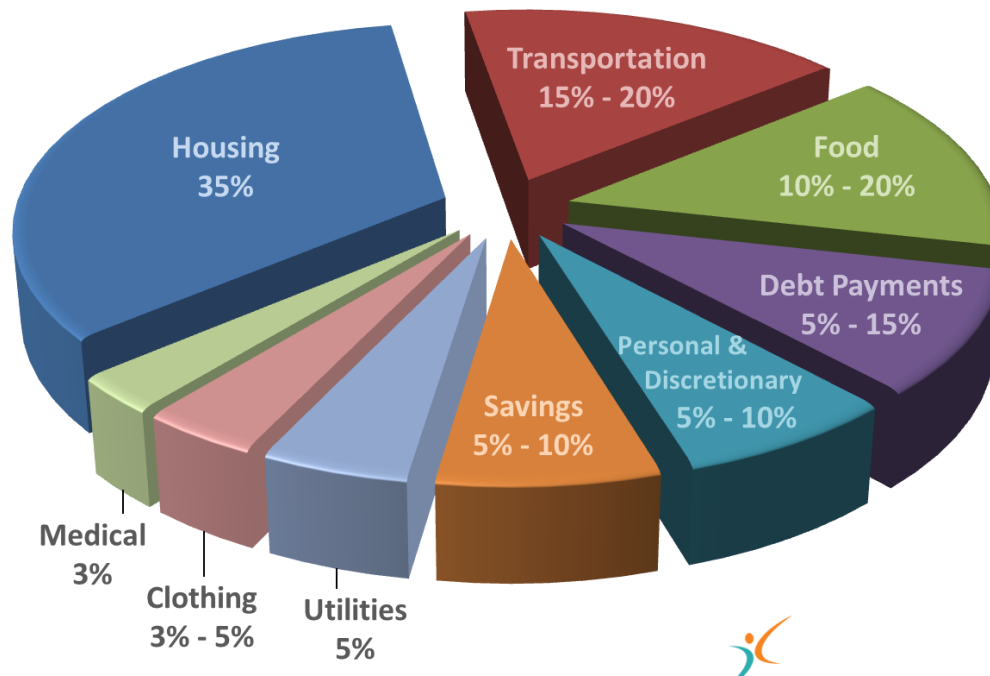
# Money Mindsets and Attitudes

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- It is not the high cost of living, but the cost of high living that ruins men (*Proverbs 21:17*)
- It is never too late to start with a clean slate:
  - Identify your money mindset and develop a plan to change to one that better supports your new life
  - Strive to become debt free
  - Give generously – seek God’s guidance each step
  - Spend less than you earn
  - Set goals such as an emergency fund and funds for retirement



# Budgeting & Spending Basics



# Budgeting Basics

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- Estimation of *income* and *expenses* for some future period
- Best done a month or two in advance, “rolling forward” in hunks as each month is completed
- Categorize expenses into logical divisions, medical, food, auto, insurance, etc.
- Choose a budgeting tool – could be simple envelopes labeled into budget categories – look in envelope, that is all I have for that category for rest of period !

# Budgeting Basics

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- Identify heavy hitter expenses in advance, like tax, auto insurance, etc. may need a special budget line item to save for one or more of these items
- Add known income
- Identify any shortfalls in advance, plan to fix (*either spend less or way to increase income*)
- Monitor spending as you go regardless of budgeting tool used

# Establish Savings/Spending Accounts

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- Open bank accounts to use for saving and spending
- Careful selection of bank, shop for good interest rates and free services
- Many on-line and local options to choose from
- Best to have one account dedicated to saving (savings or money market), and a second account for expenditures (checking, ATM card)
- Suggest direct payroll deposits and regular automated deposits to savings

# Budgeting Tools – Envelope Method

- Pre made ones or create yourself

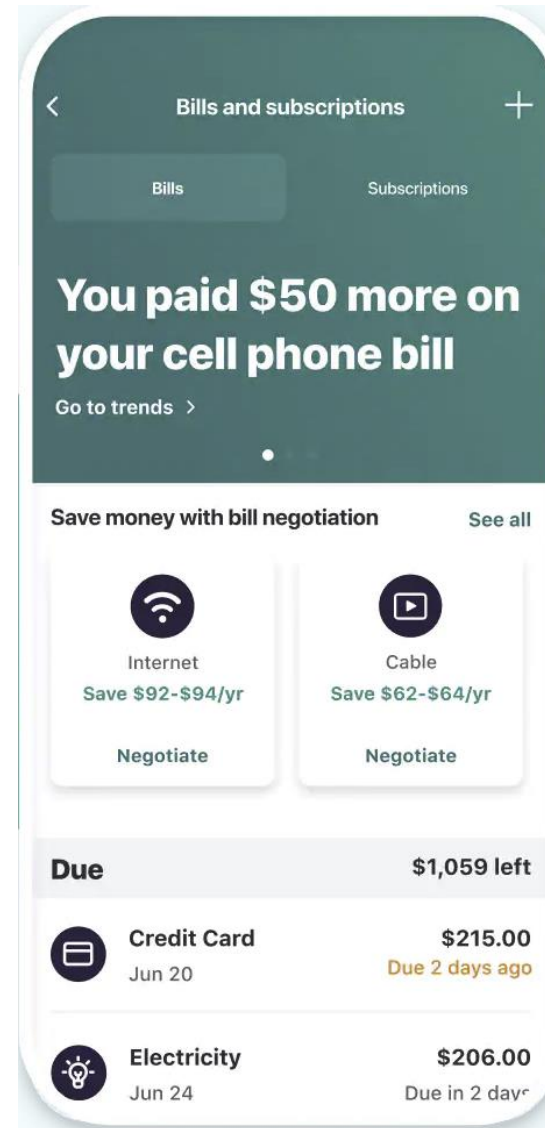
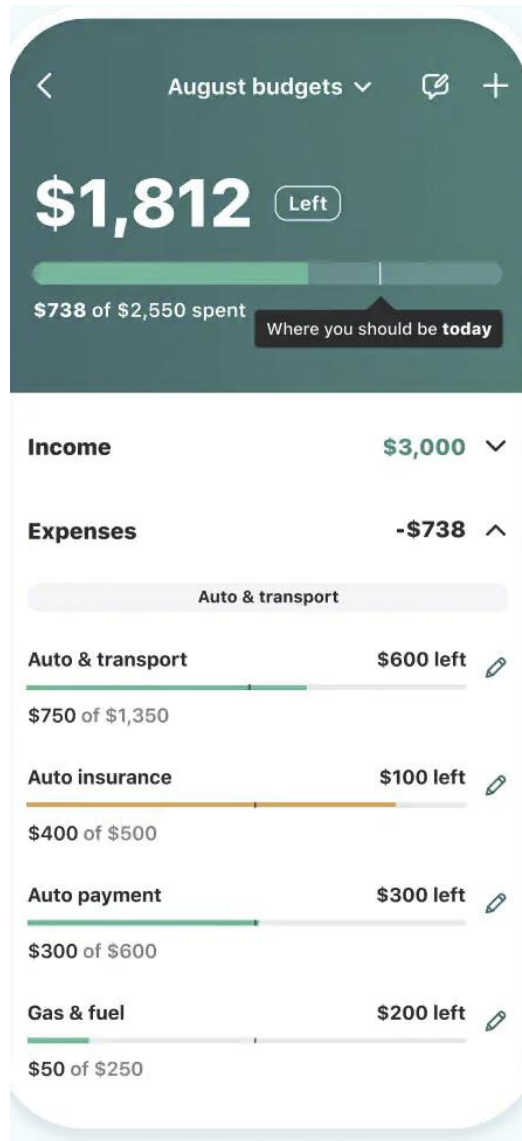


# Budgeting Tools – Mint App

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- <https://mint.intuit.com/>
- Syncs to your bank accounts, credit cards
- Track income, purchases, savings
- You set budget with categories, App tracks spending, included is overbudget alerts
- Suggests ways to save on bills – “negotiate” feature

# Budgeting Tools – Mint App



# Budgeting Tools – I Was Broke Now I'm Not

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- <https://www.iwasbrokenowimnot.com/>
- Guides you through step-by-step plan to gain control over finances





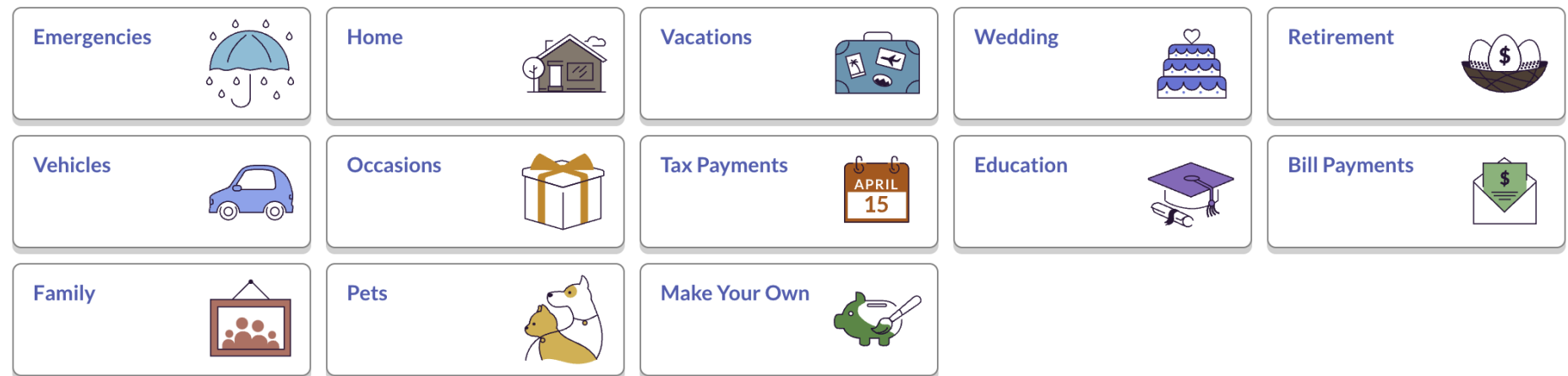
# Budgeting Tools – Ally Bank “Buckets”

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- Easy to customize, easy to use and track spending to a plan
- Free “core account” for deposits and all withdrawals
- Divide up and track by user-defined “buckets”

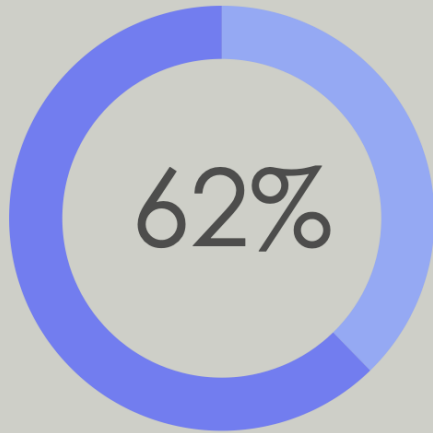
## Why are you saving?

You can add up to 10. [▶ Learn more about buckets](#)



# Budgeting Tools – Excel Pre Made Template

Percentage of Income Spent



Summary

TOTAL MONTHLY INCOME

\$3,750

TOTAL MONTHLY EXPENSES

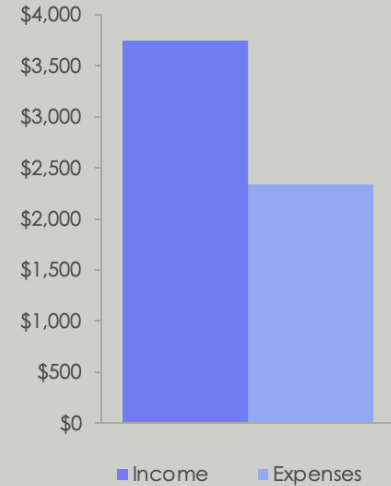
\$2,336

TOTAL MONTHLY SAVINGS

\$550

CASH BALANCE

\$864



Monthly Income

ITEM	AMOUNT
Income Source 1	\$2,500.00
Income Source 2	\$1,000.00
Other	\$250.00

Monthly Expenses

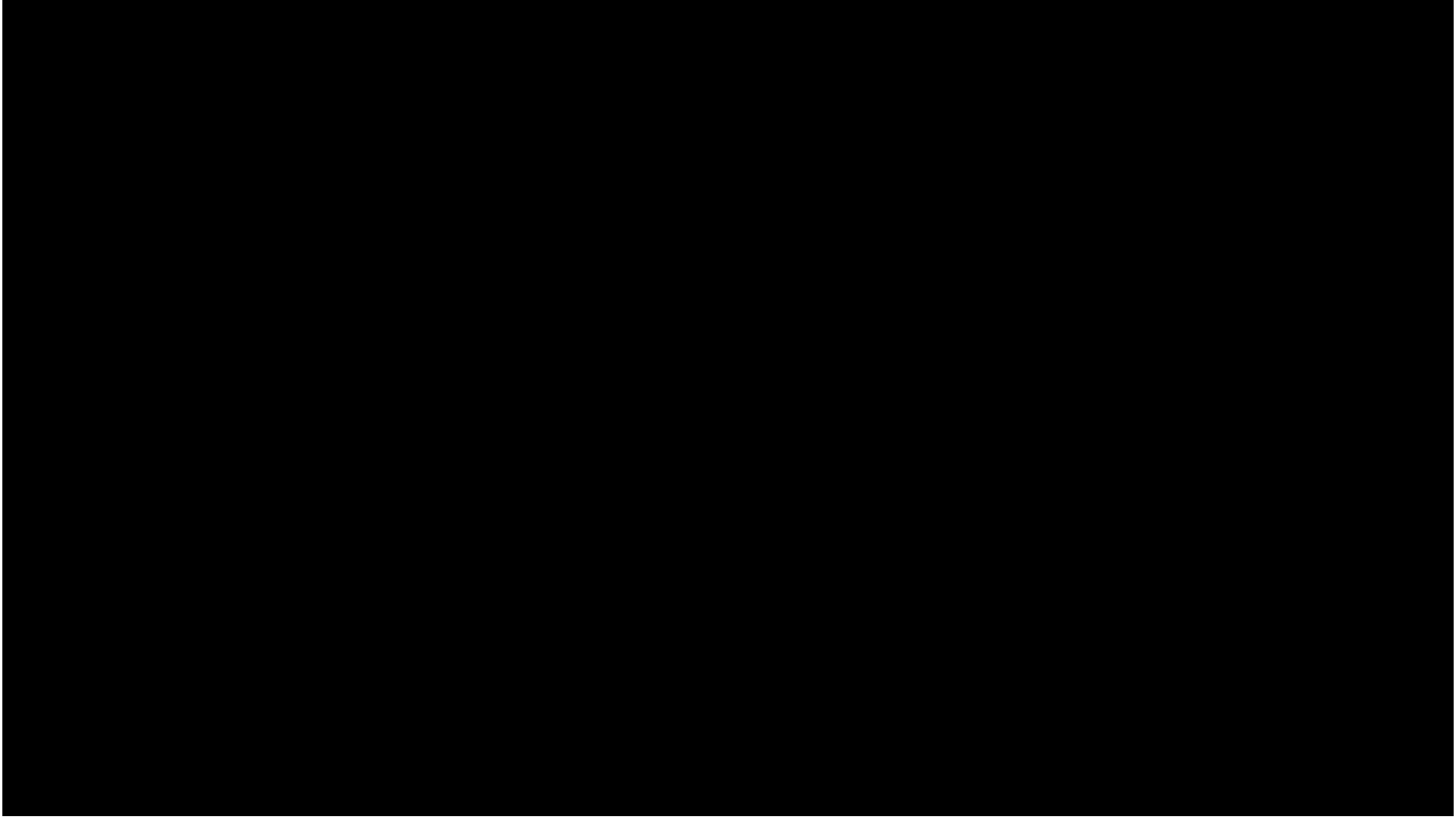
ITEM	DUE DATE	AMOUNT
Rent/mortgage	[Date]	\$800.00
Electric	[Date]	\$120.00
Gas	[Date]	\$50.00
Cell phone	[Date]	\$45.00
Groceries	[Date]	\$500.00
Car payment	[Date]	\$273.00
Auto expenses	[Date]	\$120.00
Student loans	[Date]	\$50.00

Monthly Savings

DATE	AMOUNT
[Date]	\$200.00
[Date]	\$250.00
[Date]	\$100.00

# Budgeting Process Video

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# Debt Elimination



# Debt Elimination

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- List all of your debts – use current copy of the detailed credit report at [www.annualcreditreport.com](http://www.annualcreditreport.com)
- Prioritize debt payoff:
  - Go to jail debt – court fines, child support, parole fees
  - Garnishment of wages debt – back income taxes, child support
  - Debt that will lower your credit score – bank loans, credit cards, finance companies

# Debt Elimination

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- Snowball method
  - Pay off smallest of loans as quickly as possible
  - Next roll your budgeted payoff amount towards next smallest debt, add to minimum payment you already are making, continue until all accounts are paid off
  - The amount gains momentum and “snowballs” as you go
- Avalanche method pays off loans with highest interest first – you may save some money, but this process takes longer than Snowball

# Debt Elimination

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- Don't hesitate to seek assistance with elimination of debt
- Free help available to restructure debt in logical, planned manner
- Work with plan to improve your credit rating
- Beware of false claims and scams to "make you debt free"

Next:  
*Class 3 - Understanding Your  
Credit*



# Bonus – Ally Bucket Video

# Ally Savings Buckets - Video

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