

# The Importance of Budgeting

## \$39.00



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## The Importance of Budgeting

*“You'd never set out on a cross-country road trip without consulting a map. And, likewise, you can't expect to reach your financial goals without developing a plan for spending and saving.”*

*- Shelly K. Schwartz  
[www.bankrate.com](http://www.bankrate.com)*

Does it seem as though every other day a new credit card application finds its way into your mailbox? “All major credit cards accepted,” “No money down,” “Same as cash” are phrases heard almost everywhere you go. However, these phrases can add up to trouble for most individuals not educated on the importance of budgeting. Budgeting is the most important effective financial management tool available to all of us. Everyone with an income needs to devise a spending plan – a budget – for his or her money. Many people flinch with uneasiness when they think of a budget, because to them budgets mean “no more fun.” But that doesn't have to be the case. An essential thing to remember is that a budget is not to hinder you or stop you from doing things that you enjoy but rather to teach you how to live within your means. Regardless of your income, a budget is a basic way to ensure that you achieve your financial goals. It is imperative that you are aware of how much money you have to spend and exactly how you are spending that money each month.



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### **What is a Budget?**

A budget is a detailed summary of income and probable expenses for a given time, usually monthly. Put simply, a budget helps keep you from running out of money before the end of the month. Budgeting is a tool to assist you in prioritizing both the spending and managing of your money, which, in the long run, will ensure your financial success.

There's no getting around it, making a budget work takes effort! And if it's a family budget, all members of the family need to be on board and involved in making the budget a success.

*"The No. 1 rule of setting budgets is to not cut all the fun out of your life. Inevitably, spartan budgets that have no allowance for entertainment are doomed to fail."*

*- Jim Tehan, Myvesta Foundation*



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## Seven Steps for Creating a Successful Budget

### 1 Track Spending for a Month

The first step in developing a budget is to track where your money goes each month. Regardless of how little or big the amount, track everything you spend. Set up a small, designated bin or drawer in the house where all of your receipts go. Don't have a receipt? Write down how much you spent on a sticky note and drop it in the bin. The key is to find out where all of your money is going in order to determine if you are spending it wisely and if not, what changes need to be made. Remember that the goal of a budget isn't to cut out all of the things that you like to do (movies, eating out, etc.), but rather to help you better allocate where your money goes and moderate your spending. For example, instead of going to the movies every weekend, maybe you only go once a month.

### 2 Pay Yourself First

According to financial expert David Bach, when it comes to budgeting, you need to remember to "pay yourself first!" It is a good idea to pay yourself at least 10 percent of your income, which should be directly deposited into a savings account. However, this is an ideal situation. If you can't afford to pay that much at first, put whatever you can into your savings account. Having the money directly deposited into a separate savings account will prevent you from spending it.

**If you don't see it, you won't miss it.**



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### 3 Prioritize Spending

Thirty-five percent of your income should be used for both housing and utility costs. If you have a significant large expense that you need to save for, such as college tuition or a car, you may want to set aside additional income in a tax-favored account for that. The remaining 45 percent of your income should be used for food, entertainment, and however you deem necessary. Since everyone can't have everything they want in life, they need to prioritize their spending habits on what's most important to them.

### 4 Use Cash for Daily Spending

Credit cards are accepted almost everywhere and pulling out the plastic to purchase something you can't necessarily afford is a dangerous trap for many people learning to budget their money. Until you have mastered your budgeting skills, you should stick to paying everything with cash, with the exception of mortgage and car loans. Hide credit cards – out of sight, out of mind.

### 5 Pay Down Credit Card Debt

The only way to get ahead and achieve the long-term goal of financial success is to pay off all credit card debt. Paying large sums of money in credit card interest takes away from money that you could be saving or putting toward other things.

*“The average American carries \$2,328 in credit card debt, spread out over 2.9 cards.*

*- Myvesta Foundation*

**6 Build a Monetary Safety Net**

Regardless of your debt situation, saving for the unexpected should be a priority. A good rule of thumb is to build up a savings of three to six months worth of living expenses. This emergency fund will be extremely beneficially if the unexpected occurs – job loss, serious illness, large bill, etc.

**7 Live within Your Means**

Don't spend more than you make and learn to live within your financial means. It doesn't mean you can't have fun, but rather learn to cut back. You don't always need the latest electronic device or the newest car. Controlling the impulses to buy the latest and greatest will save you money, helping you become a more financially secure person.

## The Demise of Poor Budgeting



Since all budgeting isn't the same, it's safe to assume that not all budgets will prevail. Inevitably, poor budgeting will fail. So, how do you prevent this? The key is to prioritize spending and consistently track spending at least once a month. Here are additional reasons that some budgets might fail:

- **Failure to budget for irregular or unplanned expenses**, such as certain types of insurance, home property taxes, car license fees, medical bills, etc.
- **Not consistently tracking spending.** Waiting until the credit card statement arrives to track your purchases might add up to trouble. Stay on top of daily spending.
- **Setting unrealistic expectations.** It is unlikely that a person can go from spending \$500 a month in entertainment to not spending a dime. Set realistic goals, and you're more likely to attain them.
- **Find the budget that best fits your needs.** You might be one that likes to see the big pictures, categorizing your budget into five sections. On the other hand, you might do better with precise detail, needing a budget of 25 categories. Find the budget that works best for you.
- **Becoming frustrated when you fail.** Don't beat yourself up about making a mistake and not sticking to the budget. Try harder next time.
- **Forgetting to leave some wiggle room.** A good idea is to not plan a budget that balances out. The smallest amount over an expense will put your budget in the red, most assuredly making you feel like you failed. However, if you leave a small amount of money unallocated until month end, this can help in circumstances where you go over budget.

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## Helpful Tips for Staying on Budget



*No impulse buying!*

- **Teamwork!** In order for a budget to be effective, everyone affected by the budget must rally together, making a conscious effort to make it work. A budget won't work if one spouse is on board and the other is not. Spouses need to give each other support, reminding one another of the many benefits to becoming debt-free.
- **No impulse buying!** Before leaving your house, make a list of exactly what you need from the store and here's the most important part – stick to the list! By doing this, you'll be less likely to purchase something that you don't necessarily need. Hold yourself and your spouse accountable for every purchase you make.
- **Use cash!** By eliminating the easiness of credit card use, you'll be more likely to give more thought into everything you purchase. After payday, take out enough cash for one week at a time for discretionary expenses. It's a lot harder to justify an elaborate dinner out when it eats up all of your cash for the week.
- **Eliminate bad habits!** Drinking and smoking are bad habits that really add up. *According to MSN Money, a pack-a-day smoker burns through roughly \$31.50 per week or \$1, 638 per year!* There went money that could've been used on a family vacation. Eliminating these bad habits will inevitably save on health care expenses as well.

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- **Have some fun!** A budget doesn't mean that fun gets put on the back burner. Your budget should include entertainment, eating out, or another form of fun for you and your family. While it may not be a budget for a Broadway show every month, you'll be surprised at how creative you can get when you're sticking to your budget.
- **Balance your checkbook!** If you don't regularly balance your checkbook, you need to start doing so. And with online banking available, it's now easier than ever to do. If you're on a tight budget, a minor mistake could lead to expensive overdraft fees.
- **Analyze your spending!** Is there room in the budget to cut something? Are you unnecessarily spending a large amount on eating out? Try eating at home more or bringing your lunch to work. Other ways to cut: find a less expensive hair salon, purchase store brands instead of name brands at the grocery store, carpool, clip coupons, limit clothing purchases, etc.
- **Budget with a goal in mind!** The goal can be saving for a new car, a home project, or a family vacation. It can also be saving to achieve a certain number in your savings account or paying off a large debt, such as a school or car loan. By focusing on achieving a goal, it makes sticking to a budget much easier to do.

## Top 10 Money-Saving Tips



Did you know that many budgeters save money simply because they can't justify spending it? This includes buying items on sale instead of paying full price, washing the car instead of running it through the car wash, watching movies at home instead of going to the theater, etc. Now that you fully understand what a budget entails, along with the steps to create an effective budget, here are 10 money-saving tips that can help make sticking to a budget a much easier task.

### 1 Eliminate Unnecessary Late Fees

There is no reason that you should be paying late fees once you have written out your monthly budget. You need to ensure that all of your bills, not just credit cards, arrive at their destination on time. What's the easiest way to be sure this happens? Automatic preauthorized withdrawals from your checking account. Any bill that has a fixed monthly amount, such as mortgage, car payment, car insurance, etc. can be set up to automatically come out of your checking account on a day of the month that you designate. Paying bills online also saves money on stamps, saves time from writing checks, and allows you to keep all of your payees in one designated spot where you also have access to payment history.

### 2 Shopping Self-Control

Impulse shopping is a thing of the past. Before you purchase another pair of gym shoes, ask yourself if you really need to have them. Put them on hold for a day, so that you can really think about it. If you still need them the next day, they'll be there. Most likely, you'll forget the urgency and necessity to have them by that time.

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### 3 Stop Keeping Up with the Joneses

Shopping can be fun, but when you're on a strict budget, it can quickly become a recipe for disaster. Of course it would be nice to have a bigger television, a new car, a landscaped lawn, or a custom-tailored black suit, but at what cost? It's important to envision the big picture when thinking of new suits and cars. Can you live without these items? Is what you have good enough for right now? What will you do with the money you'll save by not purchasing these items – family vacation? Orthodontic braces for your child? Paying off credit card bills? College tuition? Aren't these things more important than a new flat-screen?

### 4 Little Luxuries Quickly Add Up

Sure, it'd be nice to upgrade to a bigger satellite service with 99 channels instead of 50. But do you really need it? Is it worth the extra \$15 a month or \$180 a year? Skip the lattes by making your own coffee at home, exercise for free outside or buy an exercise DVD instead of joining a gym, and clean your own house instead of hiring a cleaning service. In a perfect world, luxuries would be free, but since they're not, try sticking to the basics and save the difference.

### 5 Saving Cash with Direct Deposit

No more running to the bank on payday to cash your check! Instead, choose to have your paychecks directly deposited into your checking account. Not only is it fast and ultra-convenient, your entire check will be deposited, making less temptation for you to keep out some "just in case" cash. Another plus to direct deposit is your tax refund check. After filing electronically, if you choose to have your refund directly deposited into your account, it will arrive much earlier than those not choosing direct deposit.



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## 6 Save that Gas

With the average U.S. cost of gasoline at \$2.66 per gallon, you need to do your part to save as much gas as possible. Search online for the best local gas prices at **www.gasbuddy.com** and **www.gaspricewatch.com**. Another step to making the gas in your tank last is by slowing down. According to the Federal Trade Commission, driving at 65 mph rather than 55 mph will increase fuel consumption by 20%.

## 7 Dining Out Doesn't Have to Break the Bank

When you've made the decision to eat out, be wise in choosing your restaurant. You don't always need to order the steak or lobster. Try splitting dinners between spouses or between a spouse and a child. Most restaurant portions are large enough to satisfy more than one appetite. Look for restaurants that offer specials, too, such as two-for-one deals or kids eat free nights. Go ahead and splurge on an anniversary dinner or special occasion, but be sure to budget for them in advance.

## 8 Stay Healthy

Quit the cigarettes and put down the alcohol. Also, avoid over-indulging in foods that aren't good for you. You might think you can do whatever you want and eat whatever you want because you are healthy right now. However, everything catches up with you, and those habits could end up costing you in the end. Did you know that the leading cause of bankruptcy in the U.S. is from medical bills?

### 9 Pay Off High Interest Debt

High interest debt can really eat away at your standard of living. The sooner you eliminate this debt, the sooner you can put that money toward something else.

### 10 Use Cash

When you pay with cash, you are actually handing something over in exchange for goods instead of simply swiping your credit card. Giving yourself an allotted amount when shopping helps eliminate the desire to pick up unnecessary items. According to research, people who don't use cash end up paying an average of 20% more during a shopping trip.



## Save Money On Your Grocery Bill

Food. We all need it to survive, so it goes without saying that for many family budgets, food is one of the biggest expenses each month. However, there are always ways to cut your grocery spending. Searching for the best deal each week can be fun, and you can reward yourself with a pat on the back when you've found a great deal you can share with others. They'll be sure to thank you too. Here are several tips to save you some big bucks on your groceries.

- 1 **Plan out a weekly menu**, including all of the ingredients needed for the menu.
- 2 **Shop your pantry at home first** before heading out to the grocery store.
- 3 **Always bring a list and stick to it!** This will avoid impulse and unnecessary purchases. Don't purchase anything that's not on the list.
- 4 **Don't shop when you're hungry**, and you'll be more likely to stick to your list.
- 5 **Know your grocery budget and stick to it!** Bring a small calculator with you to help keep you on track with how much you're spending.
- 6 **Make a pantry checklist of household staples.** Keep this in the pantry and mark how many of each item you have, crossing them off when you use them. This makes it much easier when it's time to plan the weekly grocery list.

- 7 **Use your receipts to make a price list spreadsheet of grocery items.** Not only will this help you when you shop, but also when you're comparison-shopping the local grocery ads. You'll quickly be able to spot when there's a deal that's too good to pass up!
- 8 **Purchase frozen veggies instead of fresh ones.** They are almost as good as fresh ones but being in the freezer, they won't go bad.
- 9 **Limit your meat.** It's expensive, therefore, try eating one meatless dinner a week, such as pasta marinara. Try cutting back on the amount of meat you use in a dish. If a meal calls for 1lb. of ground beef, try using ½ lb. and substituting with more veggies or pasta.
- 10 **Plan a trip to a bulk warehouse store once a month.** This is an excellent place to purchase everyday staples, such as sugar, flour, rice, and pastas. Another tip is to purchase large quantity meat, cut it into family-size dinner portions at home, place in freezer bags, and store in the freezer. Avoid purchasing perishable items, such as fruit or vegetables that might go bad before you can use them.
- 11 **Shop advertisement specials** in the local paper or once you arrive at the store. Unadvertised deals are typically found on the higher and lower shelves of the grocery store.
- 12 **Shop online.** [www.amazon.com](http://www.amazon.com) features a grocery section with more than 22,000 items available for purchase. And all products can ship for free too with a qualifying amount.
- 13 **Give store brands a try.** Most of the time, the taste is very similar to the more expensive brand name items, so you or your family won't taste the difference.
- 14 **Stock up on sale items** if it's something you normally use that won't go bad.

- 15 **Cut back on “one-item” trips.** They are a waste of gas and, almost always, you end up purchasing more than just that one item. If you do need to pick something up you forgot, do not pick it up at the gas station or corner stores. The items here are extremely over-priced.
- 16 **Purchase a separate ENERGY STAR® deep freezer.** If you really want to save, you are going to need the space. It’s a purchase that will end up paying for itself over time.
- 17 **Eat leftovers at least one night a week.** They also make great lunches too.
- 18 **Shop when the kids are in school.** You’ll be able to concentrate, and sticking to your list will be much easier without having the kids begging for their favorite junk foods.
- 19 **If available, enroll in store savings cards.** These can add up to big savings during each shopping trip.
- 20 **Drink more water.** It’s much cheaper than soda pop, Kool-Aid, and juice drinks.

## Major Money Wasters to Avoid

*“Banks earn 53% of all of their income from charges on late fees, overdraft fees, loan-origination fees, and other surcharges.”*

– *RK Hammer*

Do you ever have times where you think there might be a leak in your bank account? Where did the money go? Money appears to be leaking out somewhere, but how? Are you aimlessly spending money on things you don't need – and sometimes without even knowing it? Lets take a look at some unnecessary budget-breaking habits.

- The latest and greatest gadgets of the 21st century
- Silent upgrades on just about everything from car rentals to hospital bills. Read the fine print!
- Membership fees. A recent study from Harvard reported that signing up for a gym membership is an effective way to PREVENT exercise.
- Package deals. After service fees and charges, you usually end up paying an absurd amount of money on things you'll never use.
- Refusing free money from employers, such as free check-ups, flexible spending, and 401k price matching.
- Lottery tickets
- Credit card balances
- Buying brand names
- ATM fees
- Purchasing new vehicles out of desire instead of necessity
- Credit card insurance
- Over-priced, extravagant restaurants
- Additional cable or satellite services
- Credit card loans

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## How Credit Scores Impact Your Budget

In general, the higher a credit score, the lower your typical payments, such as mortgage, auto loans, and insurance. Did you know that 79% of credit reports contain errors? And 25% of those errors are serious enough to cause the denial of credit from a lending institution! As a potential buyer, that's not something you want to hear, especially if you were just turned down for a loan because of your credit score. The government's Fair Credit Reporting Act gives you the right to dispute anything on your credit report that is inaccurate or unverifiable. Disputing these errors to the credit bureaus will help to increase your score.

### **Common Errors on Credit Reports Includes:**

- Bankruptcies
- Foreclosures
- Judgements
- Tax Liens
- Charge-offs
- Late Payments
- Repossessions
- Incorrect personal information

Working with a reputable credit repair company such as ScoreCorrect, can help you dispute any discrepancies in your credit report, while providing you with guidance to help repair and enhance your current credit rating.



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*Higher credit scores can help save you hundreds, even thousands of dollars in interest charges on mortgages, credit cards, and car loans. The higher the credit score, the better the interest rates!*

### **What Does Your Credit Score Really Mean?**

Your credit score is a number between 300 and 850, which is calculated by taking the average of the three credit bureaus. All information regarding your credit history is taken into consideration – both the good and the bad. When it comes to your credit, you can't hide from anything in the past. Therefore, the sooner a potential past problem is identified, the sooner it can be fixed, and the sooner you can get your loan!

#### **Credit scores are based upon five elements:**

- Payment history
- Amounts owed
- Length of credit history
- New credit
- Types of credit used

**720+:** Excellent credit = Better rates

**680 – 719:** Very good credit = Good rates

**620 – 679:** Standard approval rating = Reasonable rates

**586 – 619:** Higher risk = Higher rates

**300 – 585:** Too risky = Not likely to be approved



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## Looking to Purchase a New Home?

### Homebuyer 1

Credit score of 670

\$250,000 home loan, financed for 30 years at 7.2% interest rate

Average monthly payment: \$1,884

### Homebuyer 2

Credit score of 720

\$250,000 home loan, financed for 30 years at 6.5% interest rate

*Remember – the higher the credit score, the better the interest rate*

Average monthly payment: \$1,575

The homebuyer with a 30-point better credit rating will save \$309 a month, with a total savings of \$3,708 a year, \$37,080 for 10 years, and \$111, 240 for the full 30-year loan!



### Looking to Purchase a New Car?

#### Car Buyer 1

Credit score of 640

\$15, 000 auto loan, financed for 48 months at 21% interest rate

Average monthly payment: \$464.49

#### Car Buyer 2

Credit score of 730

\$15, 000 auto loan, financed for 48 months at 0% interest rate

Average monthly payment: \$312.50

The car buyer with a 90-point better credit rating will save nearly \$152 a month, with a total savings of \$1824 a year, and \$7296 for the full 4-year loan!

## About ScoreCorrect



With a passion to eliminate as many barriers as possible for homeownership, ScoreCorrect Credit Optimization exists to help make homeownership possible to those that thought they could never qualify for an affordable home mortgage. Since inception, ScoreCorrect has helped people increase their credit rating, allowing them to qualify for the loan they desired. Overall, 88% of individuals seeking a mortgage reached the lender's target score after completion of the ScoreCorrect Program. Staffed by knowledgeable professionals and attorneys, ScoreCorrect thoroughly examines each credit report, taking the necessary steps to dispute any and all discrepancies they might find. ScoreCorrect is fully compliant with the consumer protection laws including the Credit Repair Organizations Act (CROA) and the Fair Debt Collection Practices Act (FDCPA). Ask your lender about ScoreCorrect and how it can get you into the home of your dreams.

Visit [scorecorrect.com](http://scorecorrect.com) today to learn more about how this company can work for you.

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## Additional Money-Saving Tips

### Automotive/Transportation

- Wash and vacuum your car at home
- Buy a used car
- Only have one car (married couples)
- Keep your tires inflated at the correct pressure
- Do not carry unneeded weight in your vehicle
- Accelerate slowly and smoothly
- Use your air conditioner only when absolutely necessary
- Keep the front wheels in proper alignment
- Rotate your tires regularly
- Wash your car regularly to avoid paint chipping
- Avoid heavy traffic
- Change your own oil
- Observe speed limits
- Pay your auto insurance premiums annually instead of every six months
- Use public transportation
- If possible, ride your bike or walk to your destinations
- Carpool with co-workers

### Clothing

- Don't buy into trends
- Buy clothes at a thrift store
- Wear clothes more than once before washing them
- Shop at outlet stores
- Avoid buying clothes that require dry cleaning
- Cut dryer sheets in half to double the value of each box
- Buy your clothes a year in advance (purchase winter clothes at the end of winter and summer clothes at the end of summer)
- Shop at discount stores
- Repair damaged clothing instead of throwing it out

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## Food

- Buy a water filter and make your own bottled water
- Buy bread at the bread outlet store and freeze excess loaves
- Make meals that are left-over friendly, like soups and casseroles
- Plan meals based on grocery store advertisements
- Do a price comparison – and find a cheaper grocery store
- Join a food co-op
- Make dinners in a crock-pot
- Buy in bulk
- Clip coupons
- If you buy soda pop, purchase two-liter bottles instead of cans
- Have potluck dinners
- Drink water when you dine out
- Quit smoking
- Cook your own meals
- Take a list when you go shopping and stick to it
- Buy generic brand products at the supermarket
- Brown bag your lunch
- Grow your own vegetables
- Sign up for every free customer rewards program you can
- Reduce meat consumption
- Eat cereal instead of fast food – cheaper and most likely, healthier
- Buy cheap food coupons on eBay
- Don't buy prepackaged cheese or meat
- Buy whole roasted chickens and use the bones in soups

## Housing

- Purchase a foreclosure
- Relocate to an area with a cheaper cost of living
- Make an extra mortgage payment each year

### Household

- Buy furniture at a consignment store
- Borrow tools before purchasing new ones
- Wash and reuse plastic bags
- Clean your own carpets by renting a machine

### Health Care

- If you take a prescription medication on a regular basis, ask your doctor to write a three-month prescription instead
- Go to the dentist at your local dental school
- If your doctor gives you a prescription, ask if he has samples that he could give you
- Use your local park's playground as a workout station
- If you go to school, use the school's gym
- Brush and floss your teeth
- Eat right and exercise daily
- Cancel unused gym memberships
- If you join a gym, find one that offers a month-to-month contract

### Beauty and Hygiene

- Try using baby shampoo as a makeup remover
- Purchase makeup online
- Use makeup samples
- Add water to your shampoo to get more uses
- Simplify your beauty products based on what you really need

### Travel

- Pack your travel meals in advance
- Buy snacks at the grocery store, not at roadside convenience stores
- Save on hotel rooms by planning trips where you have friends and family
- Go camping
- Take advantage of cheaper rates by booking flights and cruises in advance
- Always try to negotiate hotel room prices at check-in
- When flying, bring your own snacks
- Avoid renting a car at the airport
- Purchase necessary vacation items (film, sunscreen, etc.) before and save
- Stay in hostels when traveling overseas

### Entertainment

- Buy an Entertainment book for multiple savings on everything from restaurants to car rentals
- Swap books, music, and DVDs cheaply on the internet via services like PaperBackSwap
- Join Gamefly for cheap video game renting
- Trade video games, DVDs and books with your friends
- Start a book or film club
- Look for entertainment in your community calendar
- Don't go to stores or shopping centers for entertainment
- Invite friends over for a game night
- Take advantage of free events at local universities
- Join the library
- Cancel magazine subscriptions
- Read magazines for free at bookstores
- Check out DVDs from the library
- Go on a hike, take a walk in the park, or go to the beach
- Purchase annual passes to zoos and water parks
- Save money on movies by going to a matinee

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### Banking and Investing

- Switch your bank accounts to a bank that respects you
- Call your credit card company and ask for a rate reduction
- Start an automatic savings plan with your bank
- Switch to term life insurance
- Invest in index funds
- Always ask for fees to be waived
- Open an online savings account
- Avoid ATM fees
- If you use checks, don't buy them from the bank
- Don't overdraft on your account

### Children

- Buy gender neutral baby clothing so that you can use them with your next baby too
- Make your kids' Halloween costumes
- Buy your baby toys from the thrift store
- Buy your children's clothing from thrift stores
- Don't spend large amounts of money entertaining your children

### Utilities

- Turn off the television
- Use a clothes line to dry clothes
- Replace old appliances with ones that have ENERGY STAR® approval
- Regularly clean the coils on the back of your refrigerator
- Make sure your freezer is full as an empty freezer requires more energy to keep cold
- Install CFL or LED bulbs wherever it makes sense
- Turn off the lights when leaving a room
- Don't use a cell phone
- Make sure all your electrical devices are on a surge protector
- If you have a cell phone, don't buy the extra features
- Get rid of cable



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### Utilities (continued)

- Use the Internet at school or the library
- Install a programmable thermostat
- During the winter, leave the oven open after you cook to heat the house
- Sign up for Skype for long distance phone calls
- Keep your thermostat at 68 degrees or lower in the winter and avoid using the air conditioning whenever possible in the summer

### Shopping

- Avoid impulse buying
- Buy online whenever possible
- When shopping for standard items (clothes, sports equipment, older games, etc.), start by shopping used
- Negotiate the price of items such as cars, electronics, and large appliances
- Before you buy something, ask if the item will be put on sale in the near future
- Avoid extended warranties
- Send in rebate slips
- Sell your old stuff on websites like [www.amazon.com](http://www.amazon.com), [www.ebay.com](http://www.ebay.com), and [www.craigslist.com](http://www.craigslist.com)
- Consider turning your hobby into a business
- Become a mystery shopper
- Have a yard sell
- Do freelance work on the side

### School

- Check out study supplements from the library instead of buying them
- Purchase used textbooks
- Keep track of your pens and pencils
- Buy backpacks that your kids can use for years
- Consolidate your student loans

### Computers

- Use open source software like OpenOffice for your computing needs
- Refill ink cartridges instead of buying new ones
- Print off your documents in draft mode
- Use free online storage for all your digital storage needs
- When you buy new computers or printers, keep the old cables

### Gifts

- Make your own greeting cards
- Make your own wrapping paper
- Agree with family and friends to NOT buy each other Christmas presents this year
- Offer to give a service, like a night of free babysitting as a gift, instead of buying stuff
- Give homemade baked goods as gifts
- Learn the art of the re-gift
- Make your own gifts instead of buying stuff from the store

## Budgeting Quiz page 1 of 3

1. The \_\_\_\_\_ the credit score, the better the interest rate.
  - A. Lower
  - B. Higher
2. What percentage of credit reports contain errors?
  - A. 50%
  - B. 100%
  - C. 79%
  - D. 25%
3. Which is NOT a common error on a credit report?
  - A. Bankruptcies
  - B. Foreclosures
  - C. Job Employment
  - D. Late Payments
4. Should you grocery shop when you are hungry?
  - A. False
  - B. True
5. What are two bad habits that you should eliminate right away when starting a budget?
  - A. Drinking
  - B. Nail Biting
  - C. Gum Chewing
  - D. Smoking
6. You should always budget with a \_\_\_\_\_ in mind.
  - A. Person
  - B. Object
  - C. Passion
  - D. Goal

## Budgeting Quiz page 2 of 3

- 7. What is the most important effective financial management tool available to everyone?**
- A. Computer
  - B. Calculator
  - C. Checkbook
  - D. Budgeting
- 8. When shopping, are you more likely to spend more money when shopping with what?**
- A. Cash
  - B. Credit Card
  - C. Checkbook
  - D. Friends
- 9. When budgeting, you should always budget for a safety net in case of job loss or unexpected medical bill. How much should this savings be?**
- A. 1 month of paychecks
  - B. 1 year of paychecks
  - C. 3 – 6 months of paychecks
  - D. 2 months of paychecks
- 10. When it comes to driving, how can you help save on gas?**
- A. Driving the speed limit
  - B. Speeding
  - C. Accelerating quickly
  - D. Braking quickly

## Budgeting Quiz page 3 of 3

- 11. What is the leading cause of bankruptcy in the United States?**
  - A. Grocery bills
  - B. Medical bills
  - C. Traffic tickets
  - D. Mortgage Default
- 12. When do you need to track your monthly spending?**
  - A. At the end of the month
  - B. Once a week
  - C. Twice a month
  - D. Daily
- 13. When grocery shopping, what should you always bring with you?**
  - A. Children
  - B. Spouse
  - C. Grocery list
  - D. Credit Card
- 14. Fill in the blank: A \_\_\_\_\_ is a detailed summary of income and probable expenses for a given time, usually monthly.**
  - A. Budget
  - B. Checkbook
  - C. Ledger
  - D. Flowchart
- 15. What does a family need in order for their budget to be successful?**
  - A. Credit Cards
  - B. Direct Deposit
  - C. Teamwork
  - D. Computer

## Budgeting Quiz Answer Key page 1 of 2

1. The \_\_\_\_\_ the credit score, the better the interest rate.  
B. Higher
2. What percentage of credit reports contain errors?  
C. 79%
3. Which is NOT a common error on a credit report?  
C. Job Employment
4. Should you grocery shop when you are hungry?  
A. False
5. What are two bad habits that you should eliminate right away when starting a budget?  
A. Drinking  
D. Smoking
6. You should always budget with a \_\_\_\_\_ in mind.  
D. Goal
7. What is the most important effective financial management tool available to everyone?  
D. Budgeting
8. When shopping, are you more likely to spend more money when shopping with what?  
A. Cash
9. When budgeting, you should always budget for a safety net in case of job loss or unexpected medical bill. How much should this savings be?  
C. 3 – 6 months of paychecks
10. When it comes to driving, how can you help save on gas?  
A. Driving the speed limit

## Budgeting Quiz Answer Key page 2 of 2

11. What is the leading cause of bankruptcy in the United States?  
B. Medical bills
12. When do you need to track your monthly spending?  
D. Daily
13. When grocery shopping, what should you always bring with you?  
C. Grocery list
14. Fill in the blank: A \_\_\_\_\_ is a detailed summary of income and probable expenses for a given time, usually monthly.  
A. Budget
15. What does a family need in order for their budget to be successful?  
C. Teamwork

## Budget Worksheet Instructions

- 1. Go through each expense and enter in the projected cost for each budgeted expense and write that amount under the heading “Budget.”**
  - A. At the end of the month when you receive your bills, enter in the actual cost for each expense under the heading “Actual.”
  - B. Subtract the two expense amounts (Budget and Actual) and write the difference for each expense under the heading “Difference.”
- 2. In the “Summary” section, enter your projected Monthly Net Income under the heading “Budget.”** *Net Income is your income after all taxes and payroll deductions have been removed. If you are paid weekly, figure four paychecks per month and two paychecks if you are paid biweekly. If your income changes, take the average amount from the last 12 months.*
  - A. At the end of the month, enter in your actual Net Income under the heading “Actual.”
  - B. Subtract the two income amounts (Budget and Actual) and write the difference for your Net Income under the heading “Difference.”
- 3. Add up the total amount of all “Budget” expenses and “Actual” expenses. Place those numbers in the designated area in the “Summary” section of the worksheet.**
- 4. Subtract the Expenses Total (Budget and Actual) from your Net Income.**
  - A. How well did you estimate your expenses?
  - B. Are you over or under budget?

Monthly Expense	Monthly Expense	Budget	Actual	Difference
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**Deductions**

Savings (to set aside) \$ \$ \$ \$ \$ \$  
 Child Support, Alimony etc. \$ \$ \$ \$ \$ \$  
 Other: \$ \$ \$ \$ \$ \$

**Housing**

Rent or Mortgage payment \$ \$ \$ \$ \$ \$  
 Gas & Electric \$ \$ \$ \$ \$ \$  
 Home Insurance & Taxes \$ \$ \$ \$ \$ \$  
 Water Bill \$ \$ \$ \$ \$ \$  
 Other: \$ \$ \$ \$ \$ \$

**Debt Payment**

Credit Card Payments (min) \$ \$ \$ \$ \$ \$  
 Other Loans: \$ \$ \$ \$ \$ \$

**Food**

Groceries \$ \$ \$ \$ \$ \$  
 Eating Out \$ \$ \$ \$ \$ \$  
 Coffee & Bar \$ \$ \$ \$ \$ \$  
 Other: \$ \$ \$ \$ \$ \$

**Transportation**

Car Payment \$ \$ \$ \$ \$ \$  
 Car Insurance + Taxes \$ \$ \$ \$ \$ \$  
 Car Maintenance \$ \$ \$ \$ \$ \$  
 Gas \$ \$ \$ \$ \$ \$  
 Public Transit, Parking, Tolls \$ \$ \$ \$ \$ \$  
 Other: \$ \$ \$ \$ \$ \$

**Family**

Day Care & Babysitting \$ \$ \$ \$ \$ \$  
 Activities & Lessons \$ \$ \$ \$ \$ \$  
 Allowances \$ \$ \$ \$ \$ \$  
 Other: \$ \$ \$ \$ \$ \$  
 Other: \$ \$ \$ \$ \$ \$

**Personal & Health**

Clothing \$ \$ \$ \$ \$ \$  
 Toiletries & Care Products \$ \$ \$ \$ \$ \$  
 Haircuts \$ \$ \$ \$ \$ \$  
 Gym & Sport Club Dues \$ \$ \$ \$ \$ \$  
 Health, Life, etc. Insurance \$ \$ \$ \$ \$ \$  
 Doctor & Dentist Visits \$ \$ \$ \$ \$ \$  
 Prescription & OTC Drugs \$ \$ \$ \$ \$ \$  
 Other: \$ \$ \$ \$ \$ \$

**Education**

Tuition \$ \$ \$ \$ \$ \$  
 Books & Fees \$ \$ \$ \$ \$ \$  
 Supplies \$ \$ \$ \$ \$ \$  
 Other: \$ \$ \$ \$ \$ \$

**Entertainment**

Tickets for Shows & Games \$ \$ \$ \$ \$ \$  
 Books & Magazine subscr. \$ \$ \$ \$ \$ \$  
 DVDs, CDs, Video Games \$ \$ \$ \$ \$ \$  
 Other: \$ \$ \$ \$ \$ \$

**Miscellaneous**

Church Tithe \$ \$ \$ \$ \$ \$  
 Charity \$ \$ \$ \$ \$ \$  
 Gifts \$ \$ \$ \$ \$ \$  
 Pet Supplies & Vet \$ \$ \$ \$ \$ \$  
 Entertaining Guests \$ \$ \$ \$ \$ \$  
 Cash not Accounted for \$ \$ \$ \$ \$ \$  
 Other: \$ \$ \$ \$ \$ \$  
 Other: \$ \$ \$ \$ \$ \$  
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 Other: \$ \$ \$ \$ \$ \$

**Learn more at [ScoreCorrect.com](http://ScoreCorrect.com)  
 or call 866-716-3984**

	BUDGET	ACTUAL	DIFFERENCE
Summary			
Monthly Net Income	\$	\$	\$
- Expenses Total	\$	\$	\$
<b>= Monthly Spendable Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>



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