

GETTING STARTED

Creating a cash flow budget

A cash flow budget is all about tracking the timing of your income and expenses to make sure you have enough from week to week.

Before you can build a cash flow budget, you will need to track your income, resources, and expenses for at least one month. Use the "Income and benefits tracker" in Module 3 and the "Spending tracker" in Module 4 to help you get started. You'll need the information from both of these tools to create your cash flow budget.

What to do

- **Enter your beginning balance for the week.**
- **Add all of the income and benefits you receive that week. Subtract all of your expenses for that week.** Include the money you spend on everyday expenses, bills, and savings. Also include benefits you use to pay for things that would otherwise be paid for with cash, such as SNAP and TANF. Remember that some benefits may only be used for specific expenses. For example, like SNAP benefits can be used for food, but not household items, like paper towels. If you receive a housing subsidy, include the full value of the subsidy under income and resources and the full market rate of your rent under expenses.
- **What's left is your ending balance.** If it's positive, you have enough income and benefits to make it through the week. If it's negative, you're falling short.
- **Copy your ending balance for the week to the beginning balance of the next week.** Repeat these steps for the rest of the weeks that month.

A step further



If it looks like there are weeks where your expenses are more than your income and benefits, you can use the "Improving cash flow" tool to brainstorm some strategies for getting back on track.



Consider expense and income timing by **Creating a cash flow budget**

1. Enter your starting balance for the month under Week 1. This is the total amount of money available to you from cash on-hand, prepaid cards, and checking and saving accounts.
2. Write down the amounts you receive during Week 1 from the categories listed. If you have income from other categories, add them together and write them under "Other."
3. Add up all your income for Week 1 and enter under "Total income."
4. Write down the amounts you spend during Week 1. If you have expenses from other categories, add them together and write them under "Other."
5. Subtract all the expenses for Week 1 from the "Total income" for Week 1. Write this amount in "Ending weekly balance."
6. Copy the amount from "Ending weekly balance" from Week 1 into the "Starting balance" for Week 2. Repeat steps 2 through 5 for the remaining weeks in the month.

		WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5
BEGINNING WEEKLY BALANCE		Starting balance \$250	\$400	\$	\$	\$
+	1					
		+ 300				
	2	+ 100				
ADD MONEY YOU RECEIVE EACH WEEK		+				
		Total income	=	=	=	=
	3	= 650				
-		- 200				
	4	- 35				
SUBTRACT YOUR WEEKLY EXPENSES		- 15				
ENDING WEEKLY BALANCE		= 400	=	=	=	=
	5					
	6					

		WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5
BEGINNING WEEKLY BALANCE	Your starting balance is a total of your cash, prepaid card, and account balances.	Starting balance \$	Wk. 1 ending balance \$	Wk. 2 ending balance \$	Wk. 3 ending balance \$	Wk. 4 ending balance \$
 ADD MONEY YOU RECEIVE EACH WEEK	Job 1	+				
	Job 2	+				
	Housing subsidy	+				
	SNAP	+				
	TANF	+				
	Other	+				
	Total income	=	=	=	=	=
 SUBTRACT YOUR WEEKLY EXPENSES	Cell phone	-				
	Debt payment	-				
	Eating out	-				
	Education and childcare	-				
	Entertainment	-				
	Groceries and other supplies	-				
	Health expenses	-				
	Helping others	-				
	Housing and utilities	-				
	Pets	-				
	Savings for emergency fund	-				
	Savings for goals like education or retirement	-				
	Transport	-				
	Other	-				
ENDING WEEKLY BALANCE		=	=	=	=	=

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Debt action plan

Picking a strategy to repay your debt can help you start reducing it and make progress toward achieving your goals.

It can be difficult to make a dent in your debt if you only pay the minimum balance every month. If you have money left over in your budget to pay more than the minimum, there are two basic strategies on how to best apply it.

You can either pay your debts from smallest to largest or focus on repaying the ones with the highest interest rate first. One strategy isn't better than the other—they each have pluses and minuses to consider.

Choose the strategy that helps motivate you the most, so you feel encouraged to keep paying down the debt.



What to do

- **Pick a repayment method** that works best for you.
- **List your debts in order** based on the interest rate or the overall size of the debt.



Start reducing your debt by making a **Debt action plan**

1. Review the pros and cons of each strategy for paying down debt.
2. List your top three debts, sorted based on the strategy you chose—either by smallest total dollar amount or highest interest rate.

	<div>PAY SMALLEST DEBT FIRST</div> <div></div>	<div>PAY HIGHEST INTEREST RATE FIRST</div> <div></div>																
Description	After you've made all your minimum payments, increase your payment on the smallest debt. After it's paid off, add that extra amount to your minimum payment on the next smallest debt.	After you've made all your minimum payments, increase your payment on the debt that has the highest interest rate. After it's paid off, add that extra amount to your minimum payment on the next highest-rate debt.																
Pro	If you have many small debts, you might see progress quickly by reducing the number of debts you owe.	By paying off the debts that charge you the highest interest and fees first, you save money overall.																
Con	If the interest rate and fees are high on your larger debts and you pay the smaller ones first, you might pay more in total over the length of the debt.	You might not feel like you're making progress very quickly, especially if the first debt is large.																
	<div>I'll pay down the smallest debt first, in this order:</div> <table><tr><th>DEBT</th><th>AMOUNT</th></tr><tr><td>1.</td><td>\$</td></tr><tr><td>2.</td><td>\$</td></tr><tr><td>3.</td><td>\$</td></tr></table>	DEBT	AMOUNT	1.	\$	2.	\$	3.	\$	<div>I'll pay down the debt with the highest interest rate first, in this order:</div> <table><tr><th>DEBT</th><th>INTEREST RATE</th></tr><tr><td>1.</td><td>%</td></tr><tr><td>2.</td><td>%</td></tr><tr><td>3.</td><td>%</td></tr></table>	DEBT	INTEREST RATE	1.	%	2.	%	3.	%
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GETTING STARTED

Savings plan

Making a weekly savings target helps make saving easier by breaking it up into manageable pieces. This can help you reach your goals and deal with unexpected expenses.

There are many benefits to having a savings plan.

- Your plan builds your own personal safety net one week at a time. As you build savings, you can have peace of mind knowing you have a little money set aside for the unexpected—and that means you'll spend less on late fees for missed bill payments and the costs that come with borrowing money to cover expenses.
- As you watch small amounts add up, you'll build confidence and move closer to reaching your goals.

What to do

- **Pick a reason for saving.** Consider starting an emergency fund or use the tools in Module 1: Setting Goals to come up with a SMART goal.
- **Figure out how much money you'll need to save for that goal and how many weeks you have to save.**
- **Divide the amount of money you want to save by the number of weeks you have to save it.** That's your weekly savings target.
- **Brainstorm some ways to decrease spending or increase income** to meet your weekly savings target.

A step further

Use the "Find a place for savings" tool to identify the best place to keep your savings.



Creating a **Savings plan** can make it easier to save

1. Write down the goal you're saving toward.
2. Figure out the total amount you need to save to reach that goal.
3. Decide how many weeks you have to save.
4. Divide the total amount by the number of weeks. That is your savings target.
5. Think about ways you can cut expenses to match the total amount you need to save per week.

Create a savings target.

	EXAMPLE	YOUR INFORMATION
Savings goal	Save \$1,000 for an emergency fund within 10 months (about 40 weeks)	
Total amount needed	\$1,000	
Weeks to reach goal	÷ 40	÷
Weekly amount to save	= \$25	=

Brainstorm strategies for saving.

	EXAMPLE	YOUR INFORMATION
Strategies for saving and amount saved per week	Switch from premium cable to basic (\$40/month = \$10/week) + \$10 Cut down on eating out + \$15	
Total projected savings per week	= \$25	=

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