PLAN AND SPEND

PRESENTED BY:

FAQS

What's the difference between a spending plan and a cash flow statement?

A spending plan helps you match your income and expenses (costs) to track how you're spending money. A cash flow statement tracks when your income and expenses occur.

How much should I save from each paycheck?

A good rule of thumb is at least 10%, which will help you grow an emergency fund and lay the foundation of your savings. If you are saving for a vacation or other large expense, plan to save a larger percentage. A percentage is better than a specific dollar amount, because as your paycheck grows, so will your savings.

If I need to cut expenses, which ones should I reduce first?

Which expenses you cut should be based on your needs, wants, and what's important to you. Think about reducing your expenses that are "wants" first, like entertainment, and in areas where you could spend less and still meet your needs, such as clothing.

How is a debit card different from a credit card?

With a debit card, you're using funds from your own savings or checking account. With a credit card, you're borrowing money to buy now and pay later (with interest).

What if I don't have enough income to meet my needs?

Some people do not have enough income to meet their food, housing, and clothing needs. You may be eligible for federal benefit programs such as Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) or Medicaid. Most communities offer help such as food pantries and overnight shelters. Local government, church, and other groups can help people find the help they need; ask your student services or student support department if they can help you find these programs. Extra employment may also be an option. Your school's career services or human resource offices are helpful places to go, and your state's workforce commission may also be able to help you.

What are some examples of good financial goals?

Each person has different goals based on their situation, but it's generally a good idea to save for emergencies, college education, retirement, and other large or long-term expenses.

GLOSSARY

Impulse purchase: an unplanned, non-emergency expense

Irregular expense: an expense that occurs every three months (quarterly), twice a year (semi-annually), or annually such as tuition and fees or car insurance

Opportunity cost: the value of resources (such as money, time, or energy) given up in order to get or do something else, which adds to the price of the choice made

Overdraft/overdraw: when you withdraw money from a bank account without enough funds (overdraft) and the available balance goes below zero (overdraw) often by writing a check, scheduling an electronic transfer, or using a debit card

Bounced check/hot check: A bounced or "hot" check happens when you write a check but you don't have enough funds in your account so the bank "bounces" or refuses to pay it. In these cases, you are usually charged an NSF (insufficient funds) fee, and the merchant (store or seller) often charges you a separate fee as well.

Reconciliation: the process of comparing two sets of records (for example, your records versus a bank's records) to make sure they match

LEARN MORE

Find out what federal and state benefits you may qualify for at www.benefits.gov

Read more about spending plans, reducing debt, and managing credit at www.aie.org/managing-your-money

The Motley Fool's Personal Finance page can help you learn more about saving and spending: https://www.fool.com/personal-finance/index.aspx

NOTES

WHAT I NEED TO DO NEXT