

Budgeting 101



Finding Ways to Create Balance



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Preparing a Budget



Managing household finances may be challenging, but solid budgeting and savings techniques can help you accomplish your goals and reach your financial destination. Budgeting is about choosing how to use your money.

There are four steps to preparing a budget:

- 1. Keep track of your daily spending.**
- 2. Create your budget: Determining your monthly income and expenses before they are due.**
- 3. Find ways to decrease spending.**
- 4. Find ways to increase income.**

For the purpose of the Budgeting 101 series, we focus on monthly budgeting. This pamphlet will explore steps three and four – finding ways to decrease spending and increase income.



Budgets are subject to revision and evolve over time with your personal situation, needs and priorities. Your budget should include your balance, which is your income minus expenses. Ideally, you should have more money coming in than going out. However, if the opposite is true, this pamphlet can help you explore ideas and resources to create balance in your budget.

Reducing Spending

The FDIC suggests decreasing your spending as one way to create balance in your budget. In many cases, it's easier to reduce spending than to increase income.

One of the benefits of tracking your spending and setting up a budget is that you can more easily identify areas where you can trim or minimize your expenses.

Review Variable Expenses

Reducing variable expenses – expenses that change based on a variety of factors – is one way to improve your finances.



There are specific strategies you can use to reduce mandatory variable expenses, such as groceries, gasoline and utilities. Clipping coupons for groceries, reducing your travel, contacting your utility company to determine eligibility for average bill payment programs and adjusting the temperature in your home are just a few

examples of ways to reduce spending.

It's also important to assess discretionary variable expenses, such as entertainment and dining. Reviewing your spending diary will help identify areas where you can rein in spending.

If you evaluate your budget, you may find money that could be better spent. For instance, if you're buying coffee from a coffee shop each day, consider making coffee at home before you leave in the morning. Sacrificing a few minutes to prepare your own coffee could have a huge impact on your spending over time.



Review Fixed Expenses

Once you've assessed your variable expenses, consider reviewing your fixed expenses – expenses that stay constant. Evaluating your fixed expenses will help you determine if they're necessary, satisfy a "want" or could be cut. Examples of fixed expenses include cable television, magazine subscriptions, memberships, etc.

Become A Savvy Consumer

It's important to learn how to get the most for your money. One way to do this is by comparison shopping. The internet makes it easy and convenient to find the best deals from the comfort of your home or local library. Online comparison shopping can save time and money. Here is a list of web sites that could help put money back in your budget:

[**www.shopzilla.com**](http://www.shopzilla.com)

[**www.ebay.com**](http://www.ebay.com)

[**www.craigslist.com**](http://www.craigslist.com)

[**www.bankrate.com**](http://www.bankrate.com)

[**www.lowermybills.com**](http://www.lowermybills.com)

[**www.couponmom.com**](http://www.couponmom.com)

[**www.savings.com**](http://www.savings.com)

* DISCLAIMER: QC Holdings Companies does not promote, evaluate or endorse the web sites listed in this brochure or the products and services offered by those web sites. The web sites are provided as examples of sources that may be used for comparison shopping in order to save money on products and services.

Increasing Income



Getting a second job is an obvious way to increase your income.

However, there are other options you might want to consider. You may be eligible for a number of tax credits that would also improve your bottom line. These tax credits include:

- ◆ **Earned Income Tax Credit (EITC)**
- ◆ **Child Tax Credit**
- ◆ **Credit for Child & Dependent Care**
- ◆ **Education tax credits**
- ◆ **Tax credits for retirement savings**

For more information about the tax credits listed above, visit the IRS web site at www.irs.gov or see your local tax professional.

Need additional budgeting assistance? Check out the other pamphlets in the "Budgeting 101" series - "Tracking Your Spending" and "Creating Your Budget." Both are available at www.qcholdings.com.

Let us know what you think about the Budgeting 101 series. Please send feedback to:

CaringNeighbors@qchi.com

Everyone who responds will be entered in a drawing for a special gift.

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This budgeting guide is based on materials from the following resources:

- FDIC MoneySmart
- Community Financial Services Association of America
- Federal Trade Commission

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