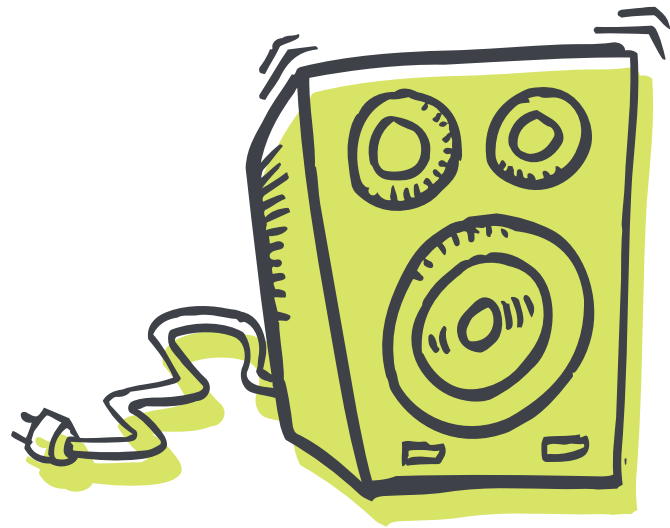


(though you shouldn't hear anything yet)

You can listen through:



Computer Speakers

Turn them up!



Dialing in by Phone

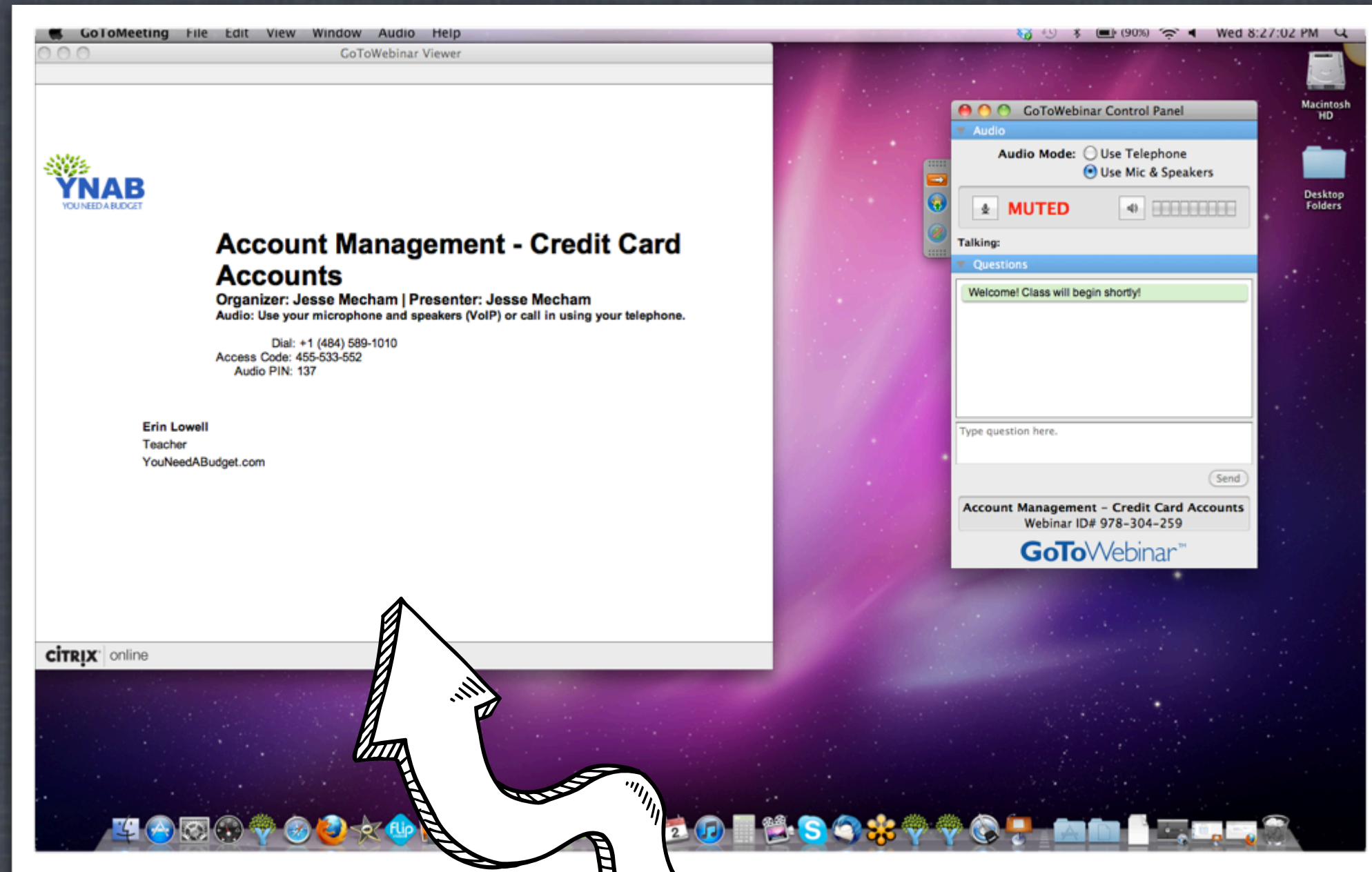
Check your email!

You Haven't Budgeted Like This

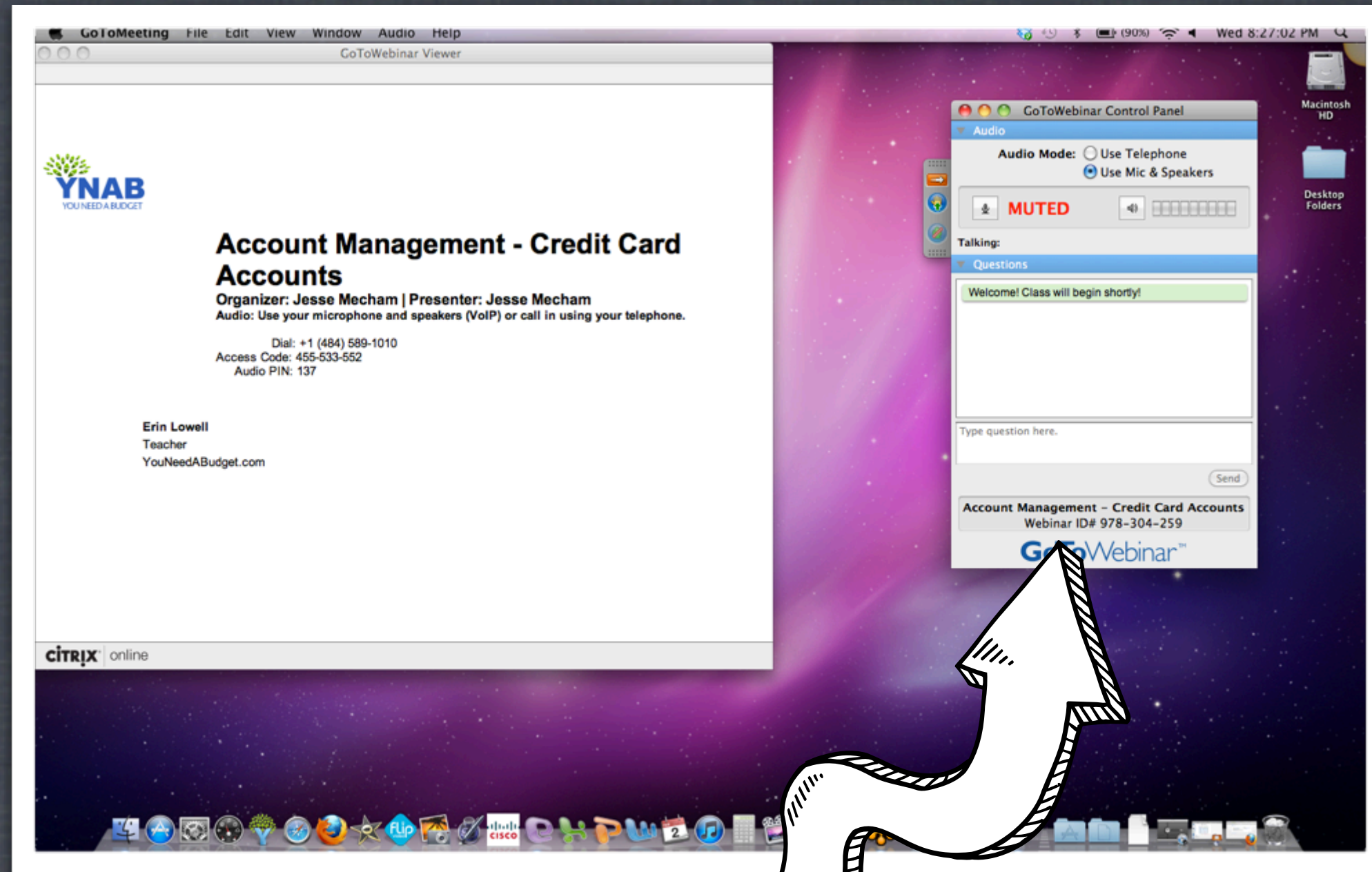
Improving Cash Flow

**You Need
A Budget.**

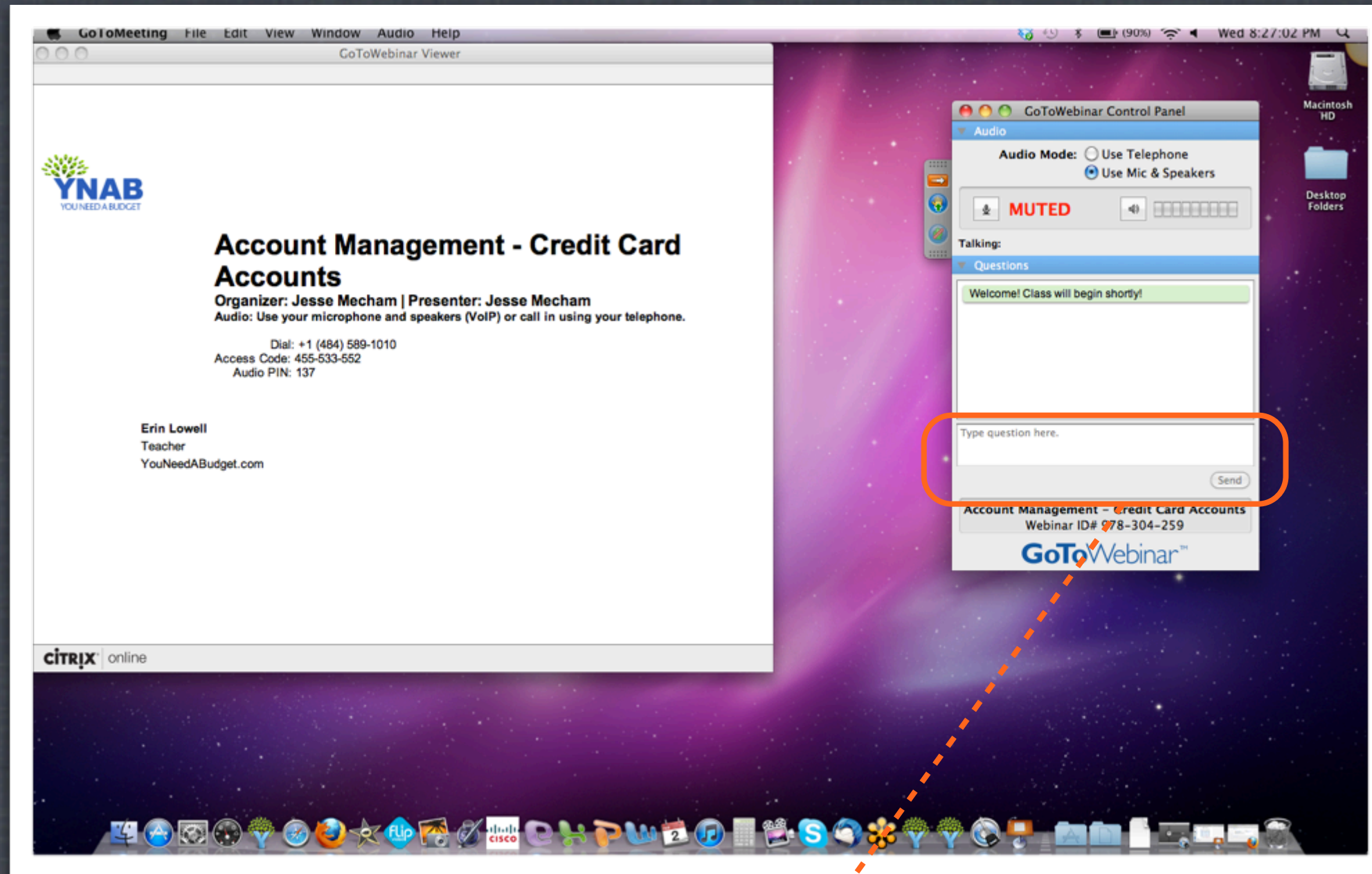




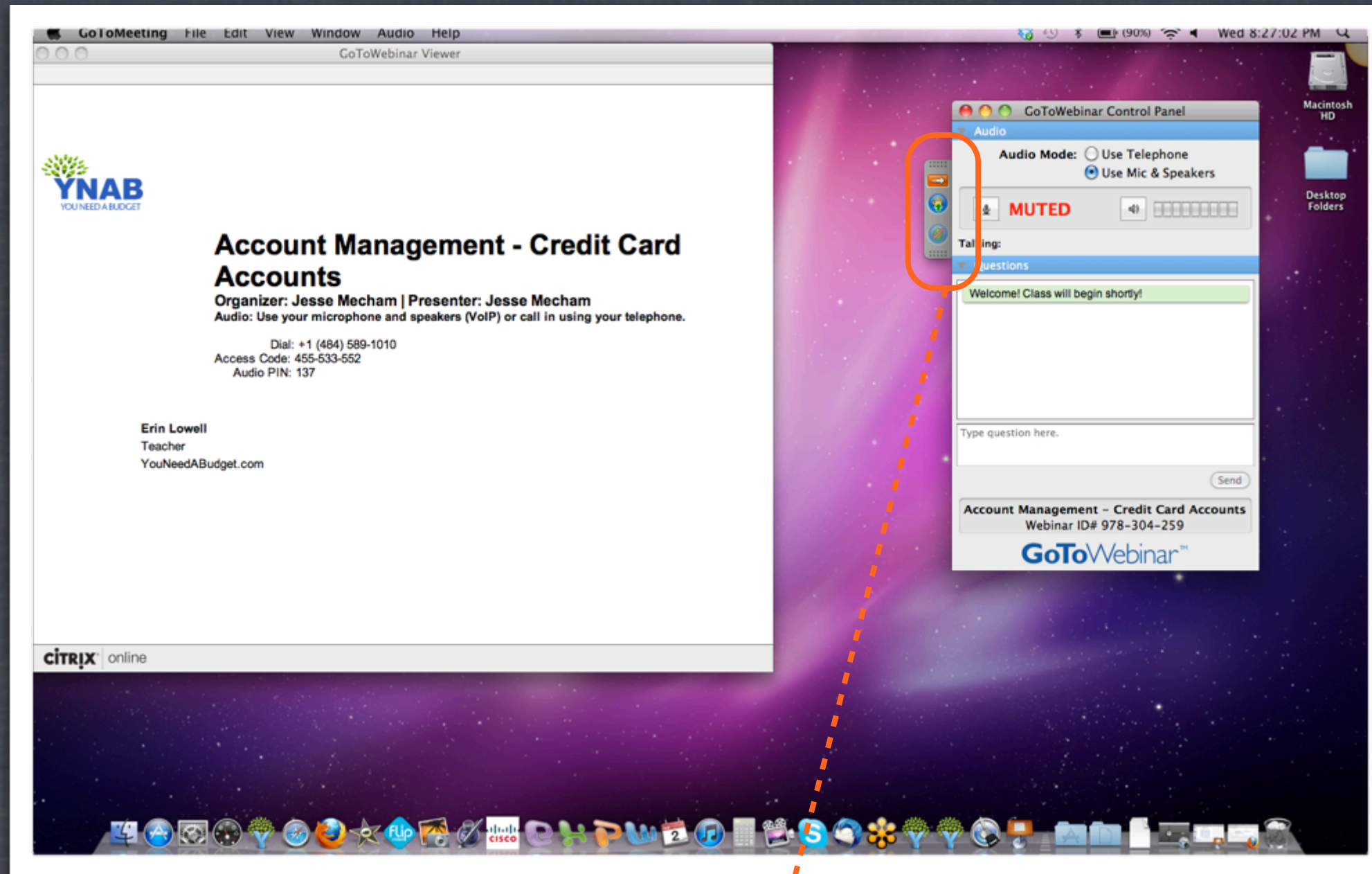
GoToWebinar Viewer



GoToWebinar Control Panel



Type questions here!



Click if you can't see the control panel



I'll leave time for open Q&A at the end.



Please hold all questions until I ask for them.



You can take notes if you want to!

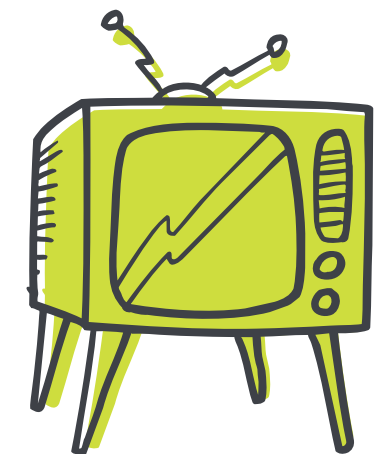
Class Outline

- **True Expenses**
- **Five Types of Expenses**
- **Responsible and Fun Savings**
- **The YNAB Buffer**
- **Impact of Savings on Cash Flow**

Class Outline

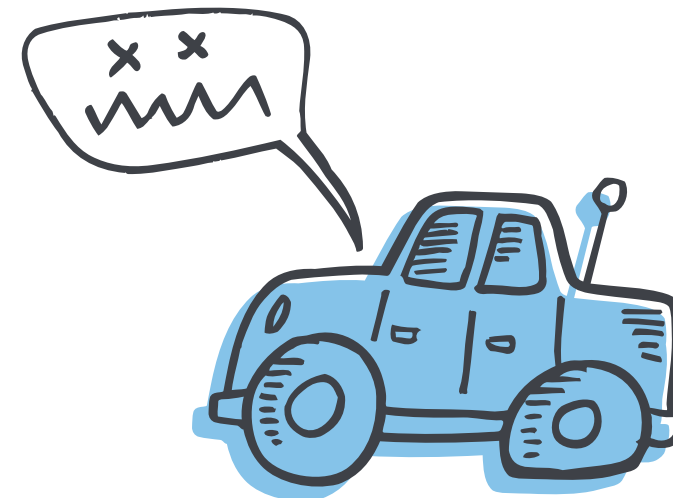
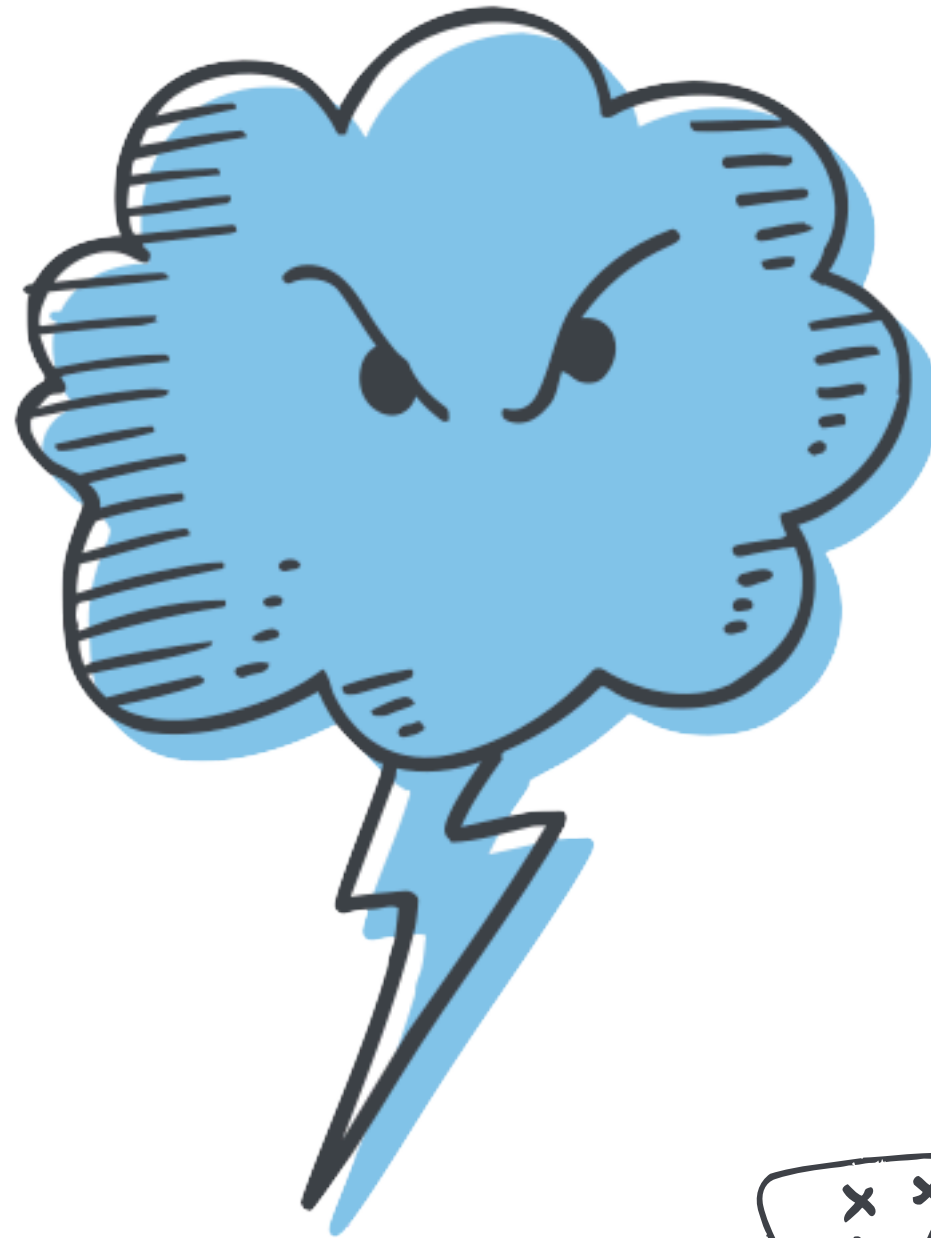
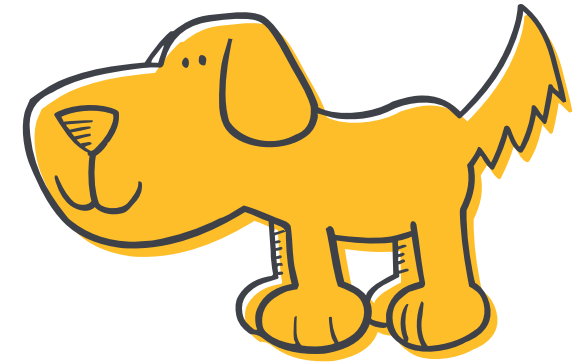
- **True Expenses**
- **Five Types of Expenses**
- **Responsible and Fun Savings**
- **The YNAB Buffer**
- **Impact of Savings on Cash Flow**

"I paid the bills!"



"I can spend the rest!"





KEY POINT:

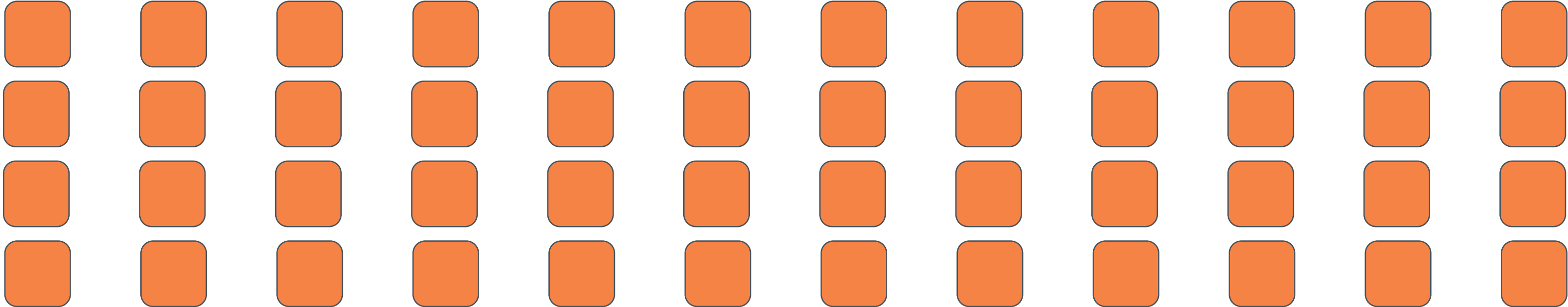
Not all bills are
paid monthly.



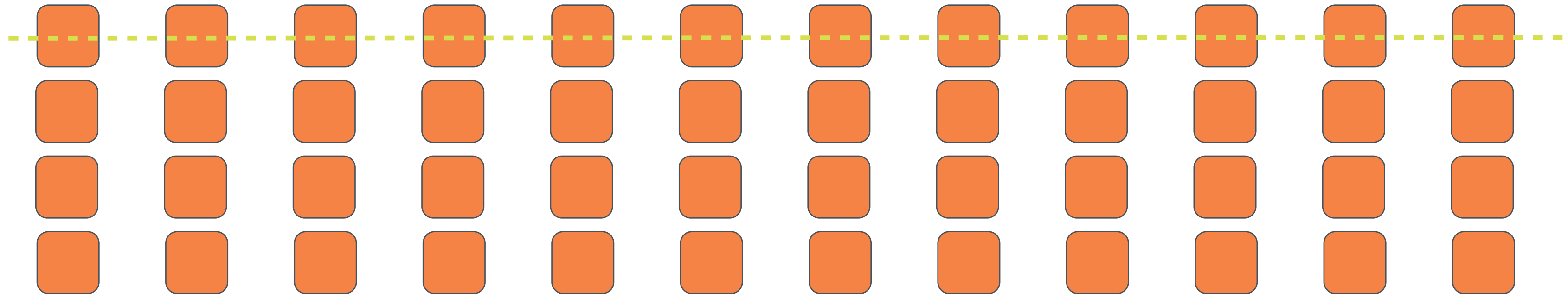
KEY POINT:

But we still need
to **prepare** for
them monthly.

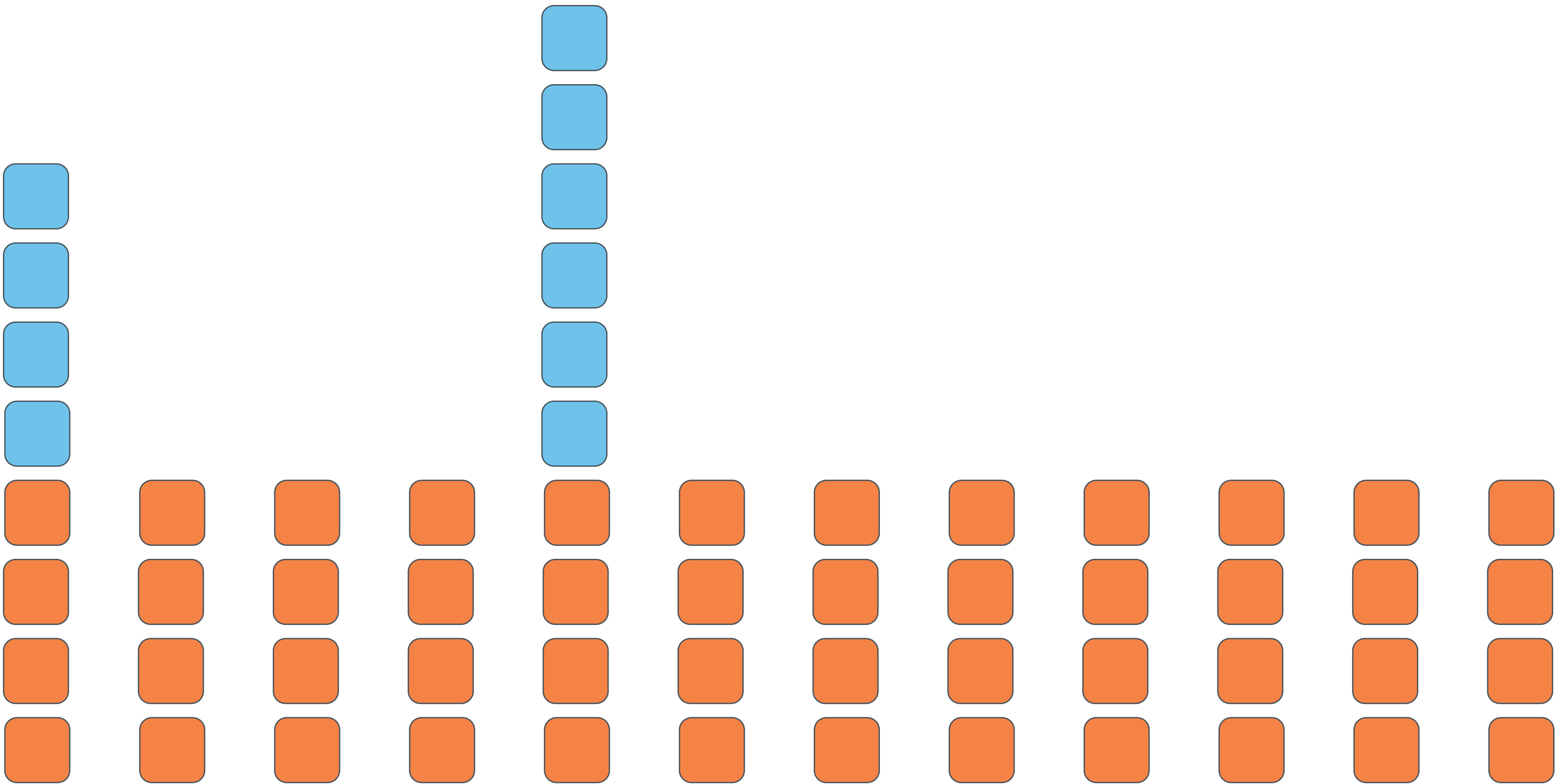


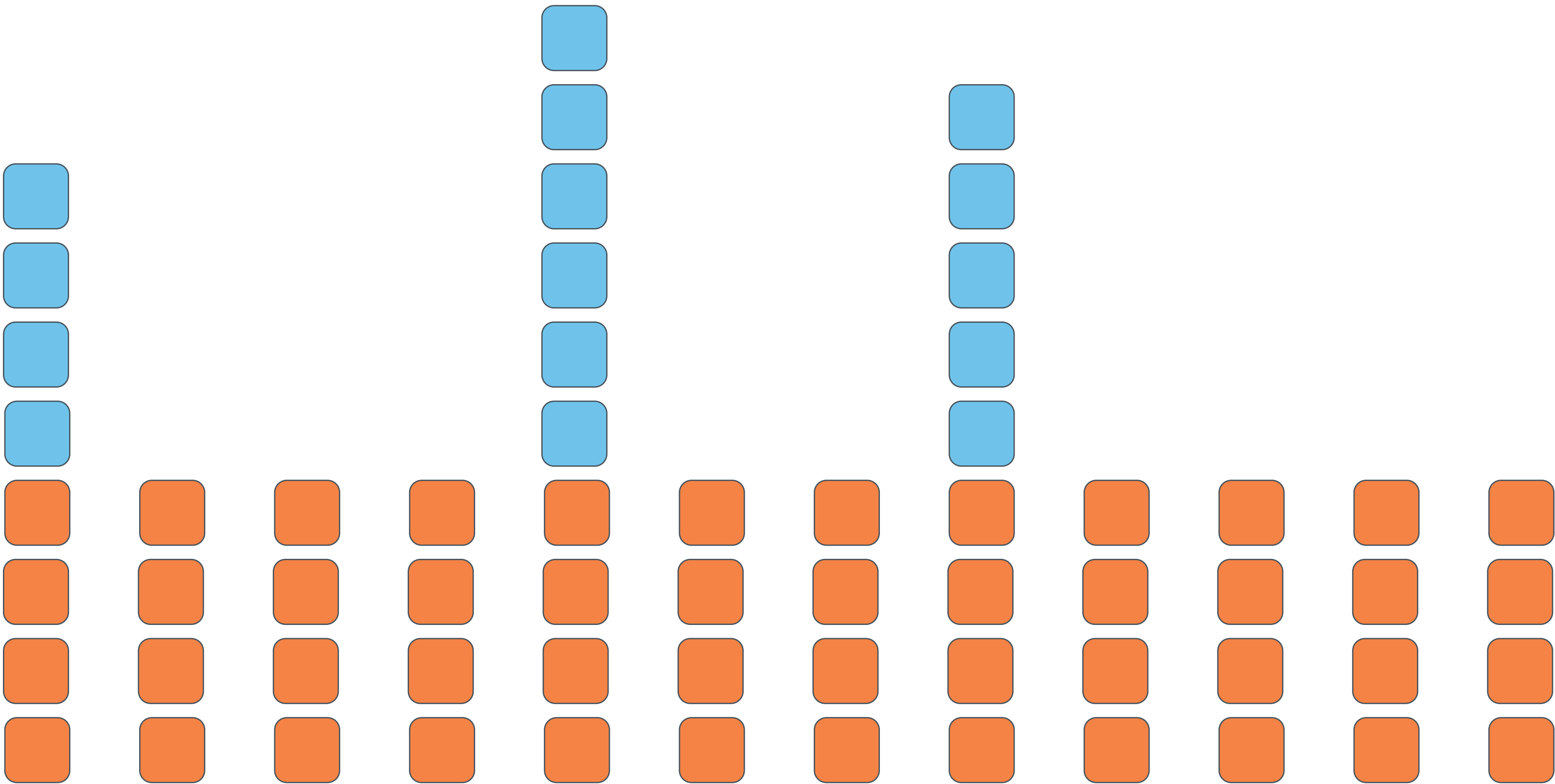


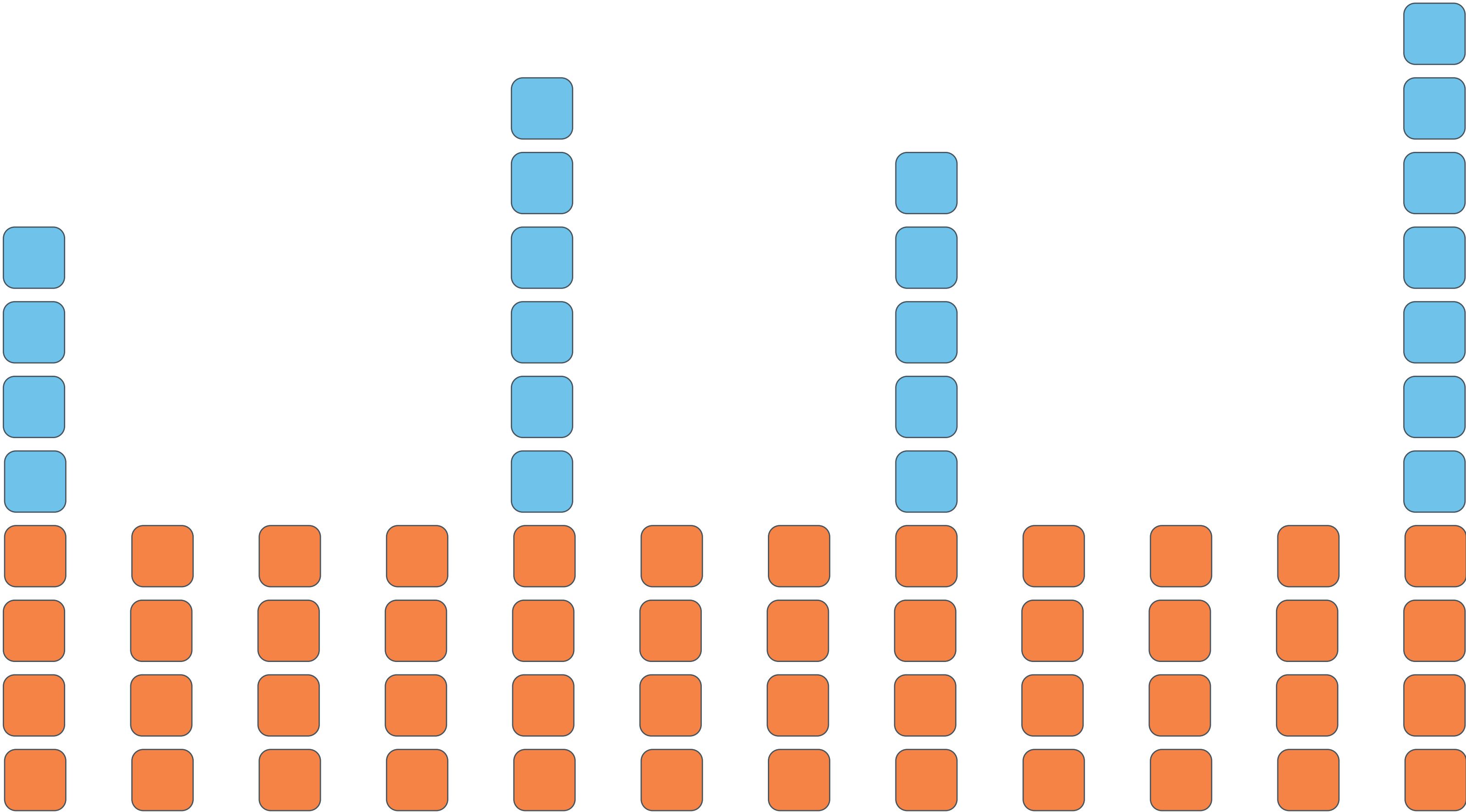
Perception



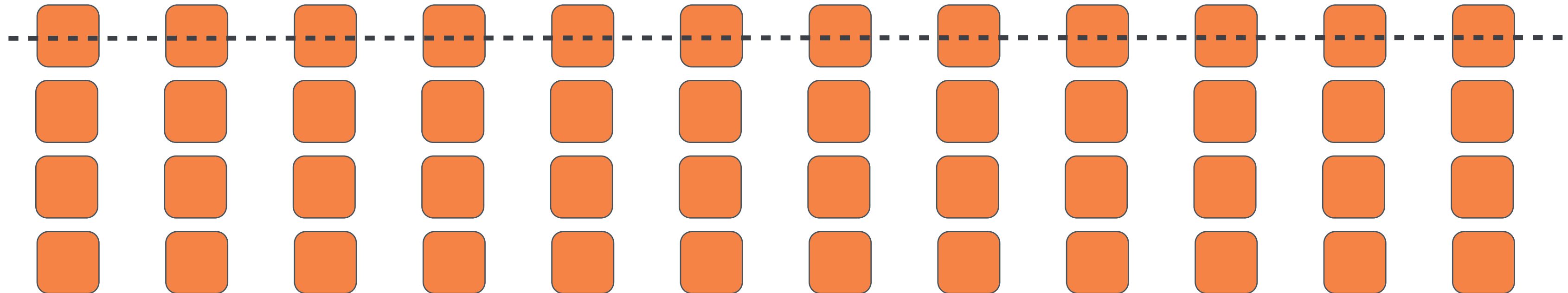




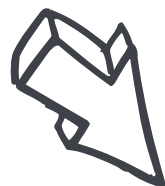




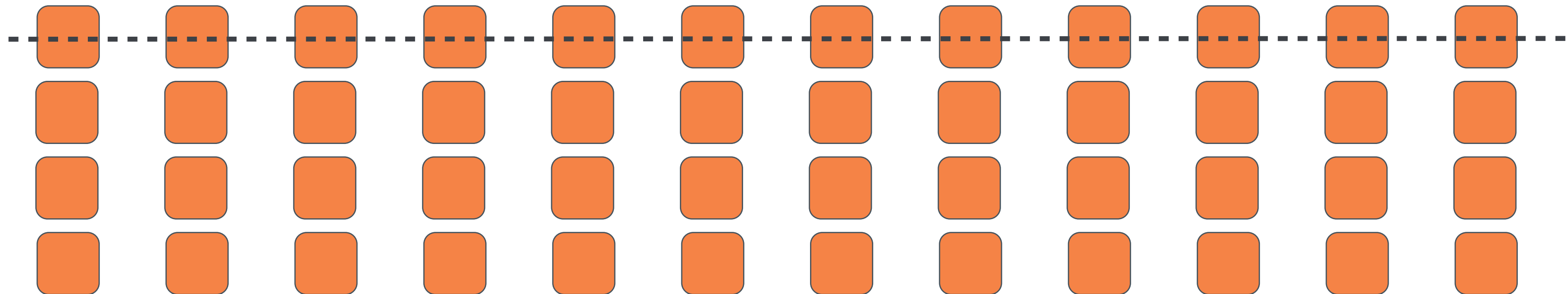
Perception

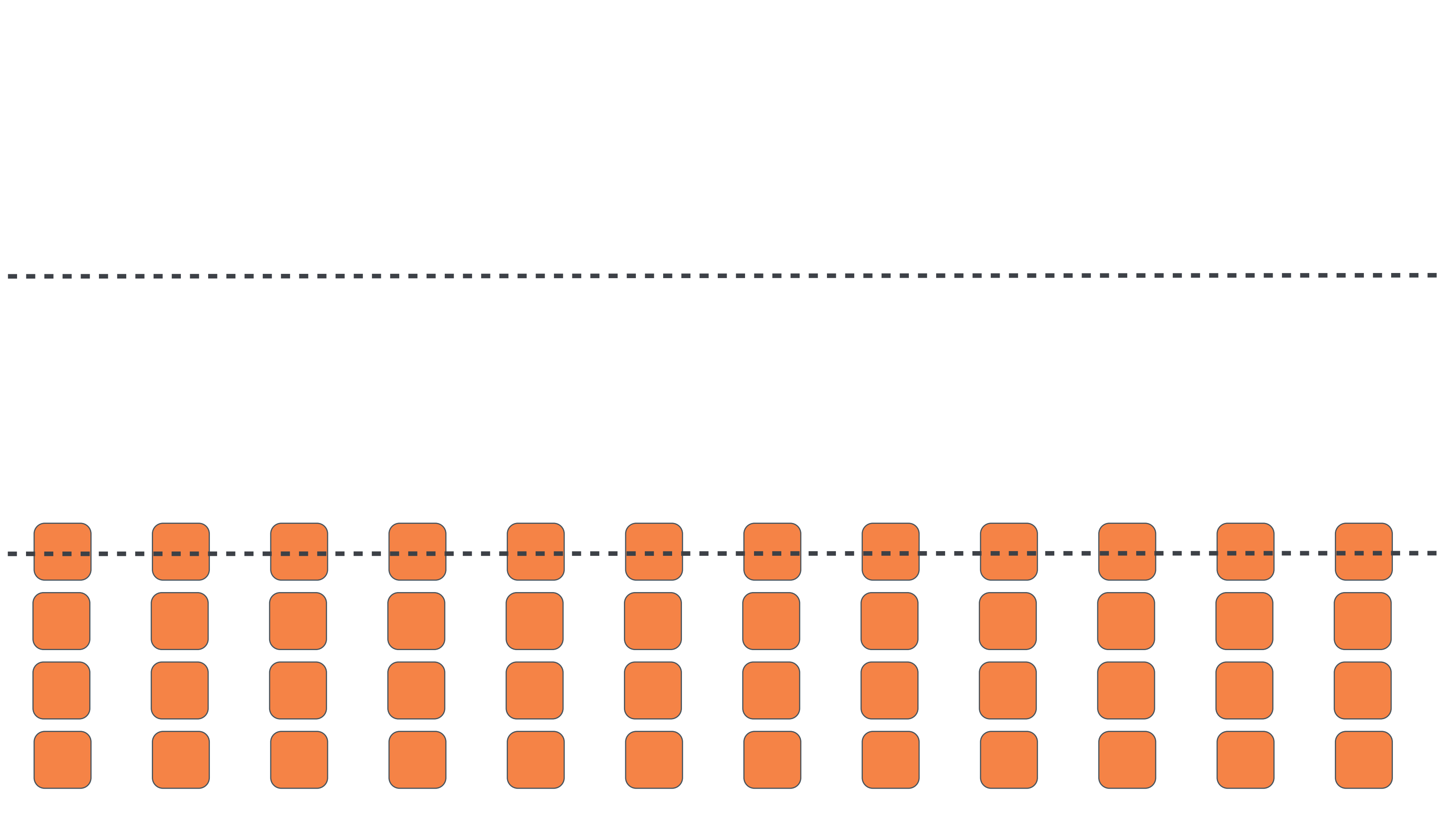


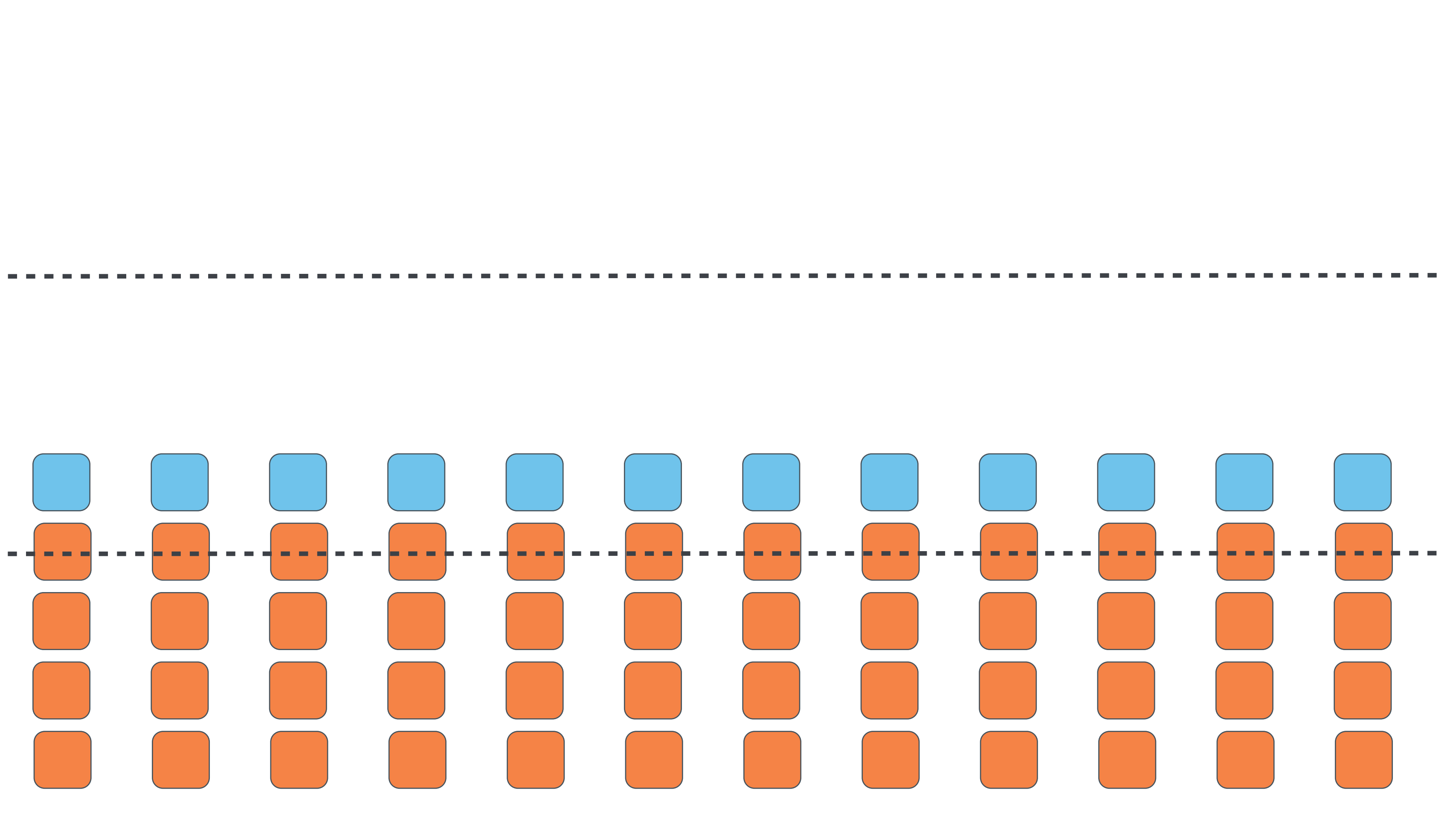
Reality

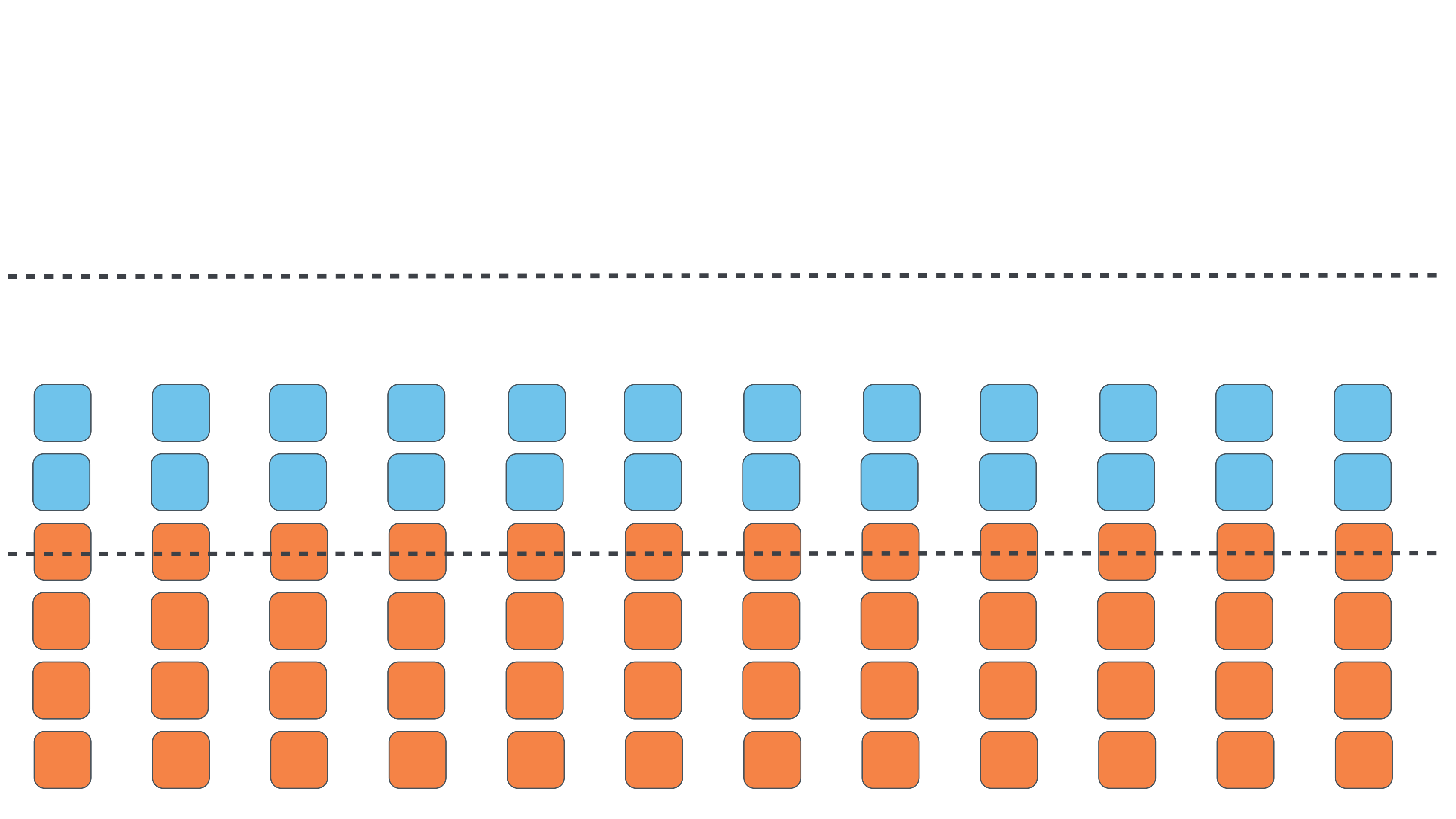


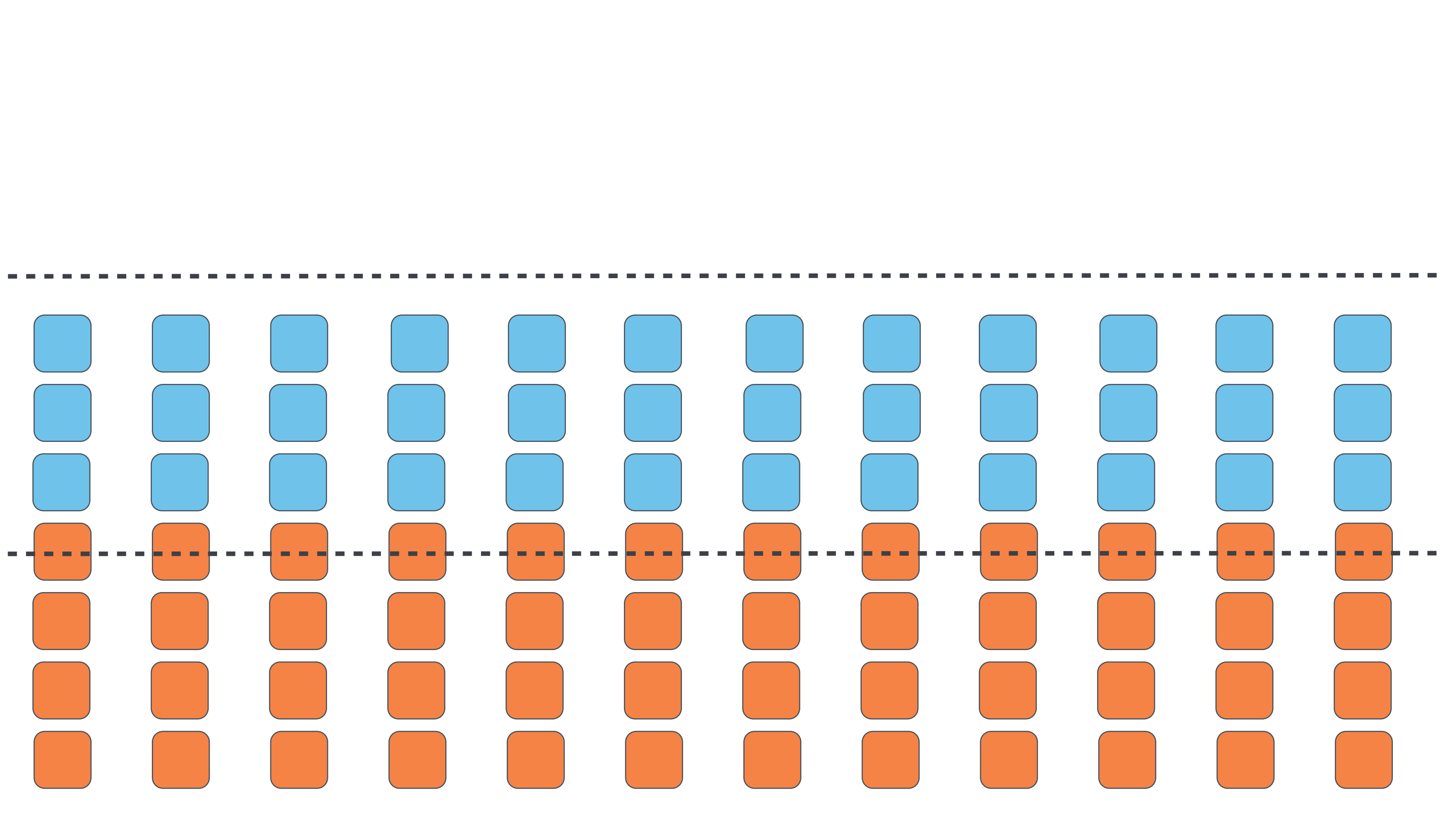
Perception

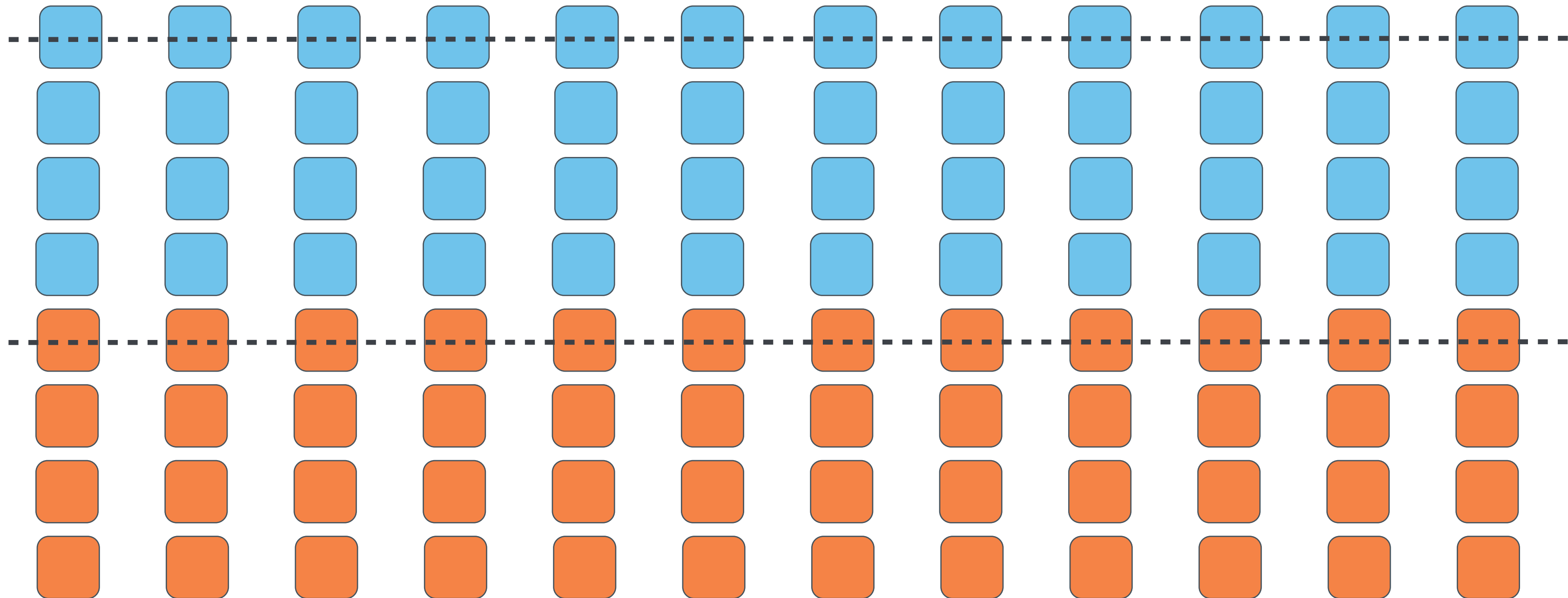












Not all expenses are the same.

Different bills are paid on different schedules.

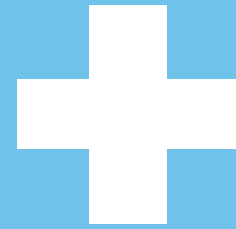


Not all expenses are the same.

We can still plan monthly.



What You Have to Pay **Now**



What You Have to Pay **in the Future.**

**= TRUE
EXPENSES**

**Rule Two helps
you do this.**



Save For a Rainy Day

Live on **less** than you earn.



A bar chart with two bars. The left bar is light green and labeled 'Income'. The right bar is orange and labeled 'Monthly Expenses'. The 'Income' bar is significantly taller than the 'Monthly Expenses' bar. Both bars have a thin grey drop shadow. A thin black horizontal line is at the base of the bars.

Income

**Monthly
Expenses**

Live on **less** than you earn.



The diagram consists of two vertical bars on a horizontal baseline. The left bar is a single light green rectangle labeled 'Income'. The right bar is a stacked rectangle with an orange bottom section labeled 'Monthly Expenses' and a light blue top section labeled 'Rainy Day Funds'. The total height of the right bar is slightly less than the height of the left bar, visually representing the concept of living on less than one earns.

Income

Rainy Day Funds

**Monthly
Expenses**

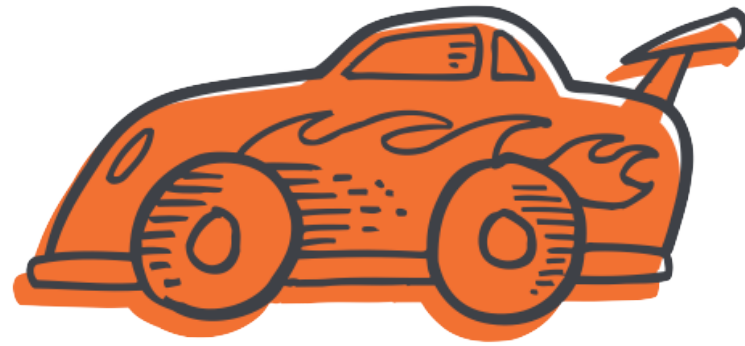
Class Outline

- **True Expenses**
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- **The YNAB Buffer**
- **Impact of Savings on Cash Flow**

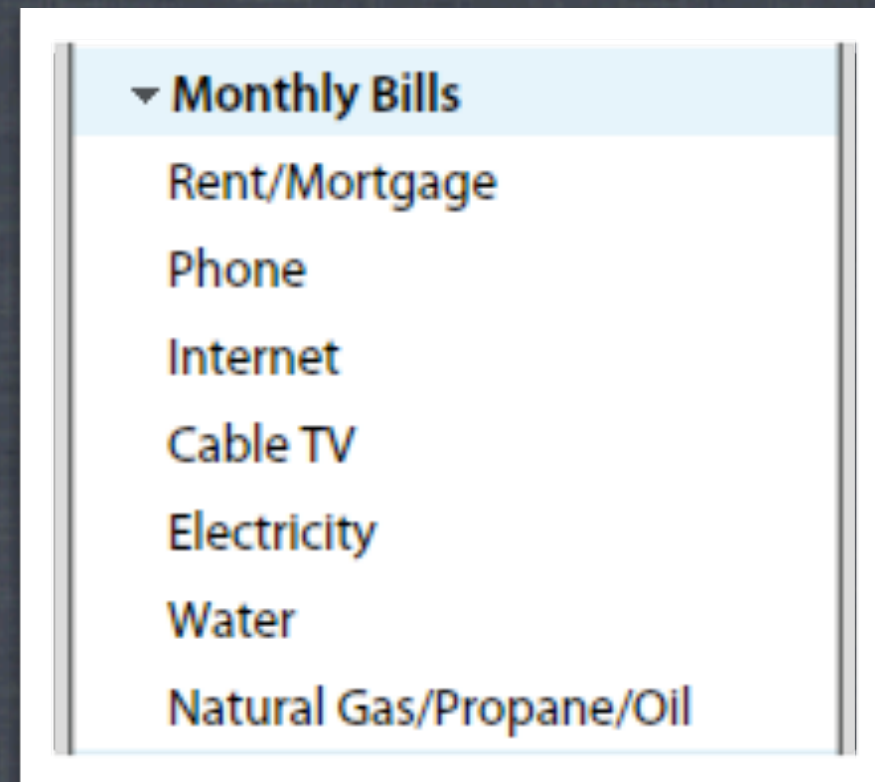


Now Expenses

Fixed Monthly



How do you handle these?

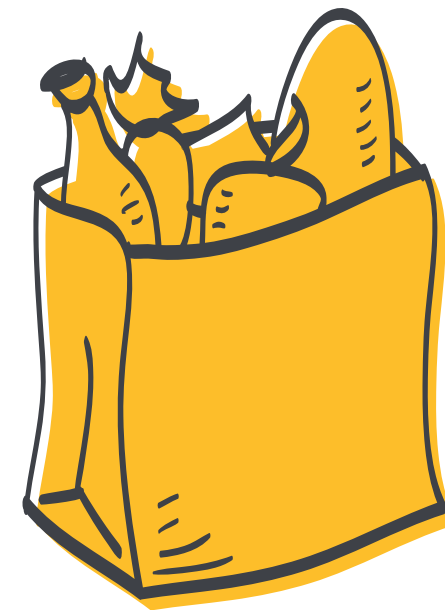


Budget for them each month.

2

Now Expenses

Variable Monthly



How do you handle these?

▼ Monthly Bills	1,470.00
Rent/Mortgage	1,000.00
Phone	100.00
Internet	40.00
Cable TV	35.00
Electricity	80.00
Water	15.00
Natural Gas/Propane/Oil	200.00

Aim High.

If the bill is lower, just **adjust**.

Categories + ⌵ ⌶		Budgeted \$3,000.00	Outflows -\$1,265.00	Balance \$1,735.00
▼ Monthly Bills		1,270.00	-1,265.00	5.00
Rent/Mortgage		1,000.00	-1,000.00	0.00
Phone		100.00	-100.00	0.00
Internet		40.00	-40.00	0.00
Cable TV		35.00	-35.00	0.00
Electricity		80.00	-75.00	5.00
Water		15.00	-15.00	0.00

If the bill is lower, just **adjust**.

Categories + ⌵ ⌴		Budgeted	Outflows	Balance
		\$2,995.00	-\$1,265.00	\$1,730.00
▼ Monthly Bills		1,265.00	-1,265.00	0.00
Rent/Mortgage		1,000.00	-1,000.00	0.00
Phone		100.00	-100.00	0.00
Internet		40.00	-40.00	0.00
Cable TV		35.00	-35.00	0.00
Electricity		75.00	-75.00	0.00
Water		15.00	-15.00	0.00

Option: Follow Rule Two and leave it there.

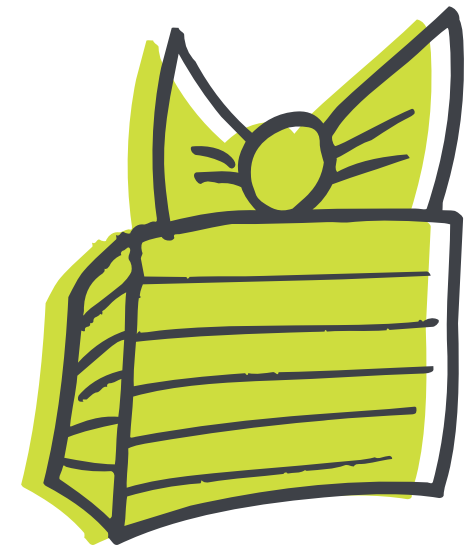
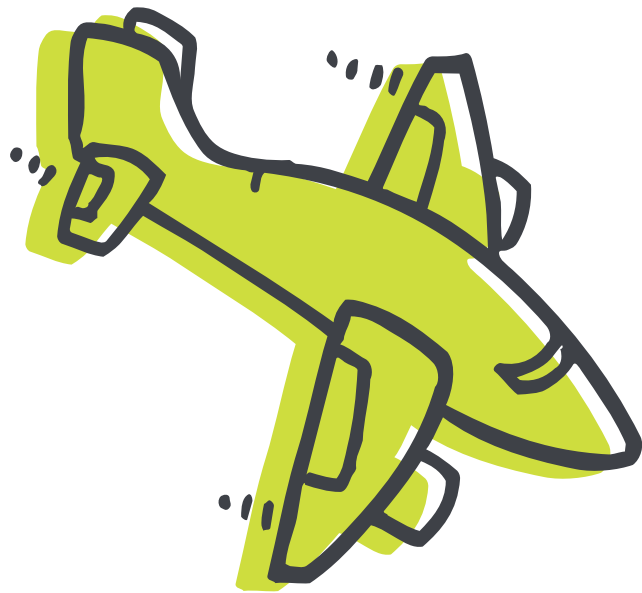
Categories + ≡↓ ≡↑		Budgeted \$3,000.00	Outflows -\$1,265.00	Balance \$1,735.00
▼ Monthly Bills		1,270.00	-1,265.00	5.00
Rent/Mortgage		1,000.00	-1,000.00	0.00
Phone		100.00	-100.00	0.00
Internet		40.00	-40.00	0.00
Cable TV		35.00	-35.00	0.00
Electricity		80.00	-75.00	5.00
Water		15.00	-15.00	0.00

It's up to you.

3

Later Expenses

Fixed Non-Monthly



Pretend they are due each month.

Total Amount Due:

Divide by the number of months until the bill is due:



The amount you budget each month:

Pretend they are due each month.

*Total Amount Due: **\$450***

*Divided by the number of months until the bill is due: **7***

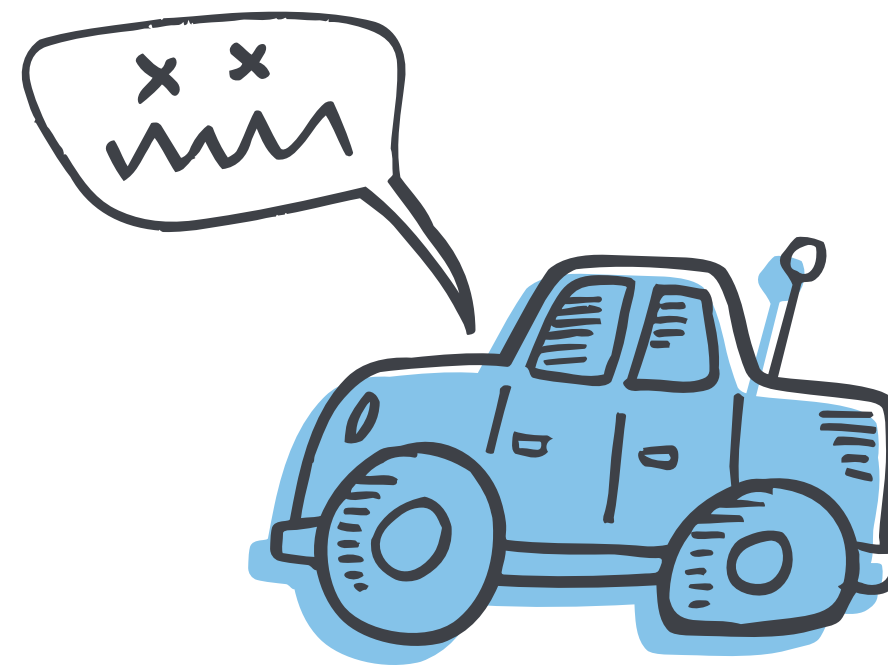
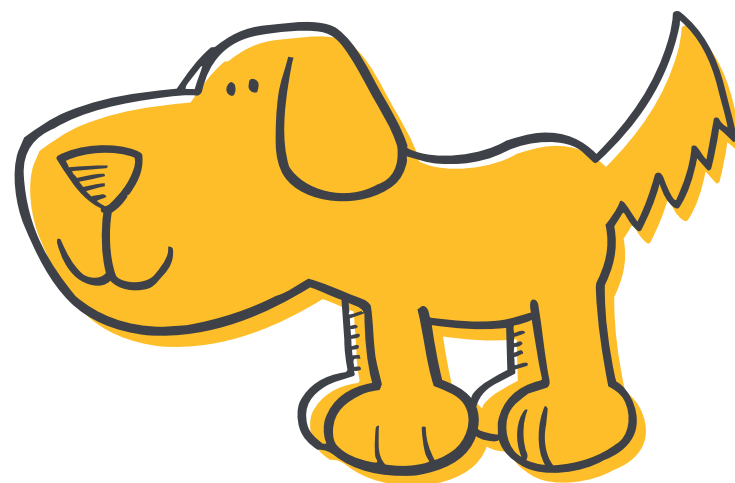


*The amount you budget each month: **\$62.28***

4

Later Expenses

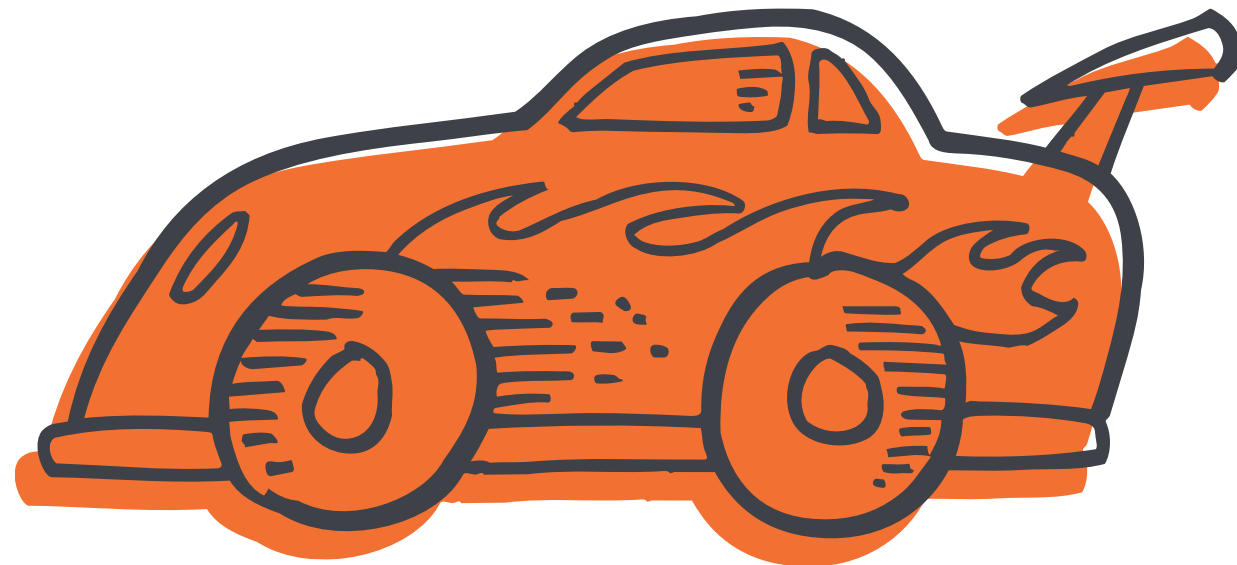
Variable Non-Monthly



**This will take a little trial
and error...**

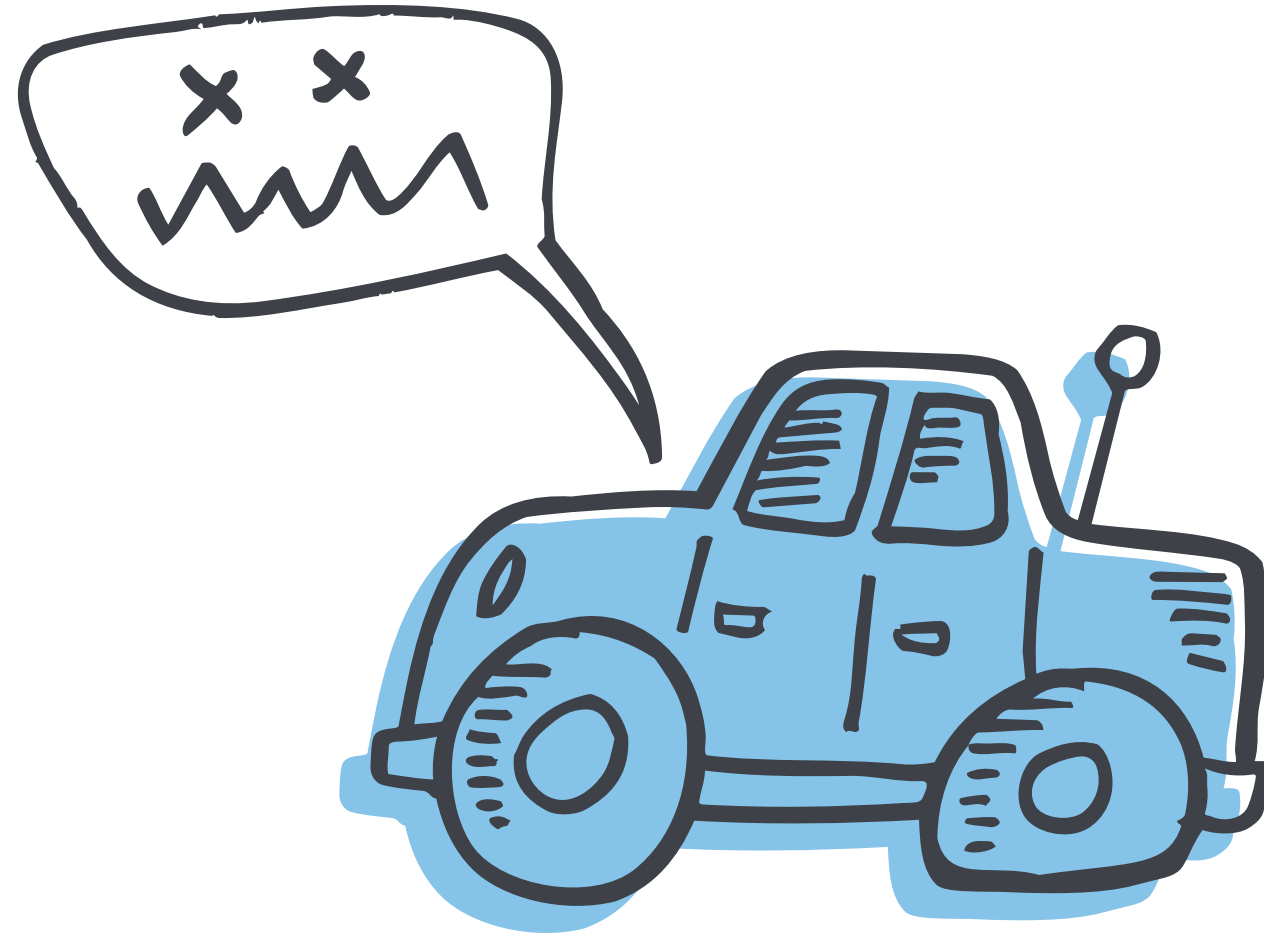


Got a newer car?



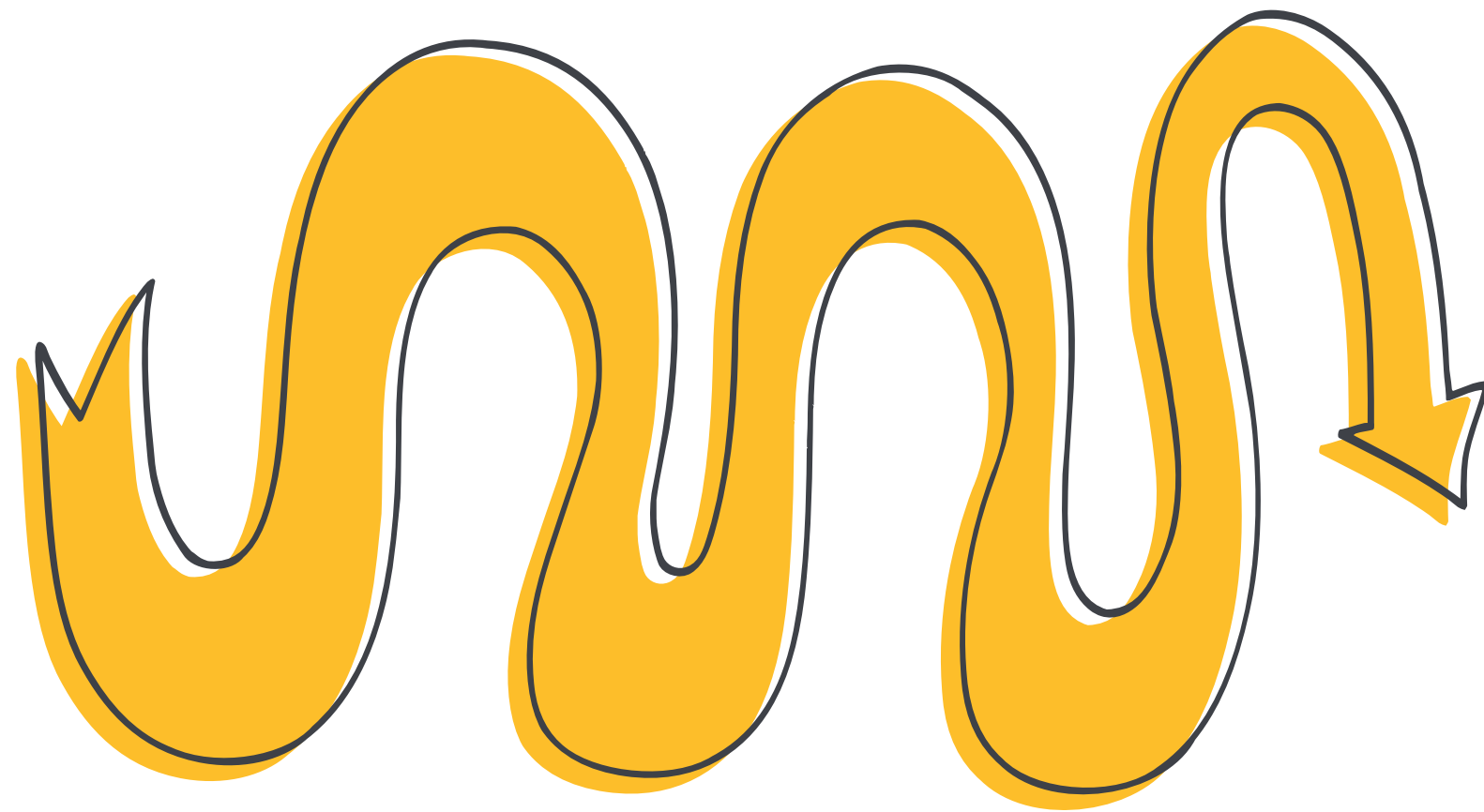
*You probably don't need to budget as
much for car repairs.*

Got an older car?



*You may want to budget more aggressively
toward car repairs.*

**After you've been budgeting for a while,
there won't be as much up and down.**



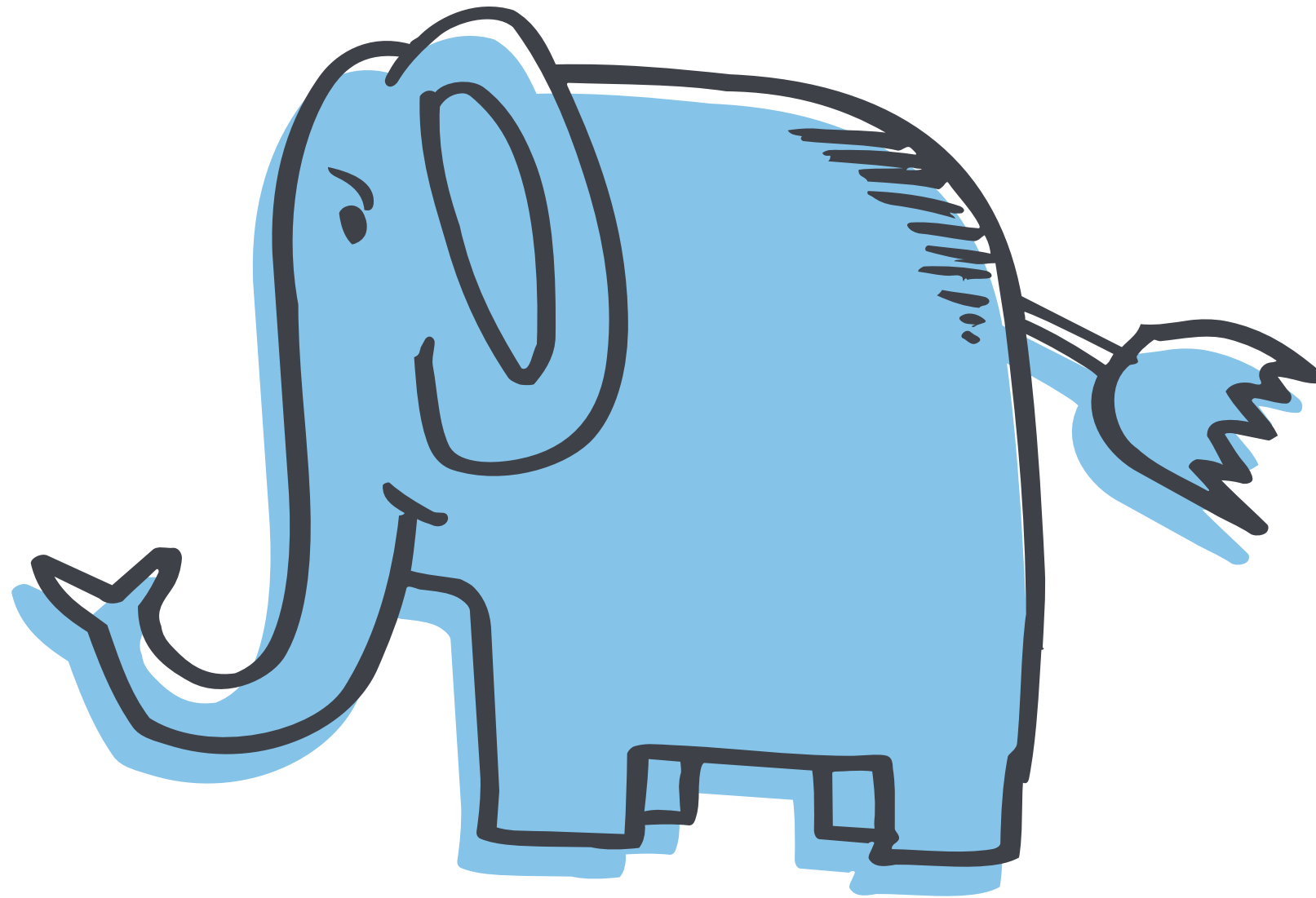
Things will even out.



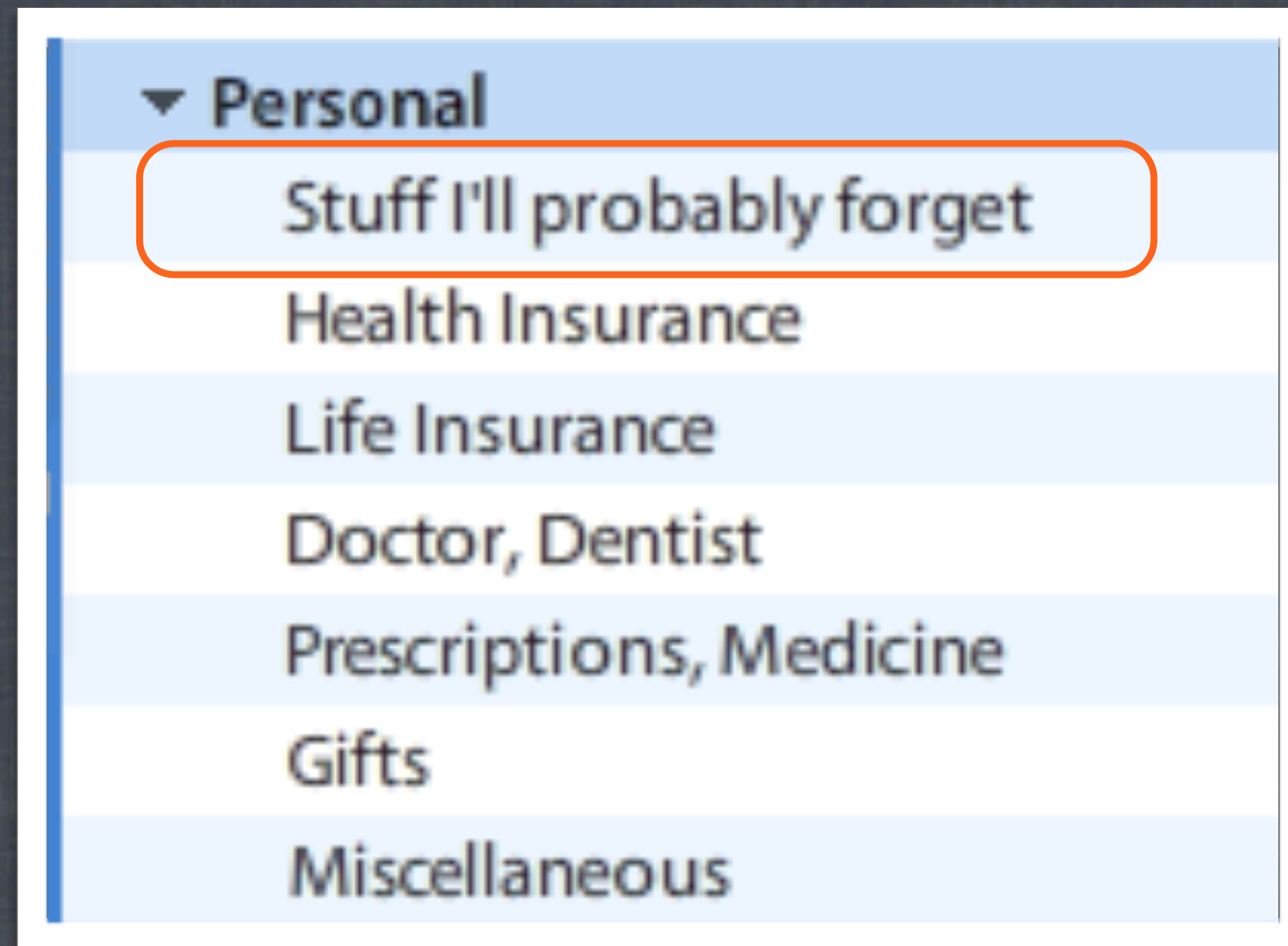
5

Things you'll forget the first year.

It will happen. Trust us.



Create a category as a "Catch All"



Budget something there each month

▼ Personal

Stuff I'll probably forget

Health Insurance

Life Insurance

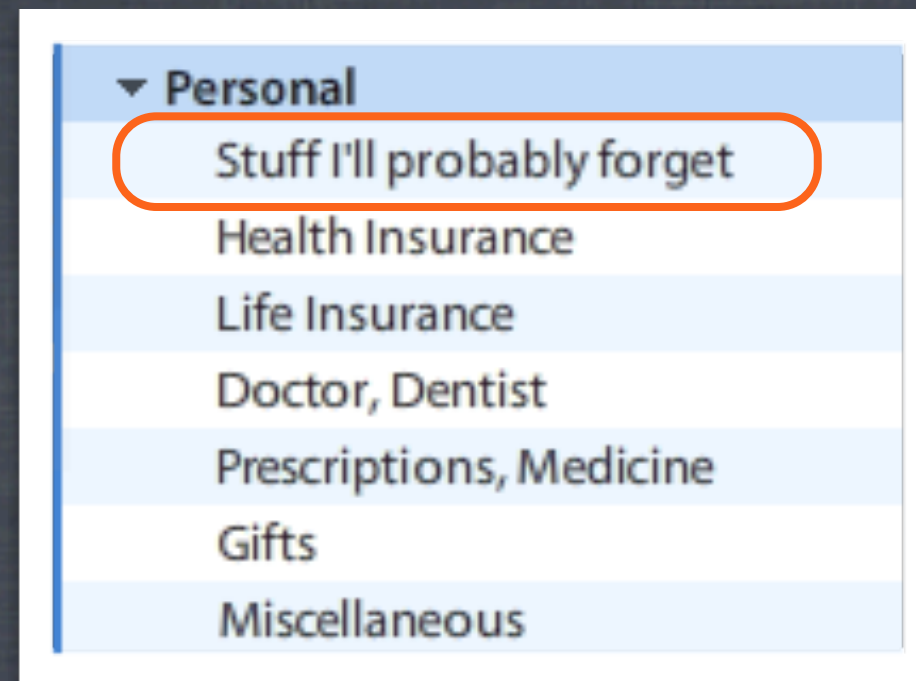
Doctor, Dentist

Prescriptions, Medicine

Gifts

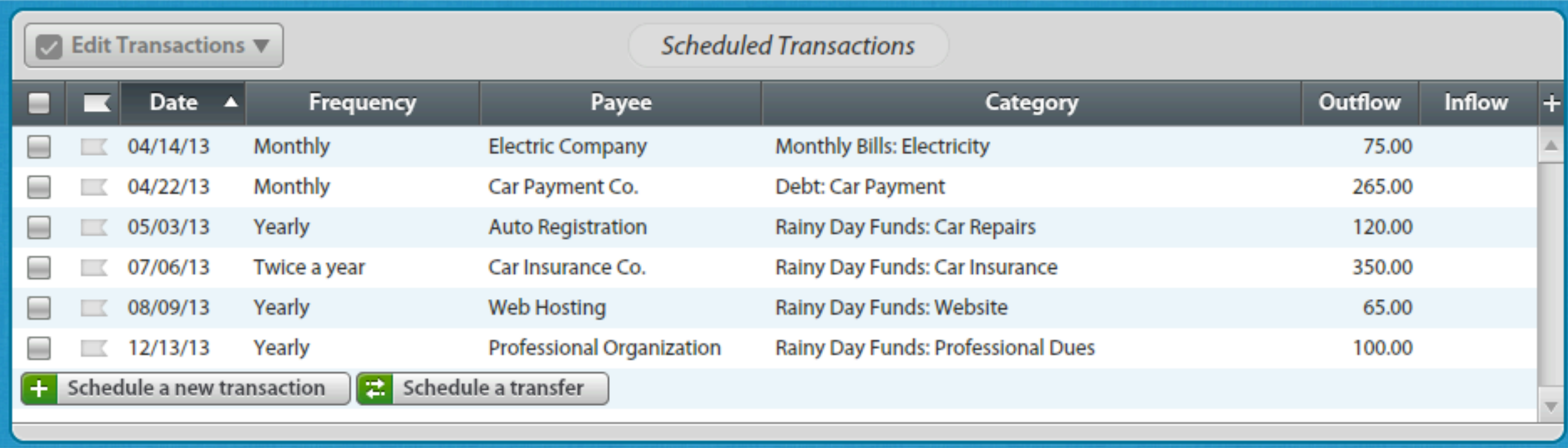
Miscellaneous

When you forget something, you can reassign this money.



(trust us...)

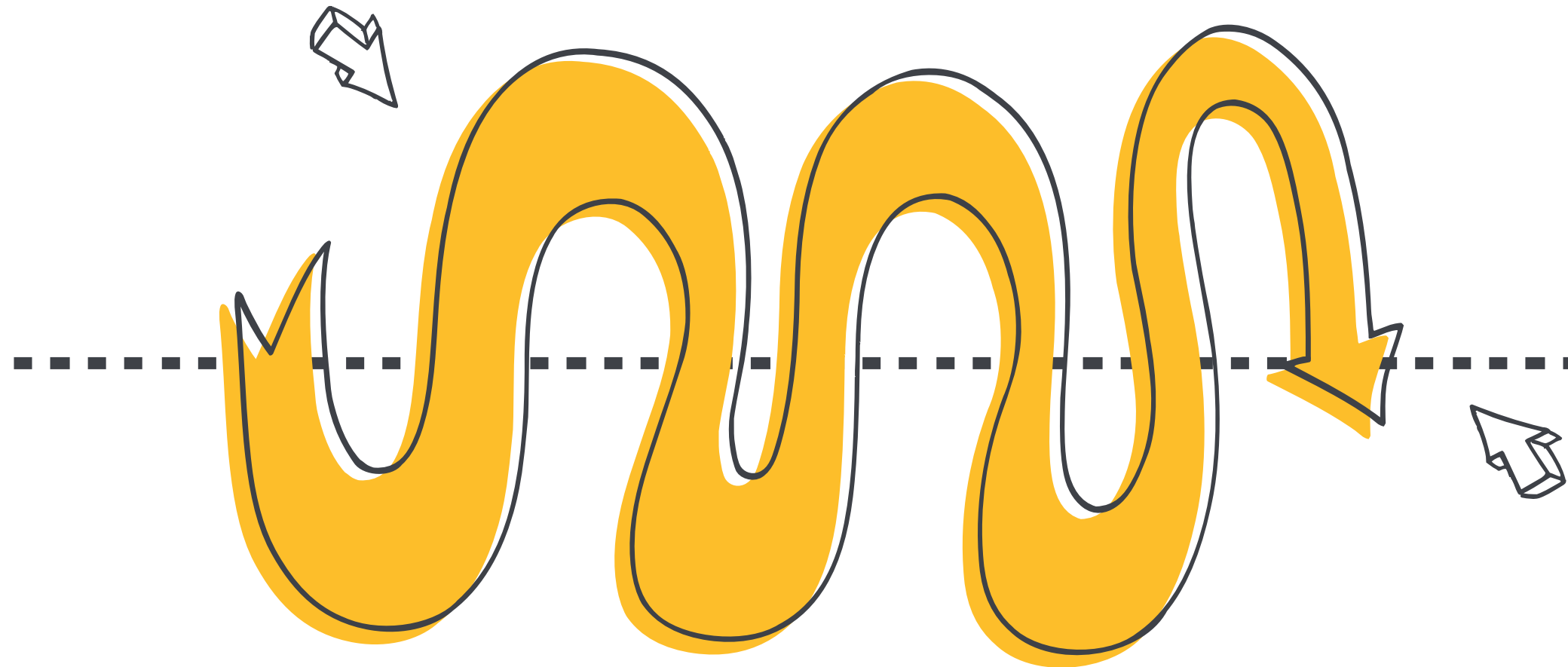
Use the Scheduler to remember what's coming up.



		Date ▲	Frequency	Payee	Category	Outflow	Inflow	+
<input type="checkbox"/>		04/14/13	Monthly	Electric Company	Monthly Bills: Electricity	75.00		▲
<input type="checkbox"/>		04/22/13	Monthly	Car Payment Co.	Debt: Car Payment	265.00		
<input type="checkbox"/>		05/03/13	Yearly	Auto Registration	Rainy Day Funds: Car Repairs	120.00		
<input type="checkbox"/>		07/06/13	Twice a year	Car Insurance Co.	Rainy Day Funds: Car Insurance	350.00		
<input type="checkbox"/>		08/09/13	Yearly	Web Hosting	Rainy Day Funds: Website	65.00		
<input type="checkbox"/>		12/13/13	Yearly	Professional Organization	Rainy Day Funds: Professional Dues	100.00		▼

Enter it when you think of it even if it's not due for a while!

Stress



Ahhhh

Not Reality

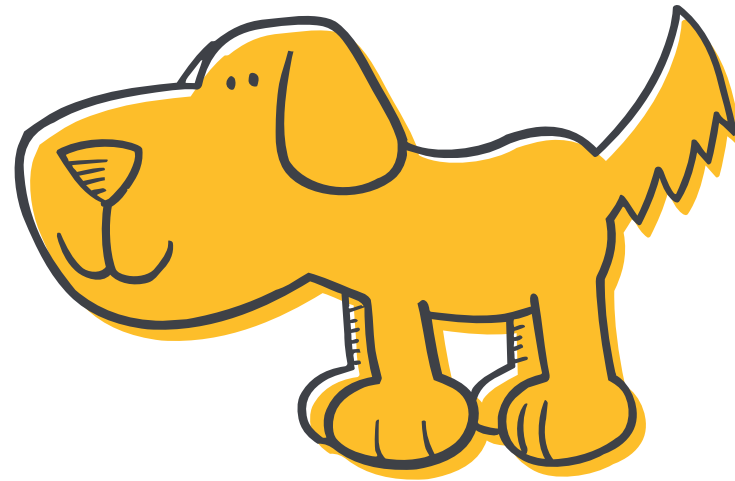
Learn to **let money sit.**



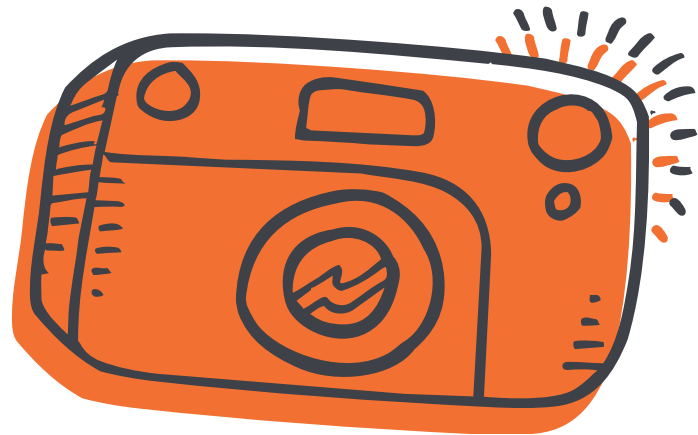
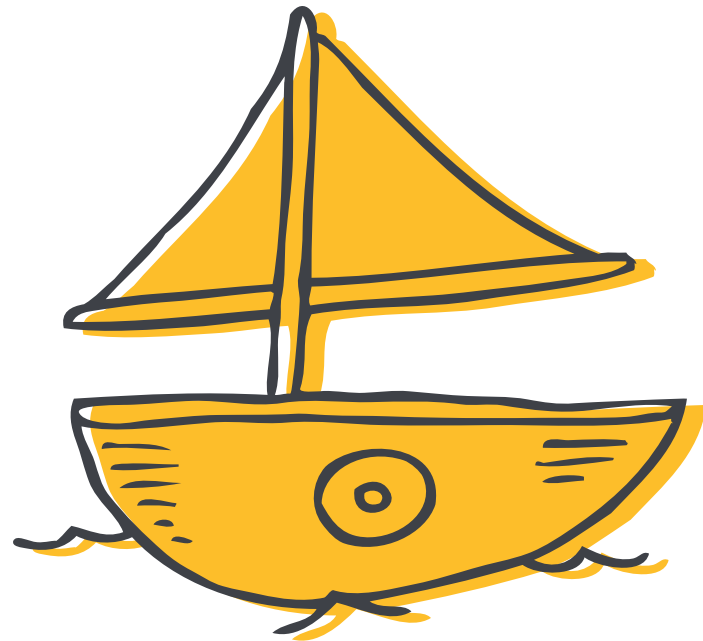
Class Outline

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Responsible Savings



Fun Savings





**What am I
saving for?**

Set **one small, fun goal** that
you can reach in the next 6 to
8 weeks.



Class Outline

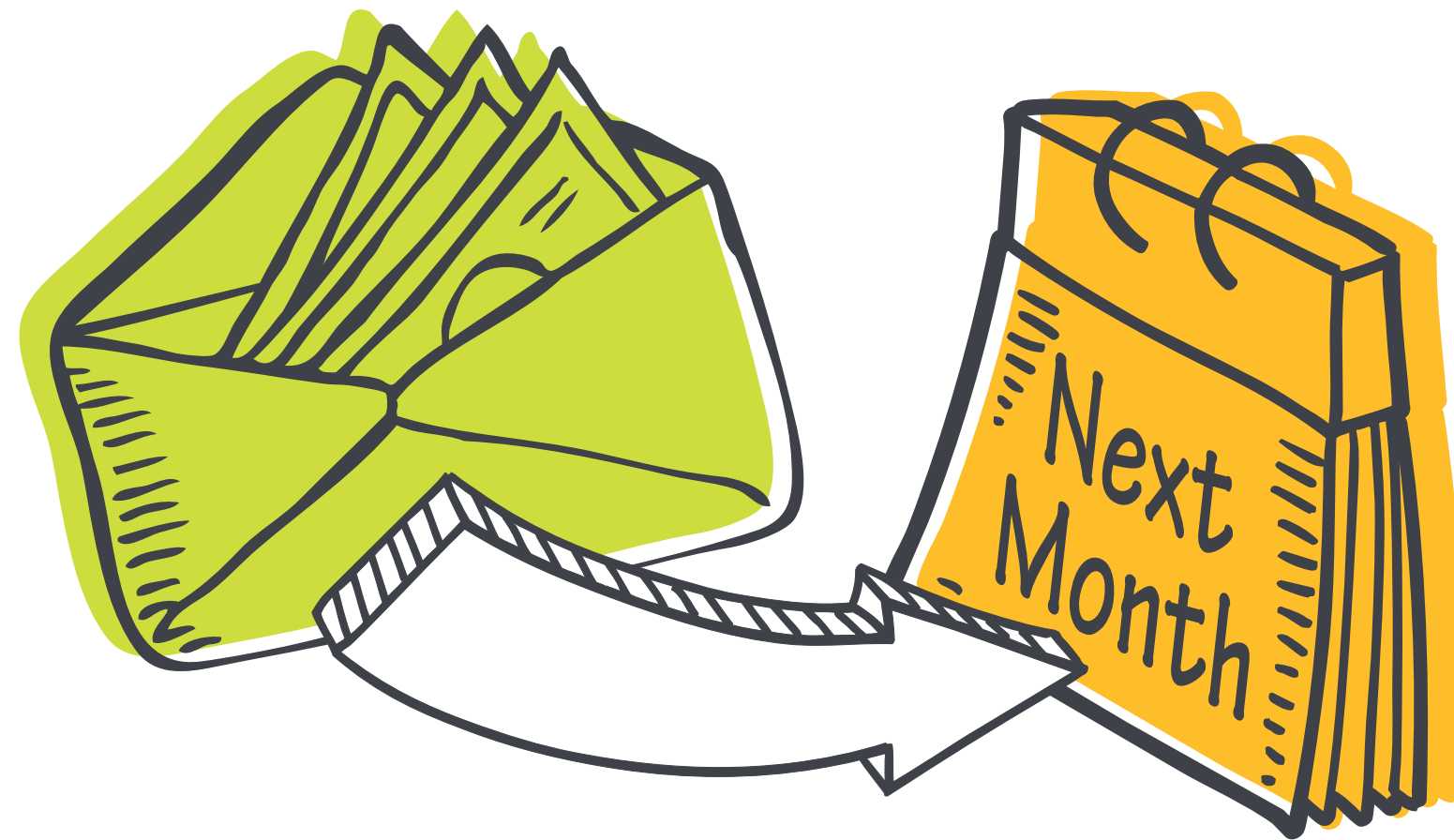
- **True Expenses**
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- **Impact of Savings on Cash Flow**

There's one more thing you'll want to save for:

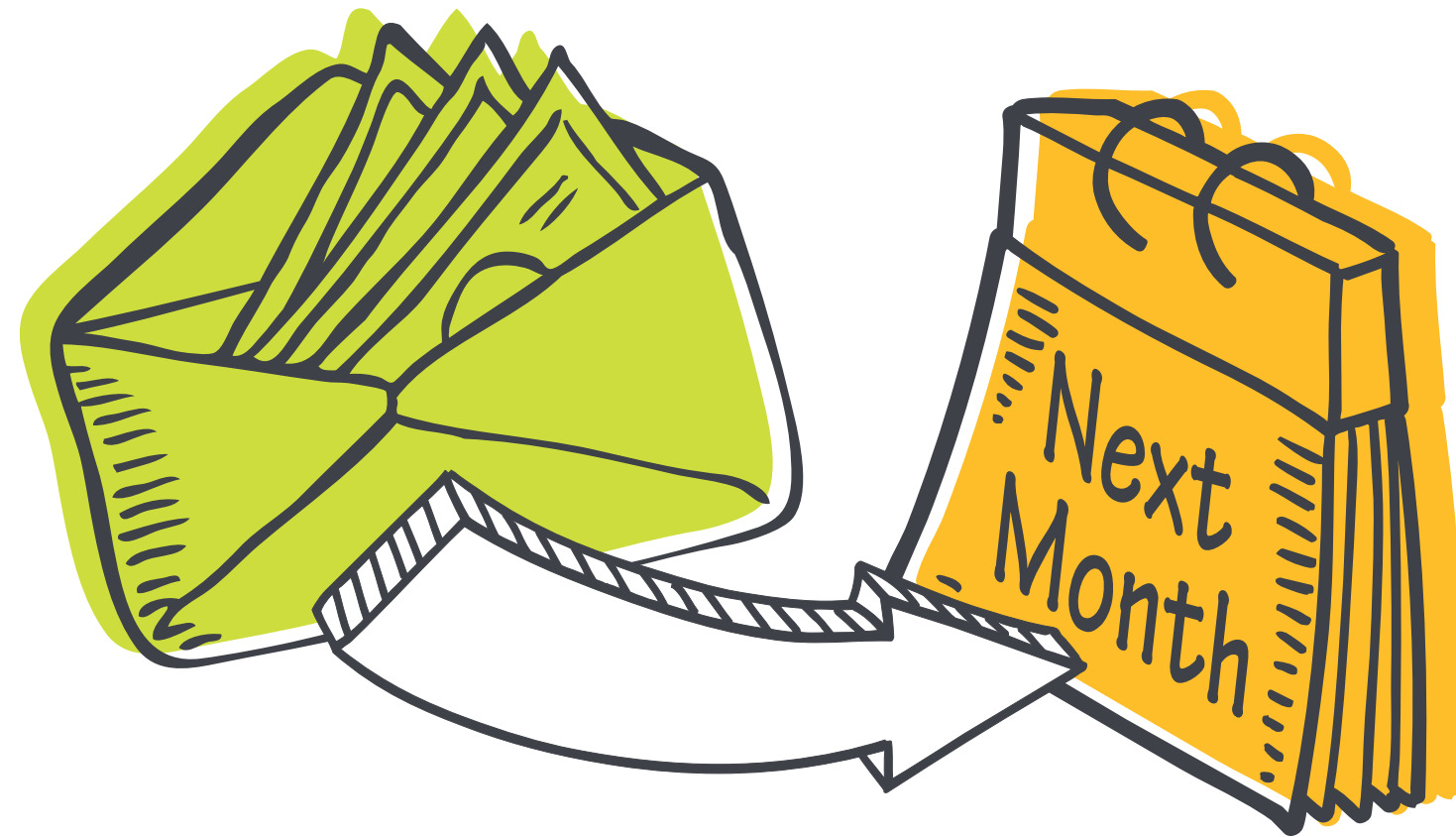
THE YNAB
BUFFER



Live on
last month's
income.

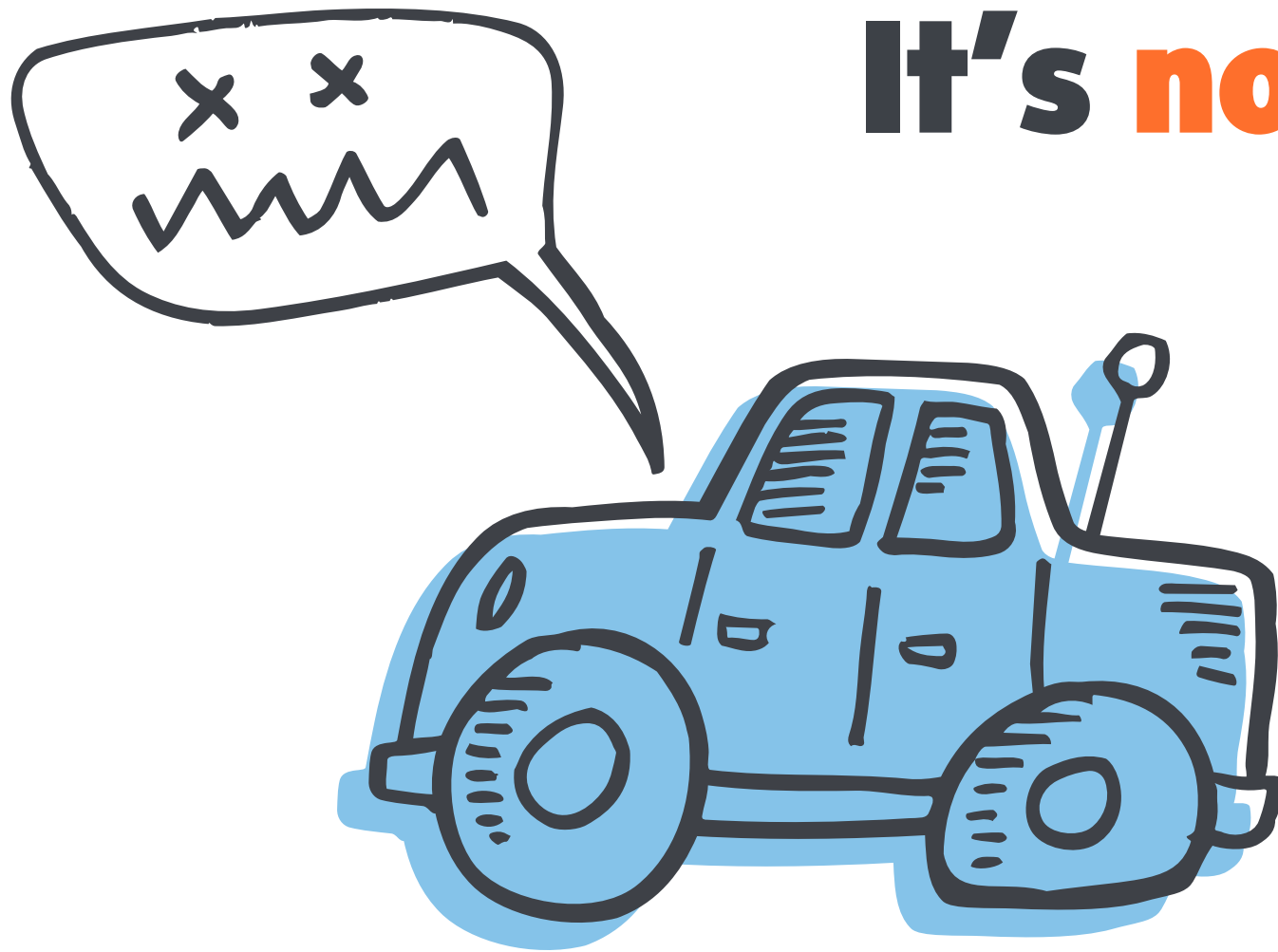


March Paychecks



April Expenses

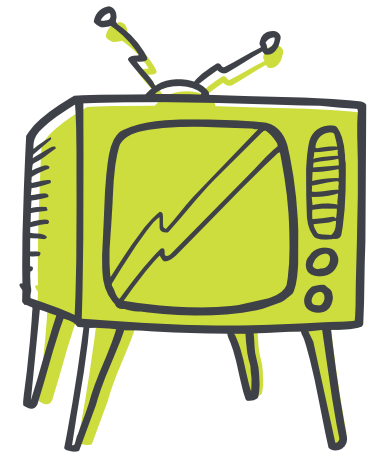
It's **not your rainy day funds.**



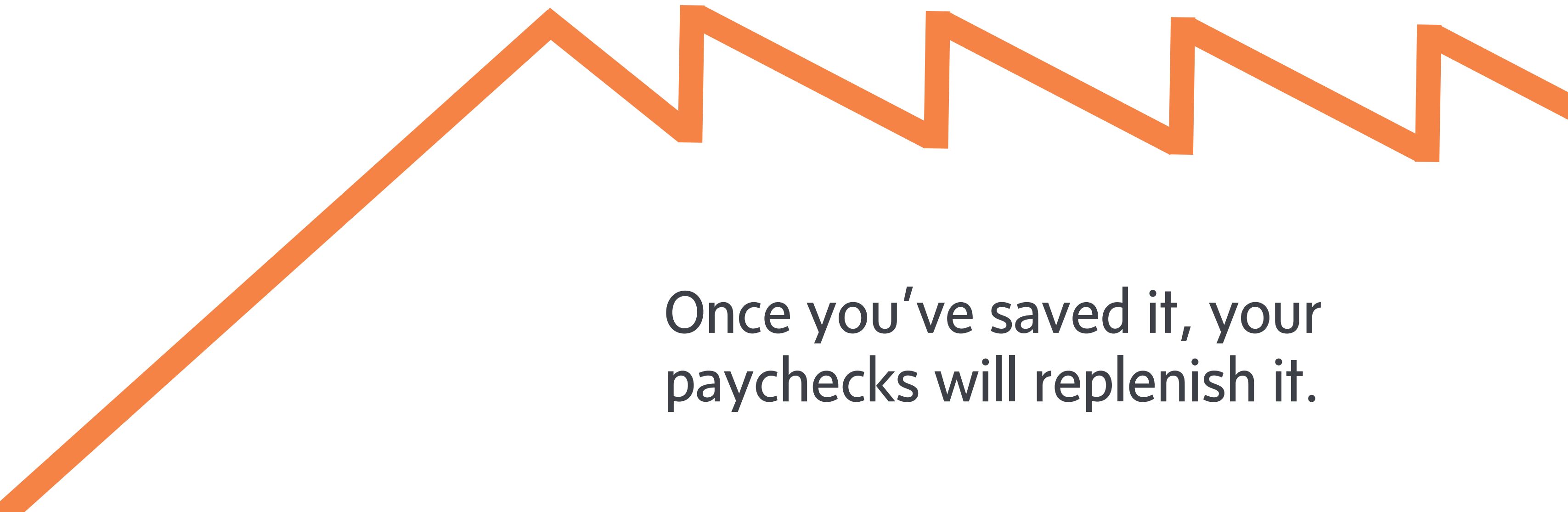
It's **not an
emergency fund.**



Once saved, you'll use the Buffer for your
next monthly budget.

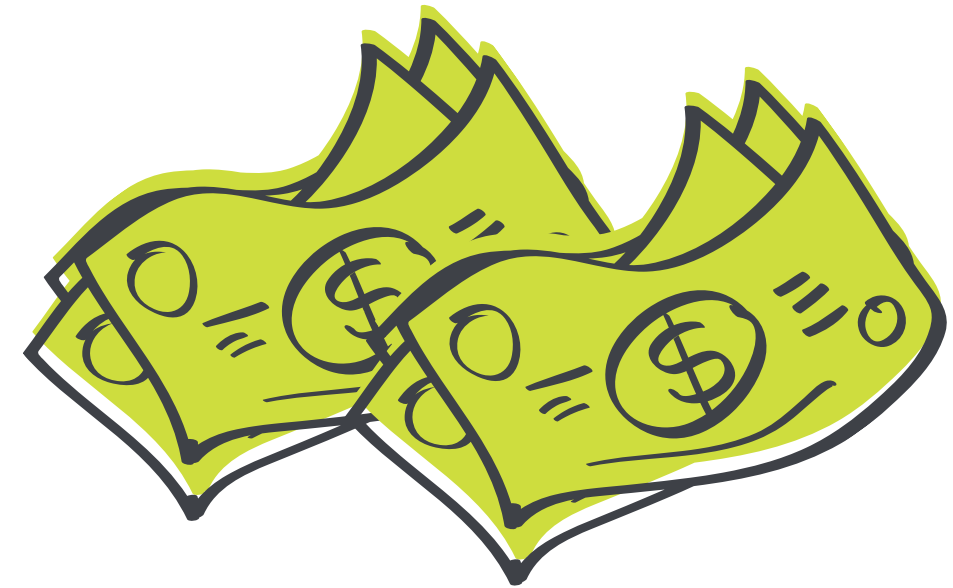


**The initial climb takes
about 4 - 6 months.**



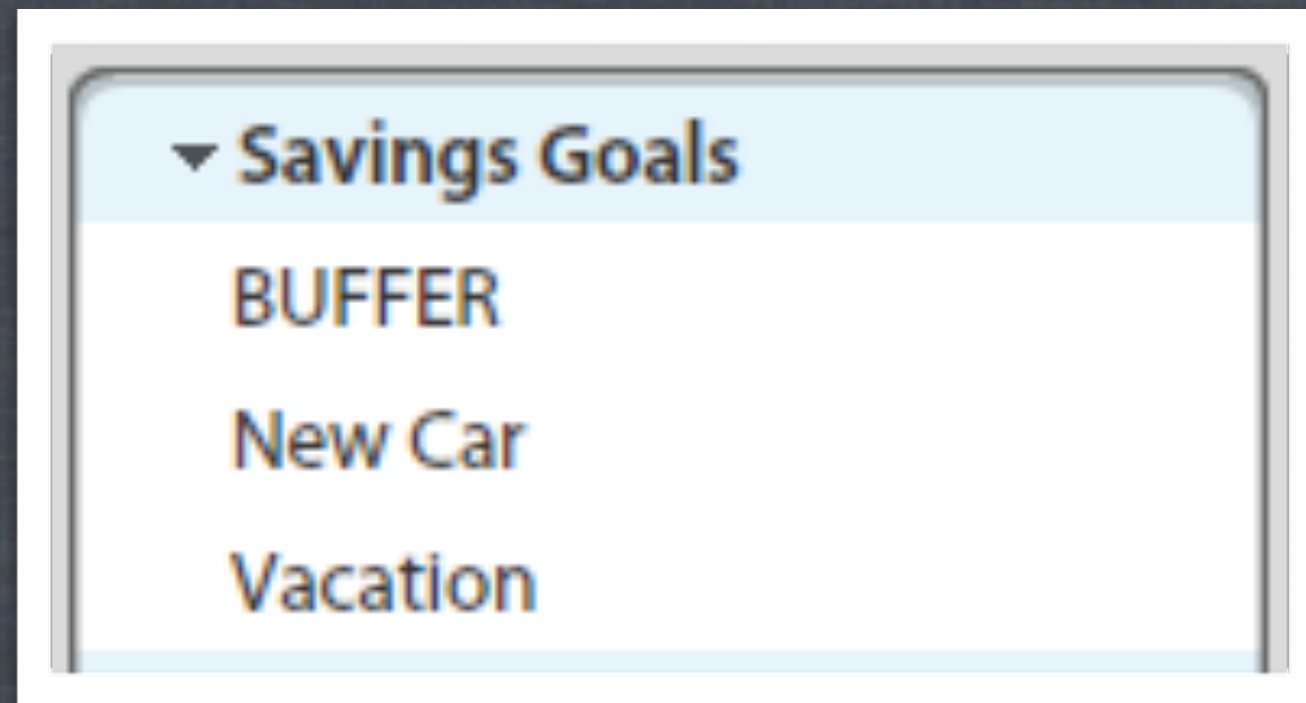
Once you've saved it, your
paychecks will replenish it.

**During the month you're living on your
Buffer, more paychecks will come in.**



They're for next month.

Create a **Buffer category**
in the budget.





*Let's jump over to the software
and take a look!*

Let the other **rules** help you get there.




Common Buffer Questions



**How do I keep myself from
spending the **Buffer**?**



Check the **budget** before spending.



CATEGORY	BUDGETED	OUTFLOW	CATEGORY BALANCE
Clothes	\$300.00	-\$175.00	\$125.00

**Should I build a Buffer or
pay down debt?**



First Approach



Put "X" number of dollars toward your debt.



Put everything else toward the Buffer.

Second Approach



Put "X" number of dollars toward your Buffer.



Put everything else toward the debt.

**Pick a path,
then follow it.**



**How do I figure out how much
my Buffer is?**

It's the amount of money you need
to get through an entire month
without touching your paychecks.

Where do I **physically** keep my Buffer?

Checking Account



Should I use money from **Savings** to fund my Buffer?

You can reassign
dollars as you see fit.



Should I use money from **Savings** to fund my Buffer?

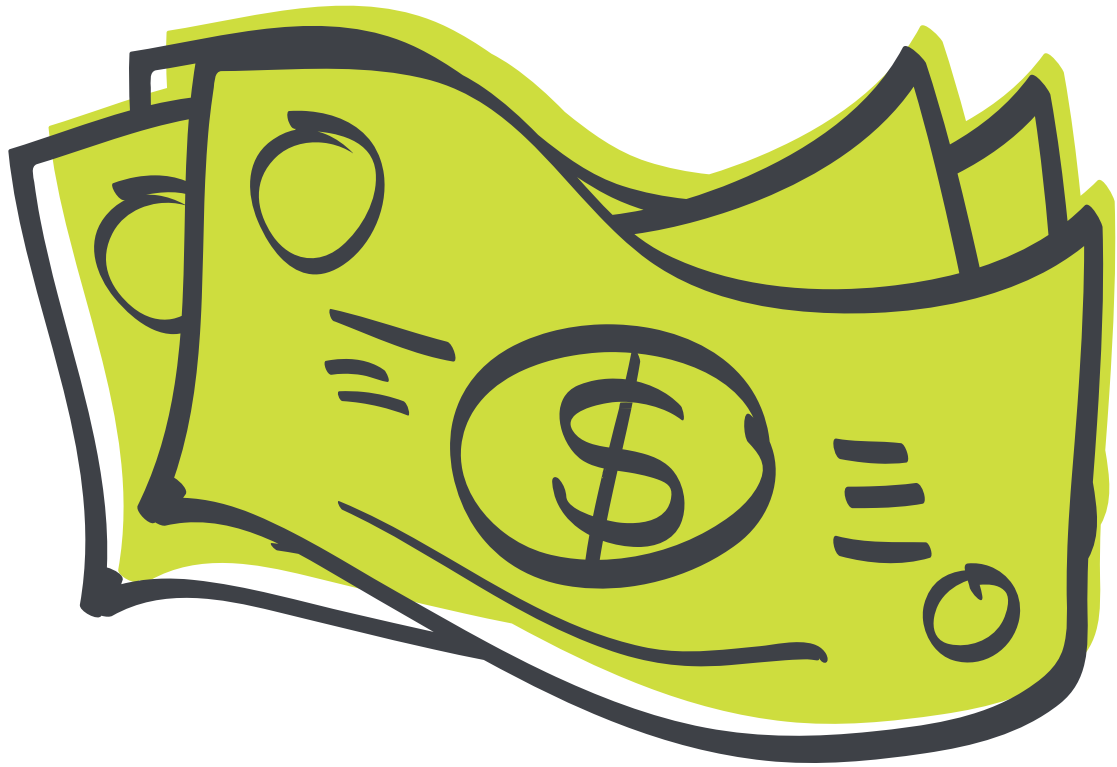
Remember, you still have the money even if you give it a different job!



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Rainy Day Funds and
the Buffer improve
CASH FLOW.



A lot of
Money

Bliss

No
Money

Stress

Financial Edge

A lot of
Money

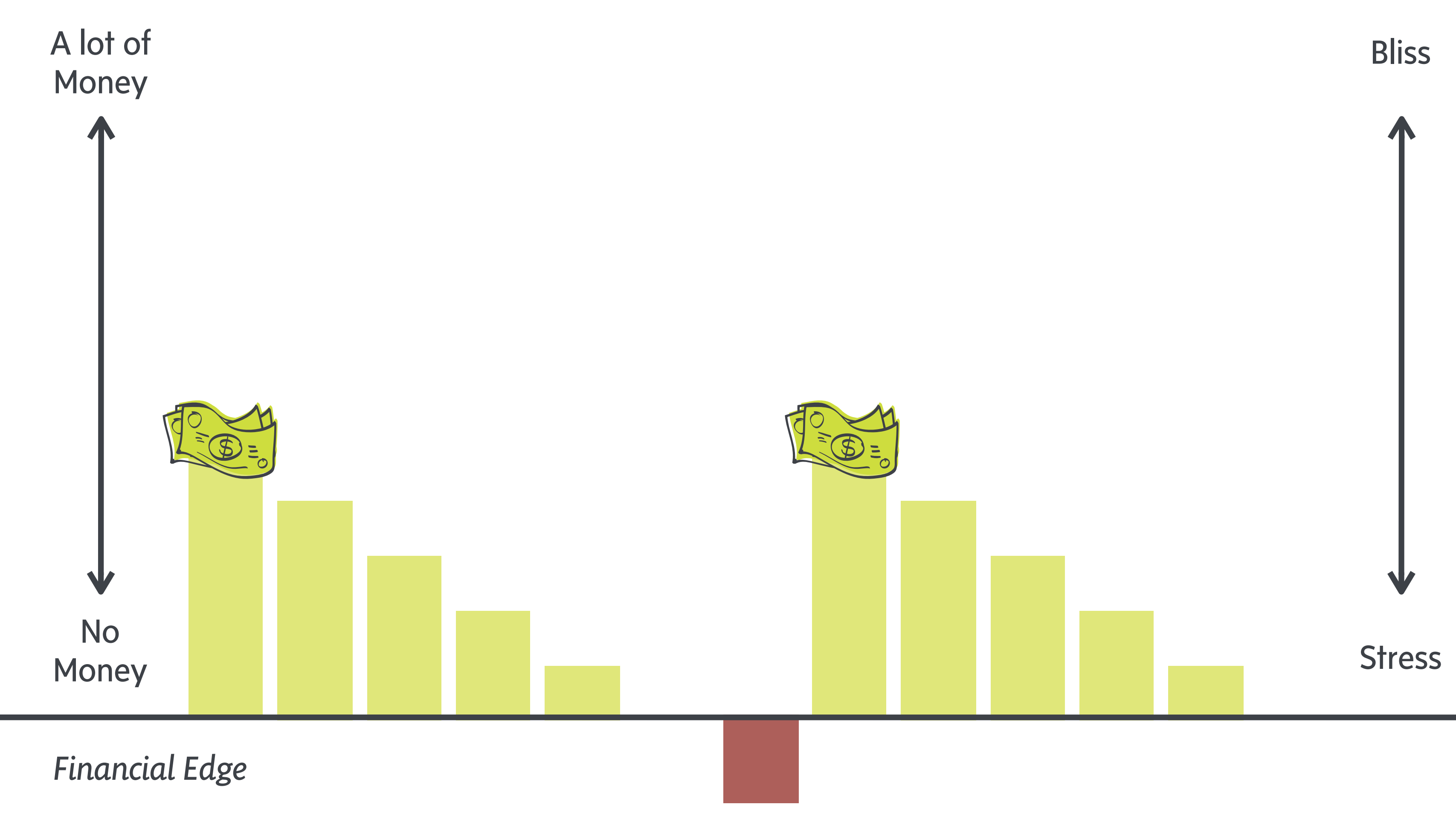
Bliss



No
Money

Stress

Financial Edge



A lot of
Money

Bliss

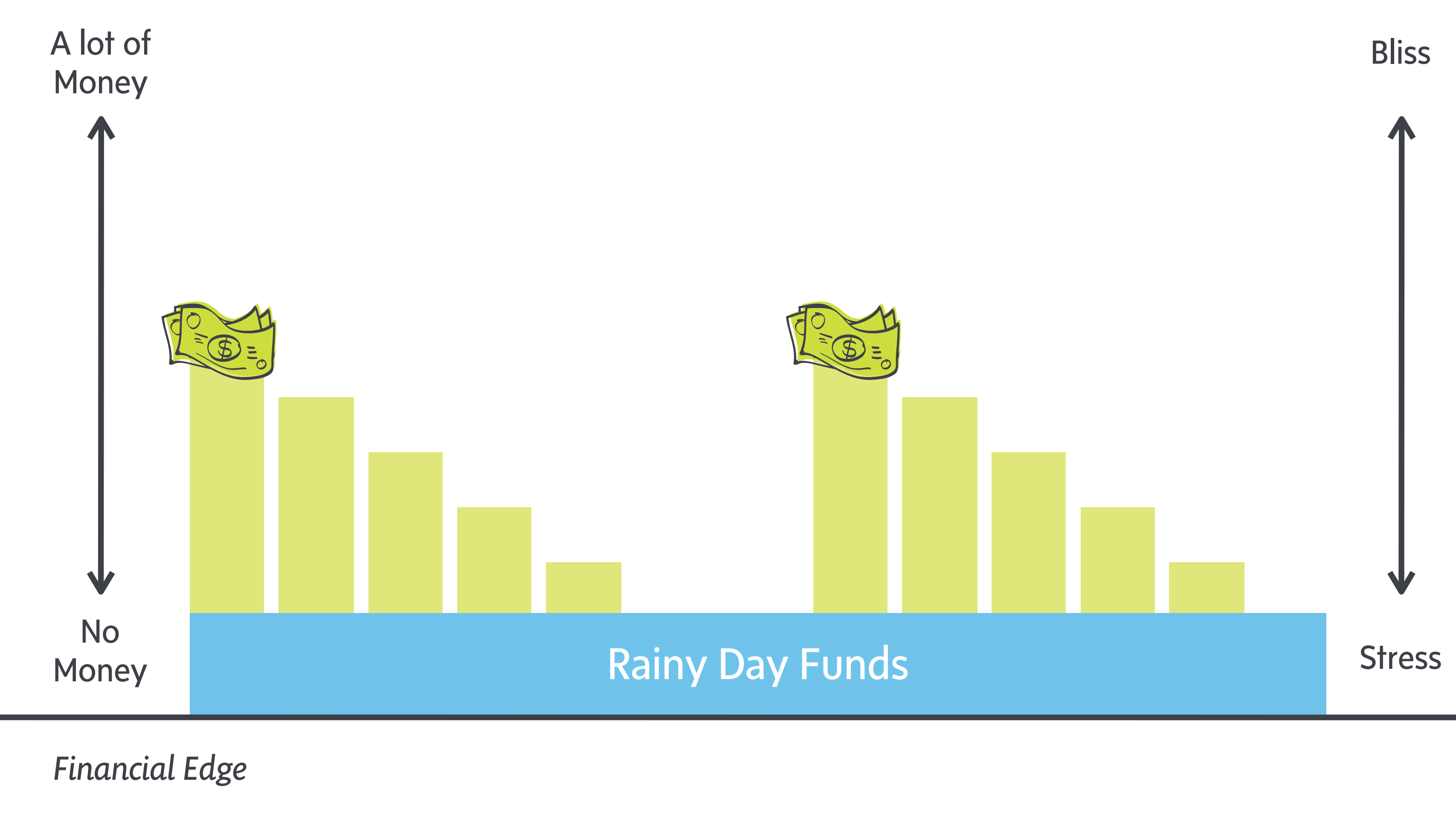


No
Money

Stress

Rainy Day Funds

Financial Edge



A lot of
Money

Bliss



Rainy Day Funds

Buffer

No
Money

Stress

Financial Edge

**You Need
A Budget.**

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Support

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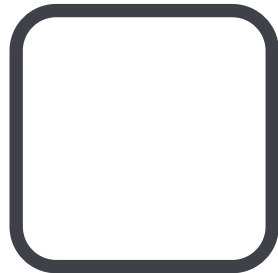
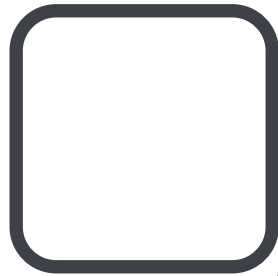
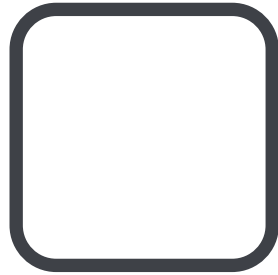
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