

# MONEY 101

Workbook on the basics of personal finances



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# Overview

This booklet is an introduction to the basics of personal finance. If you need more substantial financial advice please see page seven for community resources.

Personal finance is about learning to manage your income, debt and savings through a budget. The tips in this booklet will get you started in understanding how to organize your financial household.



# How to Read Your Paystub

It is important to understand your income and the deductions on your paystub. Below is a example paystub and general definitions of what you might find on your own paystub.

ABC Corporation 1234 Main Street WA, 98663				EARNING STATEMENT			
Employee NO.	Employee Name			Social Security NO.	Period Beg.	Period End	Check Date
EARNINGS	HOURS	RATE	CURRENT AMT.	WITHHOLD- ING/ DEDUCTIONS	CURRENT AMT.	YEAR TO DATE	
SALARY PAY			\$900.00	MEDICARE SSA FED TAX AMT CA STATE TAX SDI INS	\$13.05 \$55.80 \$101.41 \$12.59 \$9.00	\$117.45 \$502.20 \$912.09 \$113.31 \$81.00	
CURRENT AMT.	CURRENT DED.		NET PAY	YTD EARNINGS	YTD DED.	YTD NET PAY	CHECK NO.
\$900.00	\$191.85		\$708.15	\$8,100.00	\$1,726.65	\$6,373.35	20984

Gross Pay →

← Tax Deductions

← Benefits

← Net Pay

**Gross Pay** - Income before taxes are taken out.

Hours x Wage = Gross Pay

**Tax Deductions** - This can include Federal Taxes, FICA (Social Security, Medicare), Labor and Industry (L&I), and State Tax (Washington State does not have state income tax).

**Net Pay** - Income after taxes are taken out.

(Hours x Wage) - Taxes = Net Pay

**Benefits** - Benefits that are taken out can include 401K, Health Insurance, Dental or Vision, Union Dues.

# TIPS TO START BUDGETING



- Before making a budget track your spending for a few months to see how you normally spend your money.
- Set goals that you want for you and your family; get out of debt, save for a car, save for a trip, etc.
- Start with the most important categories first; food, shelter and utilities, basic clothing, transportation, and debt.
- Be consistent and track your expenses monthly.
- Identify where every dollar is going to go.

- Create a buffer in your budget for unforeseen expenses.
- Use a "cash system" if you have trouble staying within your budget.
- Get your whole family involved in budgeting for the month.
- Be patient with yourself. It can takes months to get your budget to work.

Identify what you need and what you do not need. If you have a budget shortfall you might need to temporarily stop certain things.

# Budget Worksheet

## Monthly Budget

Housing	Estimate	Actual
Rent / Mortgage		
Taxes		
Repairs		
Total		

Transportation	Estimate	Actual
Car Payment / Bus Fare		
Insurance		
Repairs		
Total		

Food	Estimate	Actual
Groceries		
Eating Out		
Total		

Savings/Giving	Estimate	Actual
Savings		
Charity		
Total		

Utilities	Estimate	Actual
Electricity		
Water		
Waste		
Gas		
Phone		
Internet		
Cable		
Total		

Other	Estimate	Actual
Medical		
Clothing		
Entertainment		
Debt Payments		
Total		

Monthly Income \_\_\_\_\_

Total Expenses \_\_\_\_\_

Subtract your Total Expenses from your Monthly Income.

If the number is positive, this is the amount you have left to budget. If the number is negative, this is the amount that you are overspending



# Tips on Saving Money

- Start a savings account
- Set savings goal
- Stop eating out and buying coffee/drinks
- Buy used
- Stop subscriptions you don't use (gyms, tv)
- Wait 30 days before purchasing big items.
- Track your spending
- Use coupons at the grocery store
- Start a vegetable garden
- Find free entertainment (hiking, community events)
- Barter or trade work with others
- Sell things you don't need



# Debt

There are some types of debt that can assist your credit score and some that will not only keep it low, but can spiral you into further debt.

## Secured Debt

Unsecured loans are debt based on collateral (assets owned by the debtor). This type of debt requires a credit check and if the debt is not repaid the asset can be seized. A car loan is an example,



## Unsecured Debt

Unsecured loans are debt based on no collateral. This type of debt typically comes with a higher interest rate and if not repaid the debtor can be taken to court. Examples of this type are credit cards, medical bills, and signature loans.



## Good vs Bad Debt

No debt is good and it is best to keep your debt as low as you can.

That being said, some debt can be helpful. Some types of debt can increase your credit score and some loans are structured in a way that allow them in your general budget as long as payments are made on time every month.

Examples are:

- Mortgages
- Car Loans
- Credit cards, only if paid off monthly

One last note, paying bills on time each month can increase your credit score which will impact your ability to get a lower interest rates on loans.

# Community Resources

Our community has a number of organizations that can provide financial advice and services.



Lighthouse Resource Center provides financial education and one-on-one financial counseling for those in Clark County.

<https://lighthouseresourcecenter.org/>



The IDA program at Share will assist someone in saving money for a down payment on a home, higher education, or a small business.

<https://www.sharevancouver.org/programs/share-ida-program/>



Save First offers a series of workshops in a classroom environment to help clients learn basic savings strategies.

<https://savefirstfinancial.org/>



# NOTES