

# FINANCIAL GYM

The logo for Financial Gym, featuring a circular arrangement of the text "WHAT ARE YOU WORKING FOR?" in a light blue font, surrounding the word "FINANCIAL" in a larger, bold, light blue font.

THANK YOU FOR JOINING US!  
WE WILL BEGIN SHORTLY.

# FINANCIAL GYM



## BUDGETING BOOTCAMP

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# What We're Going to Talk About

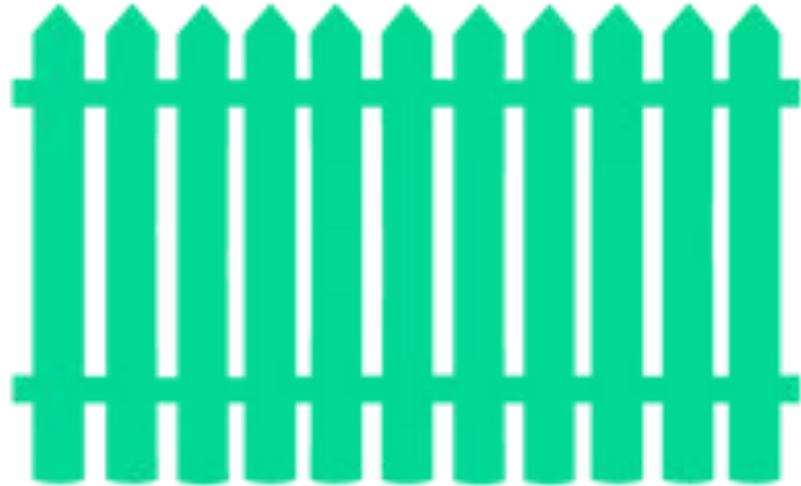


1. Why budgets are cool
2. Fixed vs. Variable Expenses
3. Different flavors for different people
4. Tips & tools so you can budget like a boss

# Why You Should Budget



1. Your budget is your fence
2. Fences keep you safe
3. You can have fun in your fenced yard
4. If you don't like the word "budget," then think of it as a spending plan



# Fixed Expenses vs. Variable Expenses



- Fixed Expenses = Anything with a due date
  - Rent/mortgage
  - Utilities
  - Subscriptions
- Variables = No set due date but still happens monthly
  - Groceries/Dining
  - Retail
  - Personal Care

# The 50/30/20 Budget



- Balanced approach
- Use after-tax salary
- 50% Needs
- 30% Wants
- 20% Wealth



# The 50/30/20 Budget Example



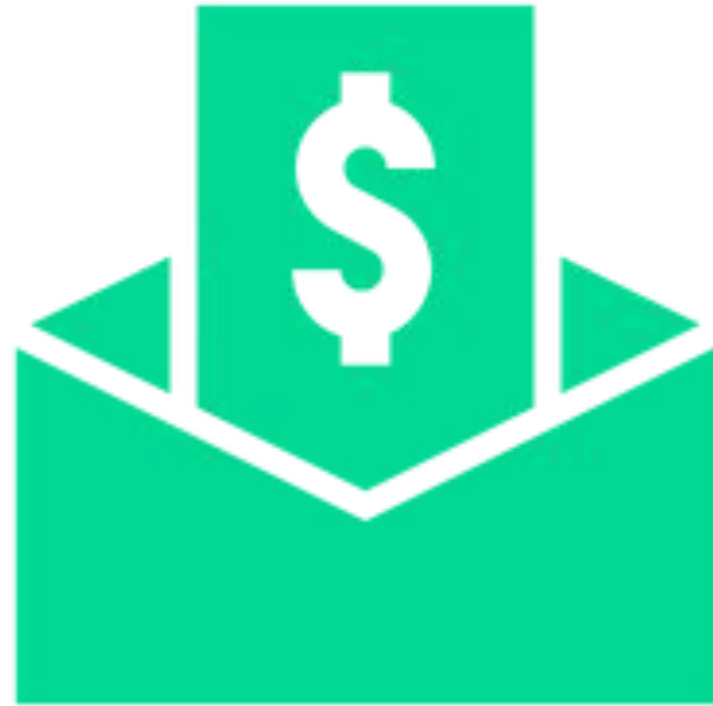
- Net Income = \$5,000
  - 50% Needs = \$2,500
  - 30% Wants = \$1,500
  - 20% Wealth = \$1,000



# The Zero-Sum Budget



- Gives more control over finances
- $\text{Income} - \text{Expenses} = \$0$
- Every dollar has a purpose
- More difficult for people with variable income (freelancers, contractors, entrepreneurs)





# The Zero-Sum Budget Example



- Net Income = \$5,000
  - Savings Goals = \$1,500
  - Fixed Expenses = \$2,500
  - Variable Expenses = \$1,000

# The Cash Budget



- Monitors spending activity
- Monthly income – savings  
– fixed expenses =  
Monthly cash
- Monthly cash / 4 = weekly  
cash

# The Cash Budget - Example



- Net Income = \$5,000
  - Savings Goals = \$1,500
  - Fixed Expenses = \$2,460
  - Variable Expenses = \$1,040
    - $\$1,040 / 4.333 = \$240$

# The Cash Budget



- Limit ATM trips
- No money, no play
- Can still use a credit card



# Goals-Based Budgeting



- Monthly savings target
  - FG clients = 15% gross income
- Plus other savings goals (travel, home, etc)
- You get to spend what's left on variables

# Goals-Based Budgeting Example #1



- **Gross Monthly Income = \$5,000**
- Net Monthly Income = \$4,000
  - 15% Savings = \$750
- Fixed Expenses = \$2,000
- Leftover for Variables = \$1,250
  - Equates to ~\$288/wk



# Goals-Based Budgeting Example #2



- **Independent contractors**
- Gross Monthly Income = Variable
  - ~25% Tax Savings
  - 15% Emergency Savings
  - 40% Fixed Expenses
  - 20% Variables

# FREELANCE & BUSINESS OWNERS

- **Setup separate accounts (business & personal)**
  - Business Checking
    - Credits = Business Revenue, Accounts Receivables
    - Debits = Tax Savings, Business-related/tax-deductible expenses, personal payroll, pre-tax retirement contributions
  - Business Savings
    - Tax Savings
  - Personal Checking
    - Credits = “Payroll” from Business Checking
    - Debits = Personal expenses, personal savings goals



# QUARTERLY TAXES

- **Quarterly Tax Due Dates:**
  - January 15
  - April 15
  - June 15
  - September 15
- **Automate 15%-30% of all revenue/freelance income**
  - Amount depends on how many expenses they can deduct and how much they can really afford
  - Estimate based on what they paid for taxes last year
  - Defer to an accountant or CPA for more specifics



# DEDUCTIONS

- A business expense must be both *ordinary* and *necessary* to be deductible
- Expense categories:
  - Cost of Goods Sold
  - Capital Expenses
  - Personal Expenses
  - Payroll
  - Retirement Plans
  - Insurance
  - Interest



# Goals-Based Budgeting



- Most successful budget for FG clients
- Move money from savings? Pay yourself back
- Grows assets & manages expenses



# Budgeting Tools



- ONLINE
  - Mint
  - Simplifi
  - Personal Capital
  - You Need A Budget
  - Digit Debit card
  - TrueBill
- OTHER
  - Excel spreadsheet
  - Pen & paper
  - Save receipts in an envelope

# Final Thoughts?



- Budgeting is an experiment
- Best budget is one you actually use and is sustainable
- Find a budget that works for YOU!



# QUESTIONS



# Thank you!

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