

Blissfully Beachy Budgets

WITH FINANCIAL SHARKTRESS GALIT

Why do I need a budget?

- It keeps you on track!
 - A budget gives you the opportunity to map out what you want in life and define your goals.
 - It will help you work toward your goals and track your progress.
- It makes sure you don't spend money that you don't have!
- It will show you where your money is going!
- It helps you prepare for emergencies and for retirement.
- It allows you to become intentional with your money so that you spend on things that are important to you and your future.
- It gives every dollar a job so that **YOUR MONEY WORKS FOR YOU!**

Income: Active VS Passive

- **What's the difference between passive income and active income?**
 - Active income is income you EARN through working a job or performing a task.
 - **Active income comes from trading your time for money.**
 - Passive income is income that doesn't come from working a regular or freelance job.
 - **Even though it's "passive" income, you may still need to work hard to set up those income streams.**

Income: Active VS Passive

- **Active Income**
 - **Types of Active Income**
 - Salary/Wages from a job
 - Tips
 - Income from your business
 - **Benefits of Active Income**
 - It is usually more stable, you know how much you are getting and when you will be getting it!
 - **Challenges of Active Income**
 - It might not be enough to cover your expenses or have extra to save and invest!
 - You don't want to work forever and as soon as you stop trading your time for money, the money stops!

Income: Active VS Passive

- **Passive Income**
 - **Types of Passive Income**
 - Interest earned from investments
 - Rental income
 - Online course sales and digital products (something you create once and are able to sell over and over)
 - Royalties from a book you write, movie you make, or game you design
 - **Benefits of Passive Income**
 - You don't have to actively work to make it. You can be making money at any time of the day or night, even while you are sleeping!
 - **Challenges of Passive Income**
 - It needs an initial investment. There is usually a lot of unpaid upfront work needed to create the things that will bring passive income! Sometimes it takes years to build.
 - The earnings aren't always consistent, you don't always know how much you will make and when it will arrive.

50/30/20 Budget Rule for Expenses

- 50% of your money should be spent on your NEEDS.
 - Needs are:
 - Housing.
 - Food.
 - Transportation.
 - Basic utilities.
 - Insurance.
 - Minimum loan payments. Anything beyond the minimum goes into the savings and debt repayment bucket.
 - Child care or other expenses that need to be covered so you can work.

50/30/20 Budget Rule for Expenses

- 30% of your money should be spent on your WANTS.
 - Wants are:
 - Monthly subscriptions.
 - Travel.
 - Entertainment.
 - Meals out.

50/30/20 Budget Rule for Expenses

- 20% of your money should be SAVED or used to pay down DEBT.
 - Savings and Debt include:
 - Starting and growing an emergency fund.
 - Saving for retirement through a 401(k) and perhaps an individual retirement account.
 - Paying off debt, beginning with high-interest accounts like credit cards.

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- **START WITH THE SAND**
 - Sand is your foundation. These are the costs that stay relatively the same month to month. The bare minimum you need to stay afloat!
 - Examples are:
 - Rent
 - Water/Sewer
 - Electricity
 - Gas/Oil
 - Phone & Internet
 - Cable/TV
 - Cell Phone
 - Insurance
- This can line up with the 50% Category of the 50/30/20 rule!

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- MEASURE THE WAVES

- The Waves are your flexible expenses. The ones that vary month to month. This is the area of your finances that you can adjust and control to achieve your goals.
- Examples are:
 - Eating Out
 - Travel
 - Coaching/Education
 - Groceries
 - Subscriptions
 - Toiletries
 - Charity
- This can line up with the 30% Category of the 50/30/20 rule!

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- LEAVE ROOM TO HAVE FUN IN THE SUN
 - Don't forget about YOU. Money for you is important and should not be overlooked. Remember, Money is Power, make sure you are not giving it all away to others. Carve out money for yourself so that you have the things you want for your future.
 - Examples are:
 - Paying Down Debt
 - Saving
 - Emergency Fund
 - Retirement
 - Investment
 - Saving for Specific Goals
 - This can line up with the 20% Category of the 50/30/20 rule!

Sources used in these slides:

- <https://www.egzero.org/finance/personal-finance/budget-calculator>