

Your Money, Your Goals Spotlight Series

Helping Clients Develop and Manage Cash Flow Budgets



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Purpose

- Provide an in-depth look at tracking and managing income and financial resources, bills and other expenses, and making a cash flow budget.
- Give you a greater base of understanding on how to use the information and tools on this topic from ***Your Money, Your Goals***—the CFPB’s financial empowerment toolkit.
- Provide you with an opportunity to consider how to apply this topic to your own situation or within your work with clients.

Opening questions

- What about this topic is important for the clients you serve?

The CFPB's purpose



Consumer Financial
Protection Bureau

- To make consumer financial markets work for **consumers, responsible providers, and the economy as a whole.**

CFPB's work



Empower



Enforce



Educate

Office of Financial Empowerment

- Consumer engagement and education
- Serves populations who lack full, affordable access to financial services
 - Low- to moderate-incomes
 - Low wealth
 - Otherwise financially excluded or vulnerable

Challenges faced by low-income consumers

- Loss of jobs, homes, and wealth
- Access to financial products and services
- Accumulation of debt
- Blemished credit reports and low credit scores
- Challenges with managing cash flow
- Lack of financial capability

Your Money, Your Goals

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Your Money, Your Goals



ARE YOU HAVING THE MONEY CONVERSATION?

Your Money, Your Goals is a toolkit to help front line staff and volunteers as they work with consumers to...

- Make spending decisions that can help them reach their goals
- Order and fix credit reports
- Avoid tricks and traps as they choose financial products
- Make decisions about repaying debts and taking on new debt
- Keep track of their income and bills
- Decide if they need a checking account and understand what they need to open one



TOOLS AND TRAINING TAILORED TO YOUR NEEDS

[Social Services](#) | [Community Volunteers](#) | [Legal Aid](#) | [Workers](#)

Each version of Your Money, Your Goals is designed to address different settings in which people or organizations work with consumers. You'll have the resources you need to help people set goals, choose financial products, and build skills in managing money, credit, and debt. Each version includes:

- **The toolkit:** We offer each toolkit in English and Spanish.
- **The training:** Aids can help your staff or volunteers make more effective use of the toolkit.
- **Follow-up resources:** As you train, learn what's most useful by surveying the trainees both before and after.

CHOOSE YOUR VERSION

Your Money, Your Goals

- Social service organizations
- Community volunteers
- Legal aid organizations
- Workers



Why cash flow budgeting matters

- Cash flow budgets help people understand the timing of their income and other financial resources as well as their spending.
- A cash flow budget can help people anticipate when they will need cash and other financial resources.
- This may help people avoid shortages of cash in some weeks.
- Cash flow budgets can help people avoid being late with their bills.
- Specific strategies to understand and manage cash flow can empower individuals.

Agenda

- Welcome and Overview
- *Your Money, Your Goals* in Action: Lessons from the field
- A Closer Look:
 - The Role of Goals
 - Tracking Sources and Uses of Income and Benefits
 - Creating a Cash Flow Budget
- Questions
- Closing

The Role of Goals

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Setting goals

- Goals are often related to life events and large purchases.

Life Events

Moving in with partner/
getting married

Birth of a child

Retirement

Large Purchases

Buying a car

Paying for training or
college

Buying a home

SMART goals

- **S**pecific
- **M**easurable
- **A**ble to be reached
- **R**elevant
- **T**ime-framed

Goal-setting tool



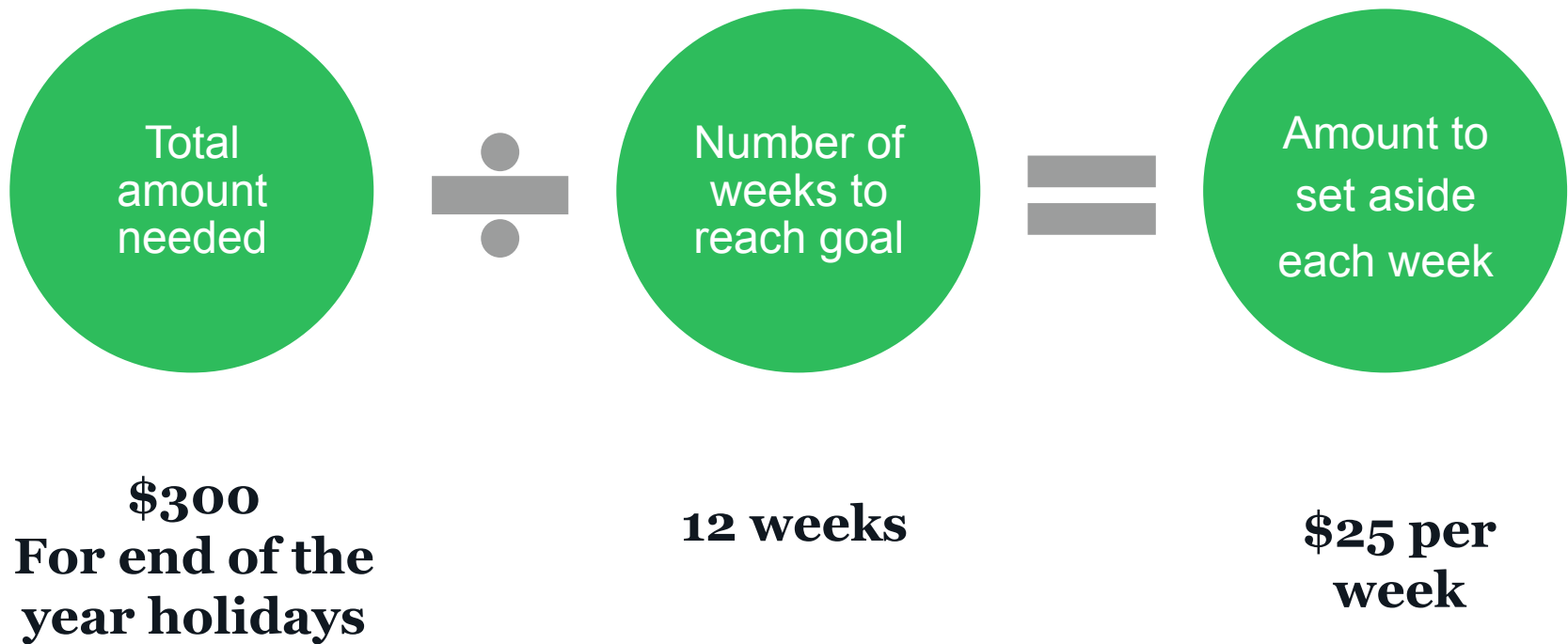
Becomes part of cash flow budget

May become the purpose for the cash flow budget


Calculating weekly savings target



Calculating weekly savings target



Planning for life events and large purchases

 Planning for life events and large purchases worksheet

| | Large purchase or life event | Cost of large purchase or life event | Ways to pay | Ways to cut expenses/ reduce the overall cost |
|--------------------------------------|---|---|--------------------|--|
| Within 1 year | | | | |
| Between 1 and 2 years from now | | | | |
| Between 2 and 5 years from now | | | | |

Tracking Sources and Uses of Income and Benefits

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Tracking sources and uses of income and benefits

- **Keep track of everything you earn and spend money on for a week, two weeks, or one month.**
 - *Income and Resource Tracker* from *Module 3: Tracking and Managing Income and Benefits*


Income and resource tracker

| | Week 1 _/_/_ | Week 2 _/_/_ | Week 3 _/_/_ | Week 4 _/_/_ | Total by source | <i>Regular</i> | <i>Irregular</i> | <i>Seasonal</i> | <i>One-time</i> |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|----------------|------------------|-----------------|-----------------|
| Job | | | | | | | | | |
| Second job | | | | | | | | | |
| Self-employment Income | | | | | | | | | |
| SNAP | | | | | | | | | |
| TANF | | | | | | | | | |
| Social Security/ SSI | | | | | | | | | |
| Disability Insurance (SSDI) and veterans' benefits | | | | | | | | | |

Tracking sources and uses of income and benefits

- **Keep track of everything you earn and spend money on for a week, two weeks, or one month.**
 - *Income and Resource Tracker* from *Module 3: Tracking and Managing Income and Benefits*
 - *Spending Tracker* from *Module 4: Paying Bills and Other Expenses*

Spending tracker

 Analyze Your Spending: Week ____ for the Month of _____

On this worksheet, enter each amount from your receipts into its matching category column. Take care to make sure the entry also matches the correct date. Add each column. Add the total of all of the columns to get total spending for the week. Print and complete multiple copies of this sheet to analyze spending over the period of a month or longer.

| Date of month | Housing and utilities | Groceries | Household supplies and expenses | Transportation | Health insurance premiums, expenses | Childcare & school | Court-ordered oblig. | Debt payments | Tools of the trade /Job related expenses | Savings | Pets | Personal care | Entertainment | Eating out | Gifts, donations, other | Total |
|---------------|-----------------------|-----------|---------------------------------|----------------|-------------------------------------|--------------------|----------------------|---------------|--|---------|------|---------------|---------------|------------|-------------------------|-------|
| — | | | | | | | | | | | | | | | | |
| — | | | | | | | | | | | | | | | | |
| — | | | | | | | | | | | | | | | | |
| — | | | | | | | | | | | | | | | | |
| — | | | | | | | | | | | | | | | | |
| — | | | | | | | | | | | | | | | | |
| — | | | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | | | |



Tracking sources and uses of income and benefits

- **Keep track of everything you earn and spend money on for a week, two weeks, or one month.**
 - *Income and Resource Tracker* from *Module 3: Tracking and Managing Income and Benefits*
 - *Spending Tracker* from *Module 4: Paying Bills and Other Expenses*
- **Analyze your spending.**

Analyze spending

- **Spending that cannot be cut**
- **Spending that can be eliminated**
- **Spending that can be reduced**

| Spending that <u>cannot be cut</u> | Reason |
|------------------------------------|--------|
| | |

Are there items that can be completely eliminated? If yes, the money you spend on these items can be used on other things like saving for emergencies or goals or paying down debt.

| Spending that <u>can be eliminated</u> | Steps to eliminate |
|--|--------------------|
| | |

Are there items that can be realistically reduced? If yes, list them below. Set new spending targets for these items and include them in your cash flow.

| Spending that <u>can be reduced</u> | Strategies for reducing |
|-------------------------------------|-------------------------|
| | |

Creating a Cash Flow Budget

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What is a cash flow budget?

- A cash flow budget projects:
 - How much income you will receive
 - How much you will receive in benefits
 - When you will receive income and benefits



What is a cash flow budget?

- A cash flow budget projects:
 - How you will use your money
 - When you will use your money



Benefits of a cash flow budget

- A cash flow budget can help you:
 - **Identify** where you're falling short within the month.
 - **Ensure** you have the financial resources on hand to cover the most important expenses.
 - **Target** areas where you can cut back or postpone expenses.



Cash flow budget and irregular income and spending

- A cash flow budget is even more important if you have **irregular, seasonal, or one-time** income or spending.
 - What are examples irregular **income?** **Spending?**
 - Seasonal **income?** **Spending?**
 - One-time (annual) **income?** **Spending**



Sources of income

Cash flow budget and irregular income

| <u>Sources of Income</u> | Response |
|--|---|
| Do you get per capita or other tribal payments? | YES / NO (Circle one) If yes, how much can you anticipate? When do you receive it? |
| Do you generally receive the Earned Income Tax Credit or other tax credits? | YES / NO (Circle one) If yes, how much can you anticipate? When do you generally file your taxes and receive your refund? |
| Do you get any tribal or public benefits that are received one-time or a few times per year? | YES / NO (Circle one) If yes, how much can you anticipate? When do you receive it? |
| Do you earn income from seasonal work? | YES / NO (Circle one) If yes, how much can you anticipate? When do you receive it? |
| Do you earn income sporadically by working on contract or through some other kind of work? | YES / NO (Circle one) If yes, how much can you anticipate? When do you receive it? |
| Are there any other sources of income or benefits that you receive one-time or a few times per year? | YES / NO (Circle one) If yes, what are the sources and how much can you anticipate from each source? When do you receive that income? |

Cash flow budget and irregular spending

| <u>Uses of Income</u> | Response |
|---|---|
| Do you generally celebrate or observe any religious or cultural holidays? | YES / NO (Circle one) If yes, how much do they generally cost? When will you use this money? |
| Do you owe and make quarterly self-employment or other income tax payments? | YES / NO (Circle one) If yes, how much do you generally owe? These payments are due in January, April, June, and September. |
| Do you pay for insurance on a quarterly, semi-annual, or annual basis? | YES / NO (Circle one) If yes, how much do you generally owe for each type of insurance? When will you pay this money? |
| Do you pay property, vehicle, or other taxes on a quarterly, semi-annual, or annual basis? | YES / NO (Circle one) If yes, how much do you generally owe? When will you pay this money? |
| Do you travel to see family (besides reunions, <u>pow</u> wows, or gathering) or go on vacations? | YES / NO (Circle one) If yes, how much do they generally cost? Approximately when will you travel? |
| Do you have children attending school? | YES / NO (Circle one) If yes, do your expenses relate to school? Going back-to-school after summer break? If yes, how much do you typically spend? |
| Other: | |
| Other: | |

Planning for irregular income and spending

| January | February | March |
|------------------------------|------------------------------|------------------------------|
| Estimated sources of income: | Estimated sources of income: | Estimated sources of income: |
| Estimated uses of income: | Estimated uses of income: | Estimated uses of income: |

| April | May | June |
|------------------------------|------------------------------|------------------------------|
| Estimated sources of income: | Estimated sources of income: | Estimated sources of income: |
| Estimated uses of income: | Estimated uses of income: | Estimated uses of income: |

| July | August | September |
|------------------------------|------------------------------|------------------------------|
| Estimated sources of income: | Estimated sources of income: | Estimated sources of income: |
| Estimated uses of income: | Estimated uses of income: | Estimated uses of income: |

| October | November | December |
|------------------------------|------------------------------|------------------------------|
| Estimated sources of income: | Estimated sources of income: | Estimated sources of income: |
| Estimated uses of income: | Estimated uses of income: | Estimated uses of income: |

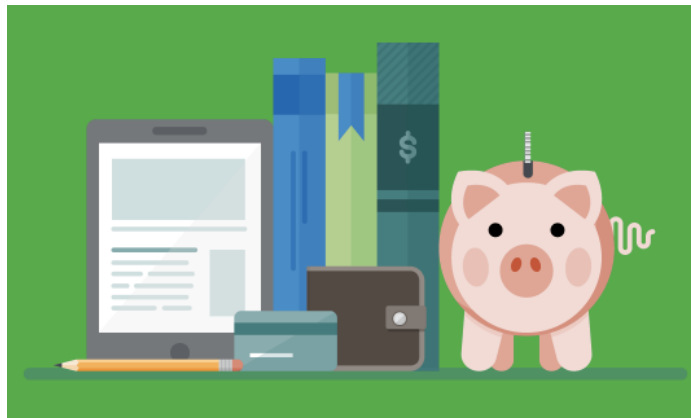
Developing a cash flow budget

1. Use information from:
 - Income and resource tracker
 - Spending tracker
 - Spending analysis
 - Planning for irregular income and spending to understand your current spending.



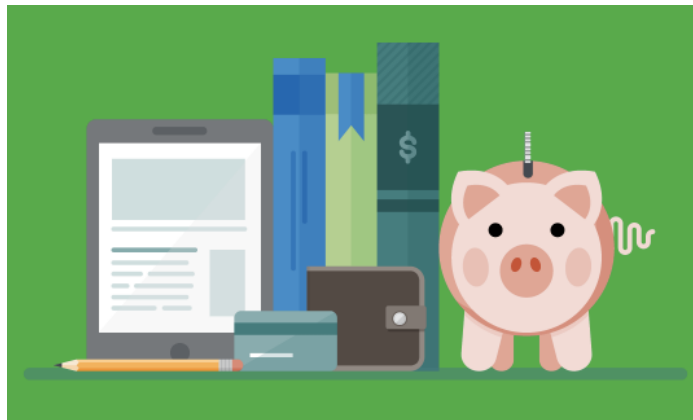
Developing a cash flow budget

2. Review your goals.
3. Review planning for life events and large purchases worksheet if completed.
4. Choose format for cash flow.
5. Write the following in the approximate week you expect each item to happen:
 - Projected income, benefits, and others resources, and
 - Spending that cannot be cut.



Developing a cash flow budget

6. Set targets for spending to help create savings for goals, life events, and large purchases.
 - Spending that can be **eliminated**
 - Spending that can be **reduced**
7. Fill in savings for goals, life expenses, and large purchases.



Cash flow budget

| | Week 1 | Week 2 |
|--|------------|----------|
| Beginning balance for the week | \$37.00 | \$122.37 |
| Sources of cash and other financial resources | | |
| Income from job | \$305.34 | \$290.80 |
| SNAP | \$280.00 | |
| Public housing voucher | \$650.00 | |
| Total sources of cash and other financial resources | \$1,272.34 | \$413.17 |
| Uses of cash and other financial resources | | |
| Savings | \$20.00 | \$20.00 |
| Housing | \$650.00 | |
| Utilities | \$59.97 | \$95.50 |
| Groceries | \$180.00 | \$80.00 |
| Eating out (meals and beverages) | | |
| Transportation | \$240.00 | \$60.00 |
| Total uses of cash and other financial resources | \$1,149.97 | \$255.50 |
| Ending balance for the week | \$122.37 | \$157.67 |

**Ending balance
from previous
week**

**To get a
starting
balance, total
your cash,
debit card,
and account
balances.**

Cash flow budget

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|--|------------|----------|
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**Total sources
minus total
uses**

**This becomes
your
beginning
balance for
next week.**

Cash flow calendar

| Sun. __ | Mon. __ | Tues. __ | Wed. __ | Thurs. __ | Fri. __ | Sat. __ | End of Week |
|---|------------------------------------|----------|---------|-----------|---------|-------------------------|--|
| What came in (Income/Benefits/Resources) | | | | | | | Beginning bal.: \$130 + Total sources including SNAP: \$585 – Total uses \$450 = Ending bal.: \$265 (including \$100 in SNAP) |
| | SNAP, \$280 | | | | | Pay, \$305 | |
| What went out (Bills/Spending) | | | | | | | |
| | Food, \$180 Phone bill, \$60 | | | Gas, \$30 | | Car Pay- ment, \$180 | |



Improving cash flow



Increase sources of cash, income, or other financial resources, including accessing public benefits and applying for tax credits for which you qualify.



Decrease your spending or uses of cash and other financial resources.



Match timing of sources and uses of income where possible.



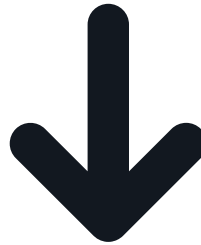
Improving cash flow checklist— increasing income

- ✓ Take another part-time job if schedule allows.
- ✓ Work odd jobs.
- ✓ Apply for public benefits and community resources.
- ✓ Apply for tax credits for which you qualify.



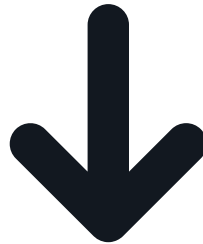
Improving cash flow checklist— cutting spending

- ✓ Review and comparison shop for television, Internet, phone, and cell phone plans.
- ✓ Review insurance; check to make sure you have the right deductibles for auto and home insurance.
- ✓ Find ways to save energy and money.
- ✓ Eliminate unused services.



Improving cash flow checklist— cutting spending

- ✓ Pay bills and renew license and registration on time to avoid late fees.
- ✓ Return library materials, rented DVDs, etc. on time.
- ✓ Access community resources for some living expenses.



Improving cash flow checklist— smoothing

- ✓ Negotiate new due dates for bills.
- ✓ Negotiate splitting a monthly payment into two smaller payments.
- ✓ Avoid large, lump sum or periodic payments by making monthly payments.
- ✓ Set up a savings account and automatically deposit the monthly amount of large, lump sum payments.
- ✓ Explore level payment plans for utilities.



Improving cash flow checklist— smoothing

- ✓ Check to see if you qualify for an energy assistance program.
- ✓ Explore debt consolidation.
- ✓ Refinance your car or home for lower interest rates.
- ✓ Check to make sure you're withholding enough tax with your employer.
- ✓ Check to see if you have student loan repayment options.



When cash is short

- Even when you have done everything you can to increase sources of income or cut spending, you may still find yourself to be cash short.
- When you truly don't have enough money to cover your obligations and living expenses—this means you have cut out everything that isn't a “need”—**you may have to make a short-term plan to get through the month.**

When cash is short—Prioritizing bills and planning spending

| Protect your income | Protect your shelter | Pay your obligations | Protect your assets and health |
|--|---|---|--|
| <p>If you need a car to get to and from work, stay current on your car payment and insurance.</p> <p><i>Maintain other expenses needed to keep your job, such as the tools you need or to pay for required licenses.</i></p> | <p>Whether you rent or have a mortgage, the costs of losing your home are big. <i>Remember to include the taxes, condo fees, and mobile home lot payments you need to stay housed.</i></p> <p><i>If possible, maintain your utilities. They are difficult to live without, and reconnection is expensive.</i></p> | <p>Examples include:</p> <ul style="list-style-type: none"> ▪ Child support ▪ Income taxes ▪ Student loans | <p>Don't let essential insurance coverage lapse; this includes auto, renters / homeowner's, and health insurance premiums. Include the cost of your co-pays and needed prescriptions.</p> <p><i>Not having insurance may mean you cannot drive your car and puts your assets, including your health/your family's health, at risk.</i></p> |
| <p>Your expenses:</p> | <p>Your expenses:</p> | <p>Your expenses:</p> | <p>Your expenses:</p> |



Questions?

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Final discussion questions

- How will you use this information in your work with clients?
- What additional information do you want related to cash flow budgeting?

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Financial empowerment



We work to empower low-income and economically vulnerable consumers to make informed financial decisions by providing them with tools and information and by promoting a more inclusive and fair financial marketplace.

We work closely with social service providers, financial educators, and community-based organizations, to reach low- to moderate-income consumers where they are and get them information when they need it most.

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The Consumer Financial Protection Bureau is providing *Your Money, Your Goals* toolkits, training, and technical assistance to [20 entities](#) across the country that are committed to helping financially empower the populations they serve. We are working with entities that serve low-income and other vulnerable populations. These include public and private social service, faith-based, legal aid, volunteer, and worker-focused organizations. [Read the announcement](#) to learn more.

HELPING YOU HELP OTHERS

Financial empowerment tools and resources

Community training resources

Empowering youth

Tax-time savings



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