

KW FreeSkool  
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“Organizing is about identifying what’s important to you and making it more accessible.”

- Julie Morgenstern

# GET ORGANIZED

Week 5: Basic Budgeting

# So far...

- **Analyze**
  - ▣ What isn't working & why?
  - ▣ Common causes of clutter
  
- **Strategize**
  - ▣ Kindergarten model of organizing
  - ▣ Define “zones”/categories, map out your space/schedule
  
- **Attack**
  - ▣ **S**ort: identify what you have and place it into categories
  - ▣ **P**urge: make a decision about everything you've sorted
  - ▣ **A**ssign a home: decide exactly where to keep everything
  - ▣ **C**ontainize: put in containers to improve retrieval & return
  - ▣ **E**qualize: adjust as needed; routine maintenance

# Workshop structure

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- Mapping the organizing process onto budgeting
- Tips:
  - ▣ Tracking your spending
  - ▣ Creating a budget
  - ▣ Following a budget
  - ▣ Saving, cost-cutting, and setting goals
- Analyze: Set goals & priorities
- Strategize: Plan for a budget
- Attack: Create a budget & maintenance plan

# Analyze

1. What's working? (or partly working)
2. What's not working?
3. What 'items' are most essential / important to you?
4. Why do you want to get organized?
5. What's causing the problems?  
What hasn't worked in the past?

# Strategize

- A. “Define zones” = identify categories of expenses
- B. “Map out the space” = create budgets for those categories
  - Plan around your natural **habits**.

# Attack

1. **Sort** – track/assess expenses and income
2. **Purge** – cut back on spending
3. **Assign a home** – assign each expenditure to a category
4. **Containerize** – set an appropriate budget for each category
5. **Equalize** – maintain your budget

# Tracking your spending

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Tools for recording your expenses:

- Online banking
- Bank/credit card statements
- Budgeting software
- Notebook / smartphone app
- Receipts
  - ▣ Get receipts for all purchases to record/verify later.
  - ▣ Sort receipts regularly and record expenses, then discard 'non-returnables'.

# Budgeting: what is a budget?

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- A plan
  - ▣ Provides a map to achieving your goals
- A guide
  - ▣ Provides rules to guide your spending
- An overview
  - ▣ Provides an overall look at spending habits
- A reflection
  - ▣ Provides a picture of your priorities

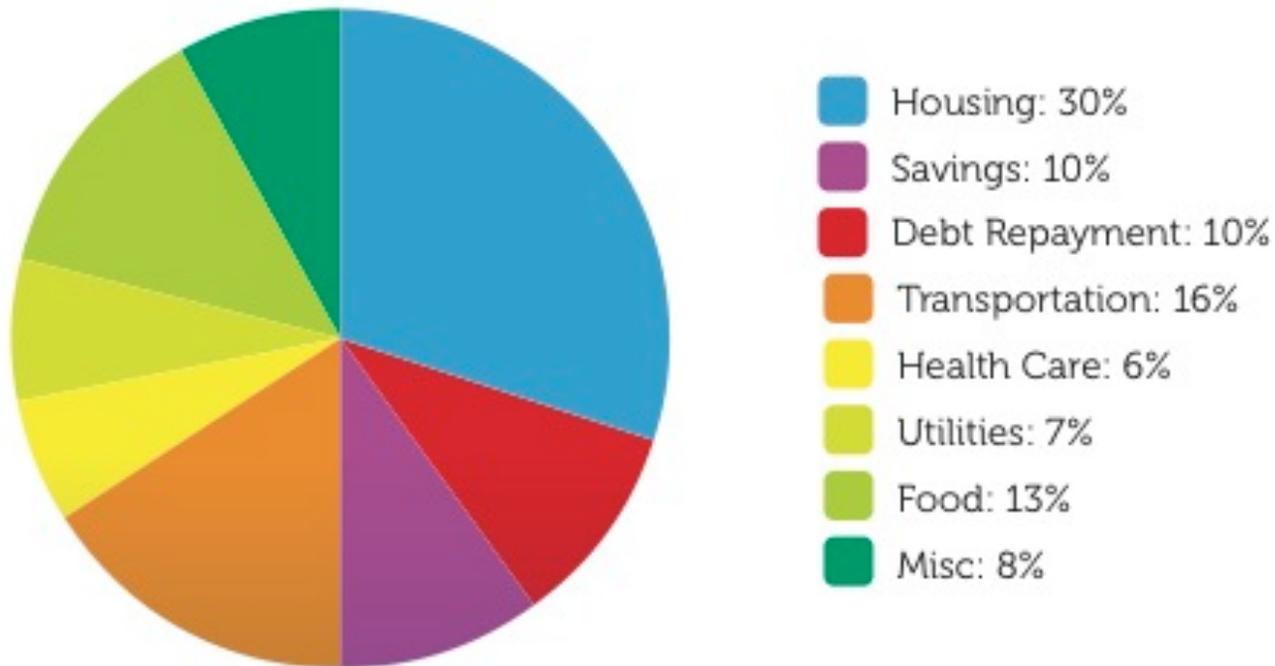
# Budgeting: the process

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1. Determine monthly **net income**
2. Identify **fixed living expenses**
3. Subtract fixed expenses from net income
4. Quantify your **goals** (e.g. saving, debt repayment)
5. Identify **variable living expenses & discretionary** (fun, “not necessary”) **spending**
6. Add it up and adjust as necessary

# A “healthy” budget

Breakdown of a healthy budget.



from [learnvest.com](https://www.learnvest.com)

# Sticking to your budget

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- **Conscious spending**
  - Think before you buy
  - Plan your purchases
  - Carry a reminder of your goals or budget
  - Measure everything against your goals
- **A good tracking mechanism**
  - Track every single dollar
  - Have one place to keep receipts
  - Use a notebook or smartphone app for cash purchases
  - Review purchases regularly

# Sticking to your budget

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- Cash vs debit/credit
  - A “cash diet” can help enforce limits
    - Per week and/or for difficult categories
  - Debit & credit can enable easier tracking
- Break variable expenses down by week
- Set up automatic bill payments & savings transfers
- Try not to put anything on your credit card if you can't pay it off immediately
- Cut costs wherever possible/reasonable

# Saving

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- What you should be saving for:
  - ▣ Emergency fund (6+ months of expenses)
  - ▣ Retirement (the earlier you start, the less it costs)
  - ▣ Specific goals (purchases, vacations, etc)
- Pay yourself first
  - ▣ Set up automatic payments for savings and debt repayment immediately after pay day

# Setting goals & cost-cutting

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- Knowing your spending habits enables you to change them
- Set short-term and long-term goals
  - ▣ Short-term is how you get to the long-term
- Think small as well as big
  - ▣ Cutting back in small ways adds up
- Be optimistic, but realistic
- Don't get discouraged; adjust

# Analyze

1. What's working? (or partly working)
2. What's not working?
3. What 'items' are most essential / important to you?
4. Why do you want to get organized?
5. What's causing the problems?  
What hasn't worked in the past?

# Strategize

- A. “Define zones”  
= identify categories of expenses
- B. “Map out the space” = set budgets
- C. Plan your budgeting & tracking system

1. Determine monthly **net income**
2. Identify **fixed living expenses**
3. Subtract fixed expenses from net income
4. Quantify your **goals** (e.g. saving, debt repayment)
5. Identify **variable living expenses & discretionary spending** (fun, “not necessary”)
6. Add it up and adjust as necessary

# Next steps at home:

1. **Sort** – track/assess expenses and income
2. **Purge** – cut back on spending
3. **Assign a home** – assign each expenditure to a category
4. **Containerize** – set your budget for each category
5. **Equalize** – maintain your budget

# Free organizing help!

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2 or more workshops = 2 hours of help

## Details/Restrictions:

- Less than half an hour from my home on the GRT bus system.
- The hours can be consultation or hands-on, spent on either time, money, or stuff/space.
- Roommates can combine hours.

## In return:

- Feedback, before/after shots, testimonial, permission to talk about the experience or use examples in my work.

# Resources

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## Basic Resources:

[www.mint.com](http://www.mint.com) | [www.learnvest.com](http://www.learnvest.com)

Learnvest [Financial Basics Bootcamp](#) | Learnvest's [Budget For Your Life guide](#) (pdf)

## Additional Resources:

[The "Finances" category](#) @ unclutterer.com

[The Tyranny of Stuff](#) and [The Rewards of Frugality & Thrift](#) @ getrichslowly.com

[Using technology to simplify your finances](#) & [Getting your finances in order](#) @ OnlineOrganizing.com

[Organize your personal finances](#) @ Learnvest.com

[How to save money](#) & [Managing your bills & spending](#) @ RealSimple.com

[How to save money for anything](#) & [5 ways to make budgeting \(and willpower\) fun!](#) @ SavvySugar.com