

You need a budget

Presented By:

Emily Mullane and Jim Curran

Hello!



Emily Mullane
Wealth Management Consultant



Jim Curran
Director- Financial Know-How

You Need a Budget

Mindset & Habit Building

Opening Thought

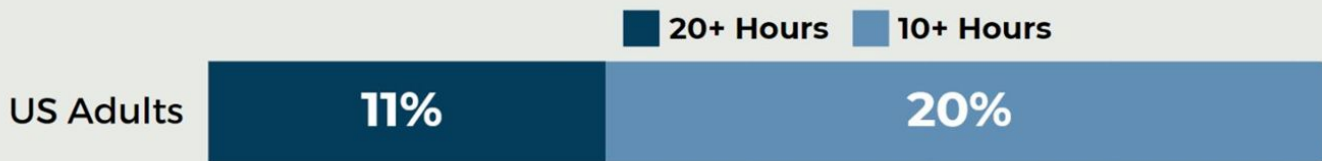
"Keeping the habit alive is a powerful act. It's easier to stay in shape than it is to get in shape. It's easier to keep a house clean than it is to clean it."

"Many days may feel like you're treading water, but maintaining your progress saves your future self a lot of work."

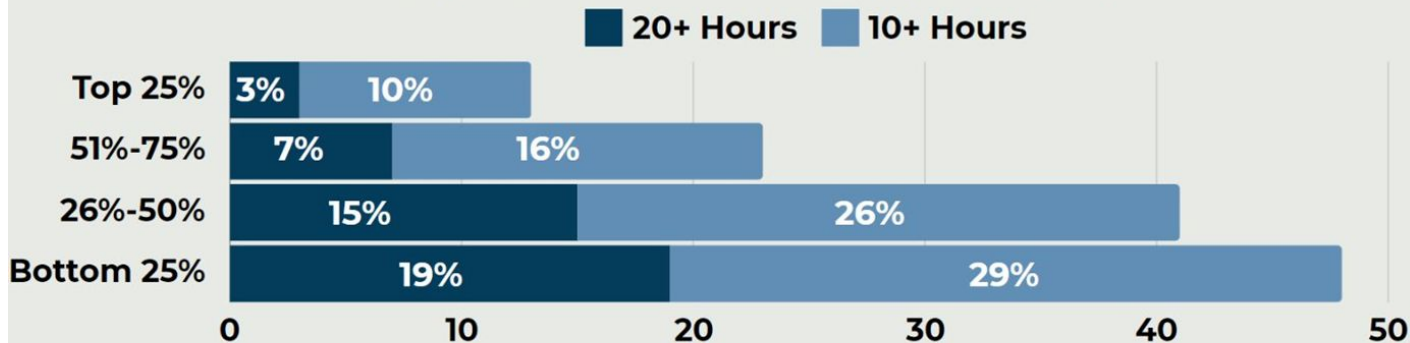
- James Clear

WHY ARE WE HERE?

How Many Hours Per Week Do You Spend Thinking About Your Personal Finances?

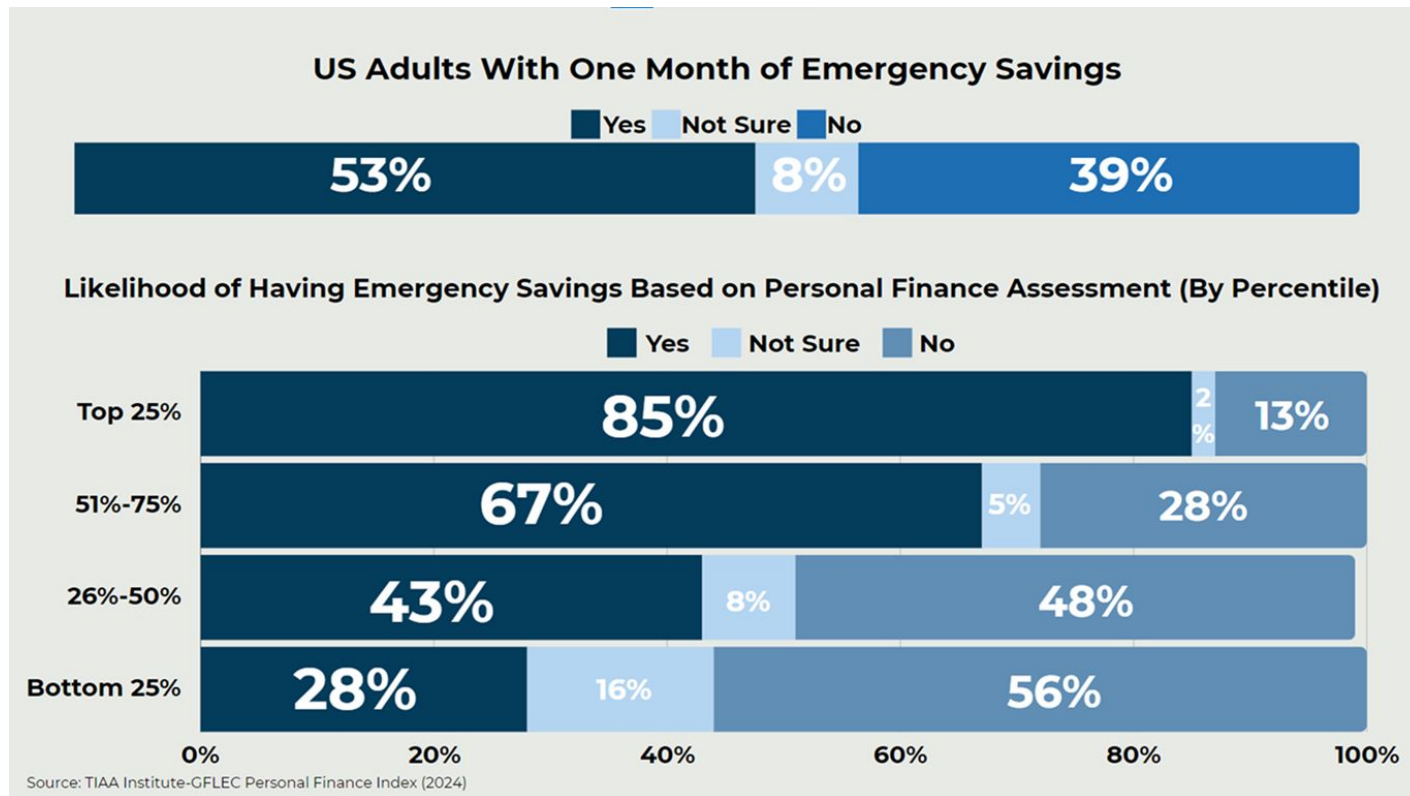


Correlation Between Financial Literacy Test Performance and Hours Spent Thinking About Personal Finances (By Percentile)



Source: TIAA Institute-GFLEC Personal Finance Index (2024)

WHY ARE WE HERE?



MINDSET

How to fight procrastination

- **Why Do We Procrastinate?**: Procrastination is not about time management; it's about mood management.
- **Set The Stage And Break It Down**: When the task is vague and overwhelming, that dark, brooding shadow in the corner of your brain starts whispering, *You know what would be fun? Literally anything else.*”
- **Have A Chat With Future You**: Have conversation with Future You. Realize you're the same person. And stop treating yourself so badly.
- **Find Meaning**: Ask yourself why what you're doing is important. Sound too hard? Okay, bribe yourself by tethering something fun to the awful task.

Eric Barker

MINDSET

Why new habits fail

Changing everything at once

Pick one thing, do it well.
Pick a keystone habit

Starting with a habit that is too big

Make it so easy you can't say no

Seeking the result, not the ritual

Focus on behavior not the outcome

Not changing your environment

Build an environment that promotes good habits

Assuming small changes don't add up

Get one percent better every day

James Clear

You Need a Budget

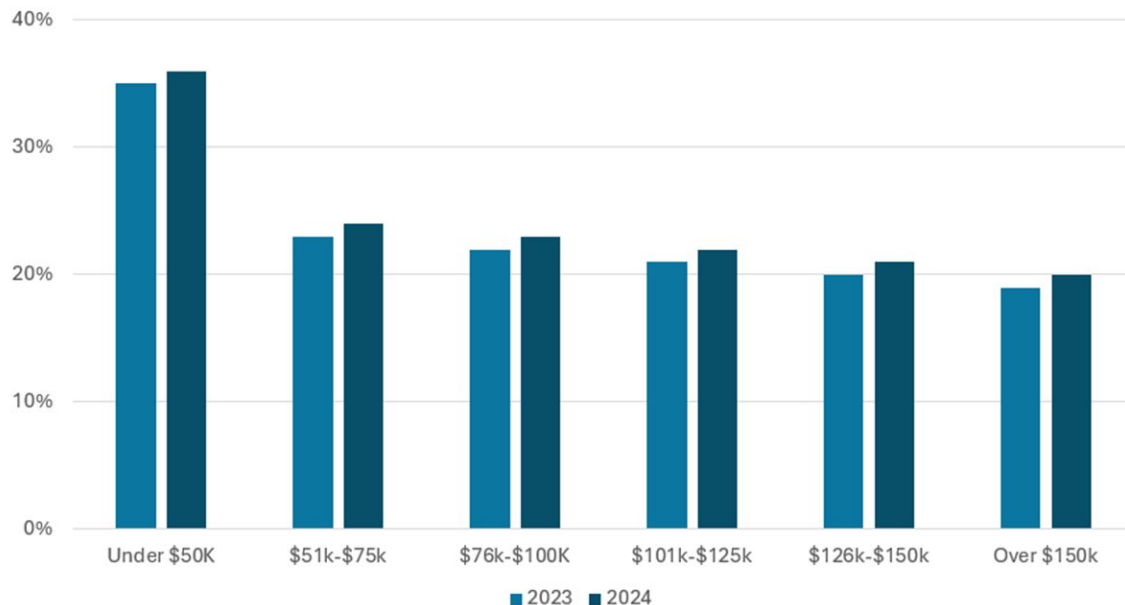
Mechanics of Budget Building

Opening Thought

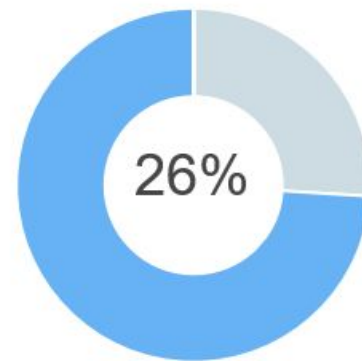
“Budgeting isn’t about limiting yourself – it’s about making the things that excite you possible.”

Healthy Habits

Share of Households living paycheck-to-paycheck
Proportion of households where necessity spending is 95% or more of income



Overall Living Paycheck to Paycheck



Habit: Track your income and spending

[illegible]

[illegible]

Healthy Habits

Habit: Pay yourself first! Why?

- Rainy Day/Opportunity Fund: unplanned expenses such as car repairs and medical expenses...or moving to a new city
- Emergency Fund: Six months of living expenses
- Pay Off Debt: A dollar (of interest) saved is a dollar earned!
- Retirement – Work plans, Traditional IRA, Roth IRA
- Major Purchases – car, home, vacation, wedding

Healthy Habits

Habit: Build and automate a debt reduction system (Snowball Method)

FIRST... Order your debt from the lowest balance to the highest and add your extra payment to the main debt

	TOTAL BALANCE	MINIMUM PAYMENT	ADDITIONAL PAYMENT	TOTAL PAYMENT
Student Loan	2000	600	100	700
Car Payment	4000	300	0	300
Credit Card	6000	100	0	100
Mortgage	200,000	2800	0	2800
TOTAL		3800	100	3900

When this debt is paid, add this payment to the next debt with the lowest total balance

	TOTAL BALANCE	MINIMUM PAYMENT	ADDITIONAL PAYMENT	TOTAL PAYMENT
Student Loan	2000	0	0	0
Car Payment	4000	300	700	1000
Credit Card	6000	100	0	100
Mortgage	200,000	2800	0	2800
TOTAL		3800	0	3900

You Need a Budget

Saving & Investing

Opening Thought

*“The best return you will
ever get on your money is
peace of mind.”*

Budgeting- short and long term

Habit: Each account serves a distinct purpose

Checking	High-Yield Saving	CDs	Retirement
No interest	Up to 4%	3- 4.5%	8-12%
Operating account	Access to cash	Protect spending power	Growth
1-2 month's worth of bills	3-6 month's worth of bills	Goals less than five years out	Stocks & bonds
FDIC-insured	interest variable	Interest rate locked	More volatility but more long-term growth

Savings

High-Yield Savings Accounts

- FDIC-insured savings account that comes with a variable APY.
- Pays higher interest than a standard savings account.
- Usually requires a minimum balance or offered online (vs. brick and mortar)
- Convenience vs. difference in interest

Savings

Certificates of Deposit (CD)

- FDIC-insured savings account that comes with a fixed APY.
- CD funds cannot be accessed for a pre-determined duration of time without a financial penalty.
- If you know you won't need the funds for a certain period, a CD is an easy, lower-risk way to earn interest.
- Pay attention to renewal dates and terms!

Investing

Employer Sponsored Plans: (401(k), 403(b), etc.

- Pre-tax Dollars: a \$5,000 investment may only cost \$4,000
- Ease of Savings: Automatically withdrawn from paycheck
- Employer Matches: Immediate 100% return on your investment up to matching amount
- Dollar Cost Averaging: Weekly/bi-weekly withholding avoids urge to “time the market”
- Emergencies: Although not recommended, most plans allow for borrowing against your nest egg for an emergency

Investing

Individual Retirement Accounts (IRAs)

- Contribute up to \$7,000/year (2025)
- Additional catch-up at age 50 - \$1,000
- Tax-deferred growth
 - **Traditional:** Tax-deductible but pay taxes at withdrawal
 - **Roth:** Non-deductible but withdrawn tax-free
- Wide range of investment options
- Income limits apply

Where Can I Start Today?

1

Set a weekly appointment to track your income and spending

2

Open a savings account and start an automatic transfer

3

Select one debt to pay down early, automate the extra payment

4

Enroll in 401(k), 403(b) or IRA- set up automatic transfer

5

Continue educating yourself on personal finance

Further Resources

Books

Michelle Singletary

Spend Well, Live Rich

Stanley & Danko:

The Millionaire Next Door

Morgan Housel:

The Psychology of Money

Jason Zweig:

Your Money and Your Brain

Jack Bogle:

Little Book of Common-Sense Investing

Further Resources

YouTube

Laurie Santos

Dave Ramsey

Nischa Shah

Graham Stephen

James Canole

Warren Buffet

Charlie Munger

Jack Bogle

Articles/Blogs

Cape Cod 5 blog: Am I Ready for a Roth IRA?

You Need a Budget...

Thank You!