April 2019 Edition

Wellness Matters

Summit ESC's Wellness Program

ANNOUNCING....

Summit ESC's Wellness Committee now has a page on the Summit ESC website- Check it out for up-to-date information and resources!

https://www.summitesc.org/Wellness.aspx

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- Short-Term AND Long-Term Savings
- Lower Your Financial Stress by Establishing Good Credit
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A Step-by-Step Guide to Building a Budget You Can Actually Stick to

How to Budget in 4 Easy Steps:

Creating a budget doesn't have to be a grueling process. If you take some time to prepare and learn how to budget in a way that makes the most sense for your lifestyle, you can start on the road toward controlling your personal finances in no time. We've laid out exactly what you need to do in four pretty simple steps.

Step 1: Know How Much You Make *and* Spend

Before you can make a budget that works, you need to know your numbers. We like to focus on a monthly budget, since most bills are due once a month. Log in to your bank account online, and grab your last couple months' worth of bank statements. While you're at it, grab your credit card statements, too. First, write down your monthly income. This should be your take-home pay for the month. That's the money you earn minus deductions for taxes, Medicare, Social Security, health insurance contributions and allocations to retirement accounts like your 401(k) or Roth IRA. If you have irregular income, it's best to take a look at what you've earned over a longer period of time — the past six months, say — and use the monthly average for your budget. But don't just stop there. Add any extra money that comes in from your side hustles. Child support payments. Recurring bonuses or stipends. Financial aid payments. Include it all. Your next step is the painful part: It's time to log your monthly expenses. Start with the recurring stuff: Your rent or mortgage, car note, car insurance, cell phone bill, internet, utilities and debt payments. Don't forget the fun stuff, like your cable TV, Netflix and Spotify Premium accounts. From here, you'll want to start adding up your discretionary expenses. Analyze your spending habits. How much are you spending on shopping, eating out and drinks with friends? To get a full picture, you can put these things in categories. For example, movies, concerts and museum visits can all go under entertainment. Your gym membership, yoga membership and the drop-in rate on that one CrossFit class can all go under fitness. Look at a few months of statements to get an average for this part, too. That will give you a more accurate picture of your finances.

Step 2: Set Your Financial Goals

If you're going to succeed at this budgeting game, you need have an idea of what you're hoping to accomplish. It can be a simple short-term savings goal like funding a vacation with your college besties. Or a long-term one, like learning to budget so your kid can go to college without student loan debt. Set a goal, and make it good — your financial plan could be the only thing that stops you from swiping your debit card to buy yet another pair of shoes this weekend. I take it a step further and mix my financial goals with my personal ones. For example, I tend to overspend on restaurant meals. But budgeting less for eating out means I cook more healthy meals at home, so I save while staying on track to accomplish my weight loss goals, too. Then, I can use the money I save to build up my emergency fund or pay down debt a bit faster and continue toward my goal of becoming debt-free.

Step 3: Find Your Favorite Budgeting Method

Once you have a complete picture of your finances, it's time to pick the budgeting method that works best for you. The one you choose will depend on how much time and energy you have to devote to it. If you feel comfortable creating an old-fashioned budget worksheet in Excel, you can do that. We've got a few super simple ideas you can try if charts make your eyes glaze over. But even after you've picked your favorite budgeting method, don't be afraid to bend it a little to fit your financial situation.

Bare-Bones Budget

You don't have to spend several hours each month working on a budget. The easiest way to budget is to grab a pen and paper and simply write down how much you make and how much you need to spend on the essentials — like housing, utilities, food and debt repayment. You save the rest. That's it. You're done. I'd suggest keeping that sheet of paper somewhere visible to remind you to rein in your spending.

Zero-Based Budget
The zero-based budget takes the bare-bones budget one step further. The goal here is to get to zero at the end of each month. It helps you account for each dollar on the way. Write down how much you make, and divide it to cover all your bills, savings and discretionary spending until you hit $0 at the end of the month. Although this plan encourages you to get down to nothing, the idea isn't to spend without regard; it's to make sure every dollar goes exactly where you intend for it to go every month.

50/20/30 Budget
This takes all the guesswork out of deciding which expenses should stay in your budget and which ones need to go. With the 50/30/20 plan, 50% of your money goes to essential expenses like housing, utilities and your car payment. From there, 20% will go to financial goals like savings and investments. The final 30% is yours to spend on the fun stuff like restaurants, movies and drinks with friends.

Cash Envelope Budget
The cash envelope system is good for those who have problems overspending on variable expenses like groceries or entertainment. Review your monthly income and average expenses to determine how much you spend in each category. Then take out your envelopes, label them by spending category and fill them up with their cash allocations. (You don't need to use envelopes for fixed costs like rent or car insurance.) When you've spent all the cash in an envelope, you can no longer spend in that category for the rest of the month.

Step 4: Find the Best Budgeting Tools for You
Remember when I said you're not alone in this quest to budget your money? Well, there are some apps and books that can help.

Budgeting Apps

While budgeting by hand works great, your smartphone can streamline it.

- **Mint:** My favorite free app is Mint, which is available on iPhone and Android devices, and is also accessible at Mint.com. You connect your bank account and credit cards, then you set a dollar amount for how much you plan to spend in each category. Mint will automatically analyze your spending and notify you when you get close to your budget limit or overspend. It's pretty easy to use and can save you lots of time. The only downside is that the "You've exceeded your budget" emails can sometimes feel a little judgmental.
- **EveryDollar**: If you're a fan of the zero-based budget, EveryDollar is the free app for you. It's also perfect for side hustlers whose income can fluctuate from month to month. As you manually track your spending with the app, use it to make sure every dollar you make is accounted for.
- **Prism**: This isn't technically a budgeting tool, but it's still worth mentioning. Prism is a free app that puts all your bills in one place, so you always know exactly how much money you have and how much you owe. You can connect everything from rent and car insurance to student loan payments and your Tidal music streaming account, and you can pay your bills right from the app.
- **You Need a Budget**: This started out as an app and then became a book, too. It hinges on four rules:

1. Give every dollar a job.

2. Embrace your true expenses, not your ideal ones.
3. Roll with the punches, and adjust your budget as you spend.
4. "Age your money," meaning hold onto it longer, and start to break the habits that leave you living paycheck to paycheck. You Need a Budget is more hands-on than other apps. It's also the only option that's not free. After the 34-day free trial, you'll pay $6.99 per month for the service.

Budgeting Books

These books will get you on the path to becoming a budgeting pro in no time.

- **"The One Week Budget"**: This book is an Amazon bestseller by Tiffany "The Budgetnista" Aliche. We've even got a copy in our library at The Penny Hoarder HQ. Through a series of worksheets, it walks you through how to analyze your income, track your spending and pay down debt fast so you can get back to saving for the life you want.
- **"The Total Money Makeover"**: This book was written by financial guru Dave Ramsey. A few Penny Hoarders who have paid off heaps of debt swear by his teachings. His book is also an Amazon bestseller and could be the perfect place to start if you want to break some of those not-so-great money habits and start building a budget that works.

Adapted from www.thepennyhoarder.com- Senior Writer Nicole Dow updated this article, originally written by former Senior Writer Desiree Stennett.

Why It's So Crucial to Have Short-Term AND Long-Term Savings

You hear a lot about saving for retirement and having an emergency fund. What you don't hear as much about is saving for things in between, like a car, replacing broken appliances or supplementing your income if you become unable to work. There are things you already know you need to save for, and others that you'll wish you'd been saving for when it's too late.

If you want to avoid taking out payday loans, personal loans or going into credit card debt, you need short-term and long-term savings.

Short-Term vs. Long-Term Savings

For the purposes of this article, a short-term savings account is for money that will only stay in the account for a short time, and a long-term savings account is for money that will sit for a long time. The definitions of long and short are relative, but short-term savings is typically money you'll spend six months to three years out, and long-term savings is usually money you won't touch for more than three years. You can (and should) include saving for both long-term and short-term expenses every month in your budget. You never know when you'll need your savings, and having money set aside can determine whether a situation is a crisis or just an inconvenience.

A Guide to Your Short-Term Savings Account

This account is where you sink funds for things like vacations, biannual auto insurance payments and holiday gifts. It can include money for goals like a buying a new laptop or a down payment on a house. It's also for occasional unplanned expenses like repairs, replacements or low-cost medical emergencies and procedures. A short-term savings account should be easily accessible. That means you should be able to withdraw cash from it or instantly transfer it to your checking account online. You can estimate how much some things, like vacations and gifts, will cost so you'll know exactly how much to save. In case of emergencies, it's recommended that you have three months of expenses saved. You can use the savings component of your checking account, but I find the more you see the money, the easier it is to spend it. To limit that temptation — and earn a little interest — you can put it in a high-yield savings account. High-yield savings accounts can return up to 2%, which isn't much, but it's better than the 0.06% most banks give, and your money will still be easy to access.

How to Use Your Long-Term Savings Account

Long-term goals can include saving for a car, home repairs or retirement goals that require savings beyond tax-sheltered account limits. It can also include your emergency fund for large medical bills, expensive procedures or savings in case of a job loss. Like short-term expenses, some long-term expenses can be budgeted for and some can't. You'll want to have three months of your regular expenses saved in this account, too, in addition to whatever other goals you're saving for. You actually don't need to have a second account for long-term savings, but if you want to maximize your savings, you can keep this fund in a taxable investment account. This is just a regular ol' investment account, minus the tax benefits of 401(k)s and IRAs. What this account lacks in tax benefits, it makes up for in flexibility. You can open one with any brokerage company and withdraw from it at any age, for any purpose, with no penalties. The reason it's a good place for your long-term savings: You'll be able to access the money within three days, which makes it a little hard to "accidentally" spend, and it earns whatever your investments earn. (Stocks produce an average real return around 6.8% annually, although any investment has risks.) Companies like Vanguard, Fidelity and Schwab offer taxable accounts you can save in. In this type of account, you'll want to withdraw as infrequently as possible so that interest can compound and hopefully make you more money. That said, if you expect to need the money anytime soon, save it in your short-term savings account. If you're concerned about losing money, consider a certificate of deposit, or CD. Like checking accounts, CDs are insured by the FDIC. Interest rates are typically higher than what you'd earn from a savings accounts, but lower than what you'd earn from investments. The drawback is you typically have to stay vested in the CD for anywhere from three months to five years before you can touch your money.

And if saving for your kid's college is one of your long-term savings goals, look into a 529 college savings plan. These plans allow you to choose investments for your child's future tuition, and contributions are exempt from federal income tax.

How to Prioritize Your Short- vs. Long-Term Savings

Ideally, you'd add to your retirement AND both your long- and short-term savings accounts every month, but that's not possible for everyone.

A simple emergency fund of at least three months' worth of your bare minimum expenses is where you need to start. Then you can start saving for the rest of your goals and building out your emergency fund to six months of expenses.

Adapted from www.thepennyhoarder.com

Lower Your Financial Stress by Establishing Good Credit

Did you know that understanding your financial situation is important to wellness? Stress caused by a poor financial situation can lead to serious health effects

including anxiety, depression, ulcers, substance abuse, digestive disorders, muscle pain and insomnia. Plus, your physical health and lifestyle habits can influence your ability to save and spend money. Properly managing and maintaining good credit is a critical component to financial wellness.
The start of the New Year is a great time to get your credit in shape. Here's what you need to know.

What is credit?

Credit is the ability to make purchases before you actually pay for them under the promise of payment in the future. In order to use credit, you're also required to pay interest and fees based on a prearranged agreement related to payment.

How does your credit score impact your financial wellness?

Using credit to make purchases can be a helpful tool in your money management, but it can also be a major pitfall when used incorrectly.

- Your credit score is a number that represents your credit worthiness. A high score will help you qualify for loans; obtain lower rates on credit cards, mortgages and insurance; and may even help you qualify for housing.
- A low credit score may make it difficult for you to borrow money when you need it and will also likely mean you'll pay even more for the money you're able to borrow.
- Too much credit card debt can feel overwhelming. It can also make it difficult to pay back due to interest rates. Without paying the balance on your cards each month, you actually end up paying more for your purchases due to interest rates.

Improve your credit with the tips below:

- Check your credit history: You can check your credit history for free at annualcreditreport.com. You can also call 877-322-8228.
- Pay your bills on time! Late payments negatively impact your credit score.
- Time plays a role: The longer your credit history and consistency of payment, the better your score. If you have a long history of missed or late payments, the lower your score.
- Find balance in your credit: Too much credit can cause lenders to worry that you can access more money than you can pay back. Too little credit will prevent you from building a high credit score.
- Avoid negative credit history: Late payments, collections, etc. will be reported and negatively impact your score.
- Maintain stability in your home and job: Having consistent employment and housing helps to improve your credit score and your ability to pay off your debts.
- Reduce your credit card debt: This can be one of the best investments toward financial wellness.

Try these steps to reduce your credit card debt:

Know your debt. Write down the names, balances, minimum payments and interest rates for each card. Determine your strategy. There are two strategies to reduce your credit card debt.

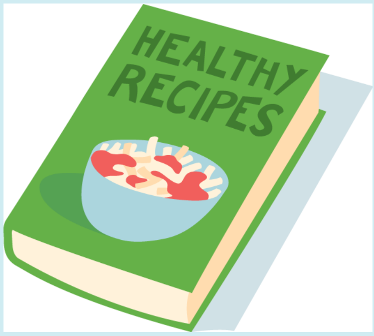
Strategy 1: This strategy will save you money over time by keeping your interest rate in check. Rank your credit cards from highest interest rate to lowest interest rate, regardless of the balance. Pay the credit card with the highest interest rate first, then proceed to the next highest interest rate, and so on.

Strategy 2: This strategy is the fastest way to reduce debt on individual cards and can help increase your confidence to pay off cards, but it also can be the more expensive route. Rank your credit cards from lowest balance to highest. Start paying the cards with the lowest balance first, then proceed to the next, and so on.

1. Put all of your extra money plus the minimum monthly payment toward the card you have chosen to pay off first. The more you're able to pay, the faster you'll pay it off with the least amount of interest added.
2. Continue to pay the minimum monthly payment on all your other cards.
3. Don't make any new purchases on the card you've chosen to pay off.
4. Repeat steps 1-5 until all of your credit cards are paid off.

Adapted from http://blog.healthadvocate.com

Budget -Friendly Healthy Recipes



- **Greek Salad with Oregano Marinated Chicken**
- **Aromatic Noodles with Lime Peanut Sauce**
- **White Chili**
- **Spinach and Egg Sandwiches**
- **Skirt Steak With Roasted Root Vegetables**
- **Penne With Roasted Tomatoes, Garlic, and White Beans**
- **Barley Risotto With Ham and Mushrooms**
- **Four-Step Lemon-Onion Chicken**
- **Paprika Shrimp & Green Bean Saute**
- **Inside-Out Lasagna**
- **Blueberries with Lemon Cream**
- **Healthy Dark Chocolate Coconut Bites**
- **3 Ingredient Healthy Chocolate Cookies**