



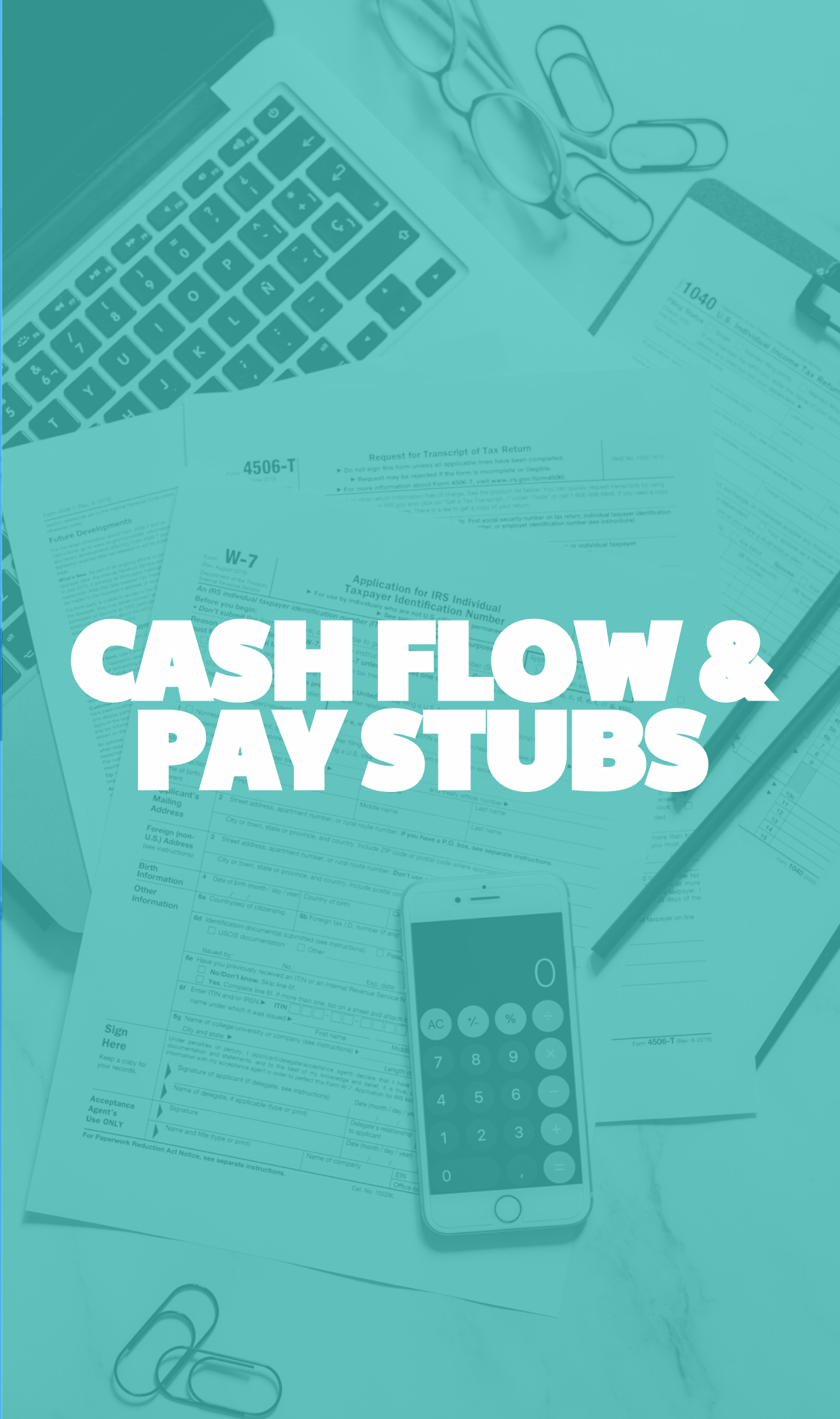
# BUDGETING 101

Making a plan for your cash flow.



A blue-tinted background image for the 'Budget Basics' section. It features a piggy bank, a calculator, and several US dollar bills (including a \$100 bill) scattered on a wooden surface.

# BUDGET BASICS

A teal-tinted background image for the 'Cash Flow & Pay Stubs' section. It shows a laptop keyboard, a smartphone with a calculator app, a pen, paper clips, and various tax forms including Form 4506-T, Form W-7, and Form 1040.

# CASH FLOW & PAY STUBS

A dark blue background image for the 'Rules & Tips' section. It features a large, glowing lightbulb hanging from a cord, symbolizing ideas and tips.

# RULES & TIPS



# ABOUT

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# WHAT IS A BUDGET?

## *The Basics*





# WHAT IS A BUDGET?

Let's start by understanding the basics of what a budget is.

 **What you spend**

 **What you earn**





# FREE CALCULATORS!





# CASH FLOW




*& Your Pay Stub*

Next ➞





# SOCIAL SECURITY MYTHS

-  **Social Security won't be there when I retire**
-  **It's only used for retirement purposes**
-  **I have to be 65 to use it**



# UNDERSTANDING

## *Social Security*

### Social Security Status:

- Funding until 2037
- After that, only ~75% of benefits
- In 2022, you pay into SS, 6.2% of your income up to \$147,000 of your first earnings, after that you do not contribute into SS

### How is Social Security Funded?

- Pay stub – FICA (Federal Insurance Contributions Act) deduction
- Sometimes, OASDI (Old age, Survivors & Disability Insurance)





# UNDERSTANDING *Medicare*



## What is Medicare?

Medicare is the federal health insurance program for:

- ▀ People 65+
- ▀ Certain younger people with disabilities
- ▀ People with End-Stage Renal Disease (permanent kidney failure)

## How is it Funded?

- ▀ You can contribute 1.45% of your total income w/ no limit; if self-employed, you can double those amounts.



# BASIC INCOME TAX FORMULA



## Gross Income

- Deductions for adjusted gross income
- 

## = Adjusted Gross Income

- Greater of standard deduction or itemized deductions  
Less personal and dependency exemptions
- 

## = Taxable Income

- Less credits and prepayments
- 

## = Tax Due

# 2022 Tax Brackets for Single Filers and Married Couples Filing Jointly

Tax Rate	Taxable Income (Single)	Taxable Income (Married Filing Jointly)
10%	Up to \$10,275	Up to \$20,550
12%	\$10,276 to \$41,775	\$20,551 to \$83,550
22%	\$41,776 to \$89,075	\$83,551 to \$178,150
24%	\$89,076 to \$170,050	\$178,151 to \$340,100
32%	\$170,051 to \$215,950	\$340,101 to \$431,900
35%	\$215,951 to \$539,900	\$431,901 to \$647,850
37%	Over \$539,900	Over \$647,850





# THINGS TO REMEMBER !

- 🌿 Income may be steady, but expenses are usually not
- 🌿 Keeping record of your income and expenses can help you spot trends
- 🌿 Set spending limits based on net income
- 🌿 Include saving & investing as a must
- 🌿 Salary calculators to help determine net income
- 🌿 Establish clearly defined goals – be specific!



# BUDGETING

*Rules & Tips*



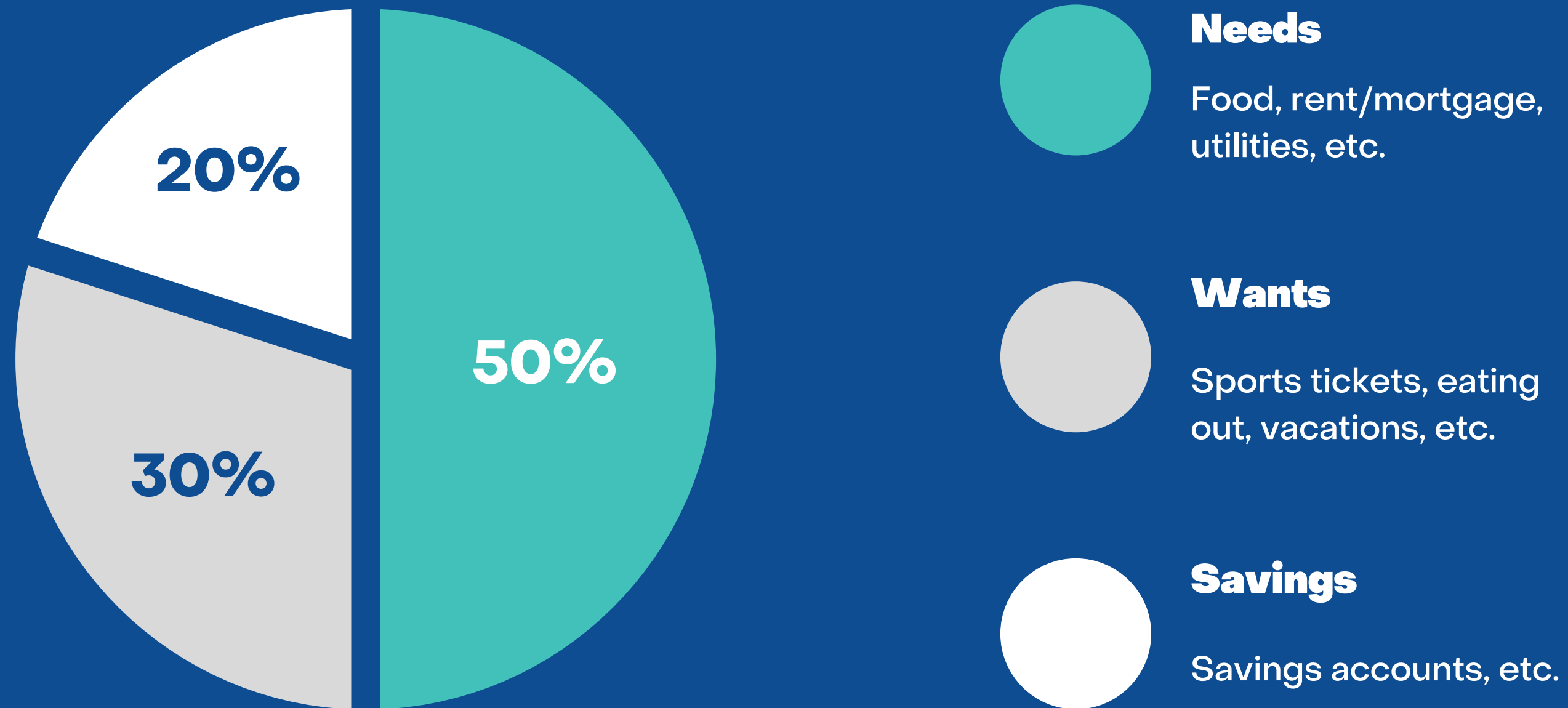
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Expense	% of Gross Family Income (Average)
Household (mortgage/rent, utilities)	20–35%
Food and Personal Care	5–15%
Clothing	1–3%
Transportation	6–10%
Medical Care (including insurance premiums)	1–10%
Insurance (life, accident, auto)	1–5%
Entertainment, Recreation, Vacation	5–6%
Gifts	1–2%
Miscellaneous	4–9%
Consumer Debt Payments	3–5%



# A SIMPLER BUDGETING RULE





# WEALTH ERODING FACTORS

Additional elements in our financial world work  
against us at all times, 24/7



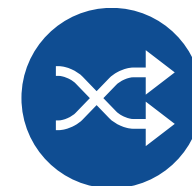
**Inflation**



**Taxes**



**Market  
fluctuations**



**Law changes**



**Lawsuits**



**Technological  
changes**



**Unexpected  
life events**



**Fees/Consumer  
financing**



**Increased  
standard of living**



**Planned  
obsolescence**

# THINGS TO REMEMBER !

 Retirement Savings  
10–15%

 Emergency Fund   
3–6 months of expenses



# EFFECTIVE BUDGETING TOOLS

## Free

- 🌿 Pen (or Pencil) & Paper
- 🌿 Spreadsheets
- 🌿 Free Apps
  - Mint
  - Personal Capital

## Paid

- 🌿 Software
  - Quicken
  - Quickbooks







# MORE THINGS TO REMEMBER !

- 🌿 Tools vary widely
- 🌿 Many are free for a limited period of time or require purchase to unlock features

- 🌿 Consider
  - 🌿 Ease of use
  - 🌿 Features
  - 🌿 Personal vs. business tools
  - 🌿 Price
  - 🌿 Security



# KEY TAKEAWAYS

- 🌿 Pay yourself first!
- 🌿 Build the habit of tracking income and expenses
- 🌿 Find a method that works best for you 
- 🌿 Periodically review your expenses (and trim them!)



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**GRAZIE**  
**DZIEKUJE**  
**THANK YOU**



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**CONTACT US**

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