

Essentials



WHERE GOOD SENSE MAKES GOOD MONEY.

THIS NEWSLETTER IS PUBLISHED
QUARTERLY FOR MEMBERS OF
SELECT SAVERS CLUB.

Welcome to the Select Savers Club!

The Select Savers Club (SSC) is a not-for-profit club designed to educate and empower its members with financial knowledge. We are committed to helping our members achieve their financial goals with information on spending, saving, borrowing, and managing money and debt wisely. Membership is open to anybody with a desire to learn about financial matters, savings and the wise use of credit.

AT A GLANCE

Meeting of the Membership

February 14, 2024
1:00 - 1:30 p.m. ET
Virtual Board Room
RSVP: info@selectsavers.org

USEFUL WEBSITES

- SelectSavers.org
- PracticalMoneySkills.com
- FTC.gov
- quorumfcu.org

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ISSUE DATE: February 2024

New Year, New Budget

A new year is an excellent time for reevaluating your budget, especially if you found yourself strapped for cash over the last 12 months. Here's how to complete it in five steps.

1. Assess cash inflows and outflows.

Add up how much money you earned in net pay this past year in salary, wages, bonuses and other payments from employment- and contract-based jobs. If you didn't tally this throughout the year, use your pay stubs to total your income or grab the amounts from your W-2s and 1099s, which should be sent out by Jan. 31. Make sure to include tax credits or refunds you received, especially if you think you're eligible for them this year.

Next, figure out how much you spent all year by adding up all your expenses by category, such as housing, insurance, entertainment, clothing, etc. If you kept a running budget, this will be fairly easy. If you didn't, use checking account and credit card statements to calculate your cash outflows.

As an initial budget check, subtract your total expenses from your total net income. This will give you an immediate sense of whether or not this past year's budget was realistic and just how much you need to adjust for the coming year, depending on your income expectations.

2. Separate needs from wants.

Divide your list of expenses into two columns: needs and wants. Your needs should include such things as: mortgage or rent payments; utilities, including electricity, natural gas, water and telephone; transportation costs, such as car payments, gas or public transit fees; groceries; insurance premiums; out-of-pocket healthcare expenses; childcare costs. Your wants should include all other non-essential expenses. It's helpful to rank each column's expenses from most expensive to least to see what's hitting your budget the most.

3. Analyze this year's needs.

Don't assume necessary expenses are unchangeable just because they're essential. Spend some time figuring out if you can pare down the cost of any of your needs to give your budget more leeway. For instance, if you have a mortgage, explore refinancing at a lower interest rate to reduce your monthly payments. If you are renting, look for a more affordable place to live before your current lease expires or consider adding a roommate to reduce your monthly housing expense.

4. Carefully consider your wants.

Typically, your wants are what really blow your budget, because we often spend without really thinking, and that adds up over 12 months. Here are four ways to change that habit:

- **Choose to spend primarily on things that make your happy.** For instance, if eating lunch out on Friday is your way of celebrating a week's worth of work well done, budget for that, but pledge to make your lunch on other days.
- **Start small and build up.** Plan to eliminate one unnecessary expense in January, make it two in February and continue to increase this number throughout the year until you've cut out 12 unnecessary expenses by year's end.
- **Go cold turkey.** Pick out the unnecessary items that hurt your budget the most and jettison them from the start of the year.
- **Generate more income:** If you really enjoy all your wants and can't bear to cut anything out, consider bringing in more cash by asking for a higher raise, lobbying for a bigger bonus or taking on a side gig.

5. Create a functioning budget.

It's not enough to create an annual budget that shows all your anticipated income and allocates a designated amount to particular expense and savings categories. You need to update the budget-to-actual reality as you earn and spend throughout the year. Free digital budgeting tools, such as Mint, EveryDollar and Wally, make everyday tracking super easier. If you prefer, you can track your budget on paper or in a spreadsheet. Choose whichever budget method makes the most sense for you and that you're sure to use all year long.