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## WHAT IS A BUDGET?

A well-designed budget is the best way for you to reach your goals and achieve financial independence without having to sacrifice all of life's pleasures. Budgeting means understanding what you have coming in and developing a reasonable and goal-oriented plan for what goes out. With your budget, you will be able to identify and eliminate wasteful spending while keeping and adding those expenses that are truly important
to you. Think of your budget as your financial foundation, once you have a solid foundation, you can work up from there.

BUILDING YOUR BUDGET
Remember that a budget is nothing more than a spending and savings plan. Construct a sound budget by including your in-come, expenses, and action items. Here are a few tips for each of these essential elements to a solid budget:

INCOME Begin with income, as it will determine what you can afford to spend and save each month Don't forget the primary rule of budgeting: expenses should always fit within earnings.

EXPENSES When developing the expense section, you should have two columns to work with - one for what you have been spending your money on (using the tracking work you have already done) and other for proposed spending.

Evaluate your cash flow by listing all of your expenses in the current column. A workable budget makes room for the finan-cial outlays that arise throughout the year. Of course, there are those truly unexpected expenses that you simply cannot plan for. This is why an emergency account should be part of your budget.

ACTION ITEMS If you found that your income is insufficient to pay for the expenses you consider important, consider ways to increase it. Do you have the opportunity to work longer hours or acquire part-time work? Or could you change providers for some of your expenses, for example, car insurance or cell carrier to save money? Shop around and see if switching providers can bring down those monthly expense that you need to live comfortably.

## MONEY CHOICE ASSESSMENT

DO I NEED IT?
A want is a desire - something that if you had to, you could live without. A need is essential - living without it would cause extreme hardship. Simple? Not always. Wants can often feel like needs. Perhaps you have an expensive car payment and have to juggle bills every month to pay it. This want can mimic a need - certainly you require a vehicle to get you to and from work and perform the functions of everyday life. But does it really have to be a luxury SUV when an economy car or truck can provide the same transportation?

## DO I NEED IT NOW?

Do you need this item immediately or can you wait for it? A good rule is to never buy without first weighing the onsequences. If you have to charge it, and then pay dearly because of high interest rates, is it worth it? If you have determined that you really do need the item but don't have, the funds to pay for it today, consider saving for it. You don have to abandon what you want - just delay until you have the money to pay for it.

## What would happen if IDIDNT HAVE IT?

 simply asking yourself this question can make the difference between bringing home a shopping bag full of impulse items and saving for things that you want or need. So, when tanding next to the $50 \%$ off sale shelf, ask yourself: what if 1 didn't? How would my life be affected without this pair of shoes, that video game, those 600 thread-count sheets? If you would truly be better off and you have the money to pay for it without sacrificing other necessary items, it passed the test. Otherwise, your options are to not buy it or buy it later after saving for it.Utilizing the 50/30/20 rule will help you set the groundwork for where your money is going and how it is being used. This approach will help you manage debt, while also giving you an nd also help you plan/prepare the future. plan/prepar

50\% NEEDS Should include y
necessities. Groceries, Housing, transportation, insurance, utilities, child care, minimum loan payments etc. If you catch yourself using more than $50 \%$ fo your needs, this is a good time to revisit some of those fixed expenses to determine where you can cut costs.

## 0\% WANTS

Distinguishing between your needs and wants may be difficult, but depending on what your goals are, such as if you are looking o pay off debt or save for that next vacation, here is where you will have a chance to make some adjustments to your expenses so that you have that flexibility. A budget is there to help guide you and keep you honest, it's not intended to be so austere that you can't buy things for fun.

## 0\% SAVINGS/DEBT

These funds should be used to save for the future or even plan for the unexpected. From establishing an Emergency und, to contributing to a 401 K or other retirement savings funds within this bucket will help you reach your goals of financial freedom.


## PAYING OFF DEBT

## OCONSIDER DEBT CONSOLIDATION

If you are looking to pay off debt, increase your cash flow, or limit the amount of interest you are paying year over yea on those pesky loans, consolidation might be right for you. Whether it be a credit card balance transfer, taking out a lou loul hour could lower your interest and save money in the long run.


万 THE POWER OF EXTRA PAYMENTS
If your budget allows, make extra payments on your loans. You will cut the time it takes to pay them off and you will save interest in the long run. Every little bit helps you reach your goal.

DETERMINE WHAT PAYMENT METHOD WORKS When it comes paying of credit card debt, there are two primary methods that can help you get rid of that debt primary methods that can help you get rid of that debt. household to help you accomplish your goal.

- DEBT AVALANCHE: Focuses on paying off debt with DEBT AVALANCHE: Focuses on paying off debt with the highest interest rate first. This method will help on interest.
- DEBT SNOWBALL: This method prioritizes your smallest debt first, no matter the interest. Once the smaller debts are paid off, you move to the next larger debt and so on. If you need small "wins" this is a great option for you.
ODON'T SPEND MORE THAN YOU MAKE
Developing your budget and more importantly, sticking to it, will help make sure you don't spend more than you make. Your cash flow plan will play a big role in helping you discover where you need to make some adjustments so that you are living a financially stress free life.


## SETTING FINANCIAL GOALS

Goals are important to all budgets. They are the final reward that encourages you to stick to your plan. Improving the odds that you will achieve your financial dreams requires some preparation. All your goals should have the same basic characteristics to help you stick to your plan.
Whether you would like to repay debt, buy a new car, or save for a down payment on a home purchase, it's importan to be specific rather than vague about your goals. Make sure hat your aspirations have a proposed end date, so that you know how much you need to save each month. This will help you keep your progress on track.

Once you have determined your goals, you are ready to distribute them into time frame categories. A short-term goal will take 12 months or less to achieve, a mid-term goal from one to five years, and a long-term goal will take more than five years.

## NOTES









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hedule an ppointment to meet with a membe representative scan the QR code.


