

WORKSHOP 3

The Different Types of Expenses:³²

Fixed Expenses: Expenses that are reliably similar from one billing statement to the next, such as rent or mortgage payments, car payments, insurance payments, or the cost of groceries.

Variable Expenses: Expenses that change significantly from one week, month, or quarter to the next. For example, home repair, some utilities (electricity, oil, gas), or car maintenance.

Non-monthly Expenses: Occur quarterly, twice a year, or annually. For example, water bills often come every three months.

Unexpected Expenses are unplanned. They can be difficult to plan ahead for because they can't be predicted if, or when, they occur. Maintaining a savings account for emergency funds can be vital in managing unexpected and non-monthly expenses.

What are some examples of fixed and variable non-monthly expenses that you can plan for and include in your budget?

| Fixed Non-Monthly Expenses ³³ | Variable Non-Monthly Expenses ³⁴ |
|---|--|
| <ul style="list-style-type: none">- Property taxes- AAA- Car registration renewal and tabs- Home/renter's insurance- Life insurance, disability insurance- Car insurance- Prescription medications- Child care- Tuition costs, school fees- Bank or credit card fees | <ul style="list-style-type: none">- Living space maintenance or repair- Car maintenance (tires, oil change), repair- Trash service- Water bill- Firewood or propane- Dental or eye care- Emergency Room visit- Books, school supplies- After-school programs, field trips- Vacation, gifts, entertainment |

³² Original material from Peerlink National Technical Assistance Center.

³³ "Identifying Non-Monthly Expenses Calculator." *CSGNetwork* <http://www.csgnetwork.com/cashflowexpcalc.html>

³⁴ Rachel Ellen. "40 Variable and Non-Monthly Expenses You Might Want in your Budget." *YNAB*, April 11, 2020. <https://www.youneedabudget.com/a-list-of-43-variable-and-non-monthly-expenses-you-might-want-in-your-budget/>

Budgeting Basics

What is a Budget? A budget is a spending plan. It is an estimate of how much money you have coming in (income) and where it goes (expenses) for a certain time period, usually a month.³⁵ It is a principle tool for financial success.

When creating a budget, is important that you:

- Understand how it works and know what works for you
- Feel comfortable with using this tool
- Allow yourself some freedom to make changes as needed

Making a personal budget can help you:

- See more clearly where your money goes
- Save money toward a particular goal
- Give you peace of mind about your finances
- Put you in control of your finances
- Reduce stress over unpaid or late bills
- Pay off debts
- Realize your full financial potential

While creating a budget is an important tool for your financial security, sticking to the budget you create is equally as important. Since most people experience unexpected expenses from time to time, or changes to their income, you should consider your budget a living document, which means you may need to adjust your budget as your income or expenses change.³⁶

The key to a successful budget is a commitment to making a real change in your spending habits. Attending financial classes and learning new tools is an amazing first step, but it needs to be followed-up with action. In order to improve your financial situation, you will need to commit to making fundamental changes in your financial behavior that are directed *by you, for you*.

Beginning the process of budgeting can be daunting, especially if you have never used a personal budget before. It is important to find a budgeting template or tool that works for your needs and lifestyle. We have provided a few budget templates you can choose from, as well as suggestions for budgeting apps and websites. The most important thing is to **make it work for you**.

³⁵ Lauren Schwahn. "What is a Budget?" *Nerdwallet*, Dec. 18, 2020. <https://www.nerdwallet.com/article/finance/what-is-a-budget>

³⁶ Original material from Peerlink National Technical Assistance Center.

Step 1: Income

Gather every source of *income* you have. Examples of types of income include:

- SSI/SSDI payments
- Paychecks
- Student loans
- Alimony/Palimony payments
- Child support payments
- Bonuses
- Commission
- Money earned from a business
- Interest earned on investments
- “Odd jobs” (yard work, pet sitting) or gig economy work (Uber, food delivery)

| Source: | Monthly Income: |
|-----------------|-----------------|
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| Total: \$ _____ | |

Step 2: Regular Expenses

Gather all of your *regular expenses*. Examples of regular expenses include:

- Rent or mortgage payments
- Utility bills
- Car payments
- Healthcare premiums
- Student loan payments
- Child support payment

| Type: | Amount: |
|-----------------|---------|
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| Total: \$ _____ | |

Note: Don't forget to include any debts you might have, such as outstanding medical bills, credit card bills, and other outstanding loans.

Remember to think ahead about increased utility bills in the winter, and non-monthly payments you may have, such as trash, sewer and water, car insurance, or taxes.

Step 3: Monthly Expenses

Write down all of your additional monthly expenses, such as groceries, prescription medicine, pet food and supplies, household goods, clothing and shoes, toiletries, gas or bus fare, etc.

| Type: | Amount: |
|-----------------|---------|
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| | \$ |
| Total: \$ _____ | |

Step 4: Needs vs. Wants

After you have compiled your list of expenses, separate each item out by **needs** (food, shelter, utilities, clothing, and transportation) and **wants** (entertainment, eating out). What do these things cost you?

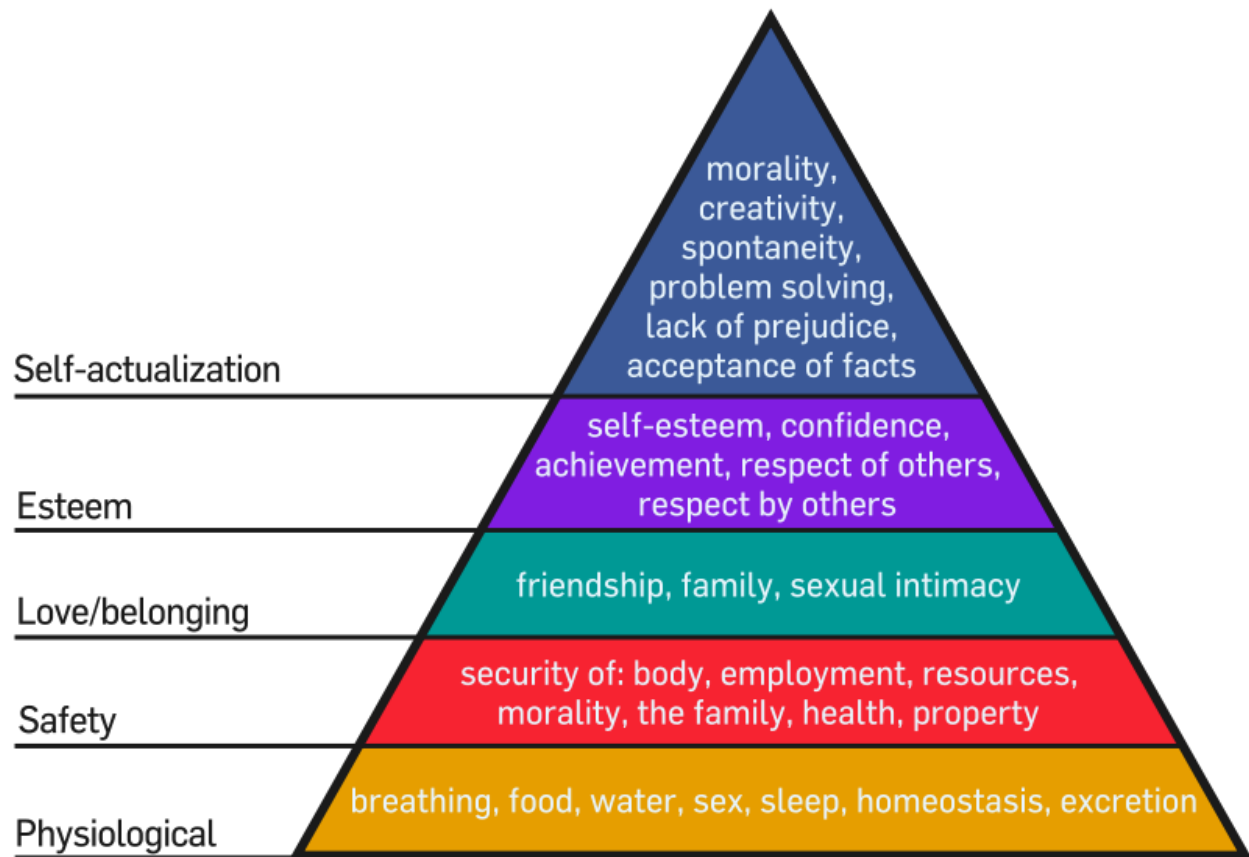
Note: This is an individualized exercise – what you may perceive as a *want* may be a *need* for another person.

| Needs | Annual Cost | Wants | Annual Cost |
|--------------|-------------|--------------|-------------|
| | \$ | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| | \$ | | \$ |
| Total | \$ | Total | \$ |

Are there areas or items under either column you could cut down to save money?

Examples of this might include reducing your utility bills by conserving electricity and water, buying used furniture or clothing, or bringing your lunch to work instead of eating out.

Compare your lists of needs with Maslow's Hierarchy of Needs³⁷



³⁷ "Maslow's hierarchy of needs." *Wikipedia*, 2021. https://en.wikipedia.org/wiki/Maslow%27s_hierarchy_of_needs

Exercise: List specific things that would fall under each of Maslow's Needs and estimate their cost (if any).

| Maslow's Need | Specific Need | Cost |
|--------------------|---------------|------|
| Physiological | | |
| | | |
| | | |
| Safety | | |
| | | |
| | | |
| Belonging-Love | | |
| | | |
| | | |
| Self-esteem | | |
| | | |
| | | |
| Self-actualization | | |
| | | |
| | | |
| Total Cost: | | |

Step 5: Basic Budget Worksheet

Choose a budget worksheet or online/mobile budget system that works for you. This example is a simple monthly budget. There are additional options available online that may be a better match for your needs but begin with this one to familiarize yourself with the budgeting process.

Enter your income and your expenses into the worksheet. When filling out your budget, it is important to be as accurate as you can with your *current situation* (how you spend money now).

Once you have filled it out, see if you have any money left over after all of your bills are paid. If you do not, brainstorm ways to cut expenses and save money each month.

After completing an initial budget and you don't like what you see, you can make a new budget that will help you stay on target with your goals. You may be surprised by how much money you actually spend in certain areas. These are the areas to focus on if you need to bring your expenses down.

| CATEGORY | BUDGET AMOUNT | ACTUAL AMOUNT | DIFFERENCE |
|---------------------------------|------------------|------------------|------------|
| <u>Spendable Income:</u> | | | |
| <u>Expenses:</u> | | | |
| Rent or Mortgage | | | |
| Electricity | | | |
| Natural Gas or Oil | | | |
| Water & Sewer | | | |
| Garbage & Recycling services | | | |
| Phone(s) | | | |
| Internet | | | |
| Cable/Satellite | | | |

| | | | |
|---|--|--|--|
| Subscriptions (Netflix, Spotify, Amazon etc.) | | | |
| Credit Card Payments | | | |
| Other Loan Payments | | | |
| Transportation (Bus Pass or Gas for Car) | | | |
| Childcare | | | |
| Insurance (Auto, Health, Home, Life) | | | |
| Out of Pocket Medical Expenses | | | |
| Groceries | | | |
| Toiletries/Household Goods | | | |
| Pet Care/Food | | | |
| Dining Out | | | |
| Entertainment | | | |
| Other Expenses: | | | |
| Total ³⁸ | | | |

After filling out this basic budget, you are welcome to use more complex budgets online or on your smartphone. There are a number of free budgeting websites and apps, such as *Mint*, *PocketGuard* and *Truebill*.

³⁸ Original material from Peerlink National Technical Assistance Center.

What should I do if my expenses are greater than my income?

The best (and most difficult) thing to do is to find expenses in your budget that you are willing to eliminate. Things like premium cable channels, streaming or music services, and trips to restaurants are common things to either eliminate or cut back.

But what if you don't even have that kind of elbow room? What if *all* of your financial resources are already devoted to the basics (food, shelter, and clothing)?

This is a challenging situation and one that many of your peers have likely faced or are currently facing. The following lists of suggestions and government and community resources are to provide options and ideas for ways to save money, meet your needs, and help you achieve economic stability and well-being.

Suggestions for cutting expenses:³⁹

- Share living expenses with someone. Find a housemate or move into an established shared living situation – rent will be cheaper and so will utilities.
- Move into a less expensive apartment. However, moving and deposit costs may make this option difficult.
- Seek rental assistance from local government or nonprofit organizations.
- Apply for the Supplemental Nutrition Assistance Program and buy all your groceries with your SNAP card.
- Sell any clothing, shoes, electronics or other items you no longer use or need.
- Find additional part-time or temporary work to bring up your income to meet your needs.

Monitoring & fine-tuning your budget:

- First month: monitor your spending weekly and check for unnecessary spending.
- Second and third month: monitor your spending bi-weekly and continue to check for unnecessary spending. Make adjustments to your spending as needed.
- Rest of the year: review your budget at the beginning of each month, as well as your income and expenses. Continue to make adjustments as needed. Most importantly, stick with your budget!⁴⁰

³⁹ Original material from Peerlink National Technical Assistance Center.

⁴⁰ "Personal Finance and Economic Empowerment." Presented by Sebastian Rodrigues and Jessica Carrol at Peerpocalypse, 2021.

Resources for Saving Money

There are many resources in your community that can help you save you money and assist with:

- Utilities
- Emergency rental assistance
- Food
- Household supplies
- Clothing
- Transportation costs
- Medical care and/or costs
- Prescription medications
- Dental services
- Computer equipment
- Internet access
- Furniture

Federal & State Resources:

Supplemental Nutrition Assistance Program (SNAP): The national food assistance program (formerly called Food Stamps). Money is deposited directly into your account and you can use your SNAP card at stores or farmers markets like a debit or credit card. Many Americans qualify for SNAP benefits and can receive \$200+ a month for groceries (significantly more if you have dependents in your household to care for). If you are a resident of Oregon, you can apply for SNAP, medical, cash, or childcare benefits here: <https://one.oregon.gov/>

Social Security Benefits: Social Security is the retirement plan for nearly all working Americans. The Social Security Administration offers Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) for people with disabilities, including mental health conditions. Apply for SSDI and SSI online at <https://secure.ssa.gov/iClaim/rib> or by phone.

Medicare & Medicaid: Medicare is the federal health insurance program in the United States that is generally for people 65 years of age or older or individuals with a qualifying medical condition or disability. Medicaid is the state health insurance program that helps pay the costs of healthcare for low-income individuals and families. **The Oregon Health Plan** is Oregon's Medicaid program. You can apply for free or reduced health coverage here: <https://www.oregon.gov/oha/hsd/ohp/pages/apply.aspx>

Free or Reduced Clinics: Most cities and towns have free or income-based healthcare clinics, including for emergency care, doctor's visits, and dentist appointments. To find a free or reduced clinic in your area, visit <https://www.freeclinics.com/>

Individual Development Accounts (IDAs): Special asset-building savings accounts that match the deposits of low-income individuals or families to help them save for higher education, job training, home ownership, etc. IDAs are discussed further in Workshop Ten.

Reduced Public Transit Passes: Many public transit systems have reduced fare options for low-income riders. For example, in Portland, you can apply online for an Honored Citizen Hop Card, which will reduce your bus or train fees. To apply, visit: <https://trimet.org/lowincome/index.htm>

Medication Assistance: Pharmaceutical companies offer medication scholarships for low-income individuals. PhRMA has a service called the Partnership for Prescription Assistance that will link you with the maker of your drug. Go to <http://www.PPARX.org> for access to more than 475 different assistance programs. The site is easy to use and is a great starting point, however be cautious of other sites that charge fees for their services.

VA Benefits: Veterans may be eligible for a number of benefits including physical and mental health care; disability compensation; tuition assistance for college, graduate school or other training programs; educational and career counseling; job training; housing assistance/loan programs; a pension program; and life insurance. Visit the U.S. Department of Veterans Affairs at <https://www.va.gov/> for more information, eligibility requirements, and to apply for benefits.

Reduced Internet: If you are eligible for public assistance programs like SNAP, SSI, Medicaid, Housing Assistance, and the National School Lunch program, you may qualify for Internet Essentials from Comcast. Internet Essentials benefits include high-speed internet service for just \$9.95/month, no activation or equipment rental fees, access to Xfinity Wi-Fi hotspots, the option to purchase a computer for \$149.99, and more. To check eligibility requirements and to apply online, visit: <https://www.xfinity.com/support/articles/comcast-broadband-opportunity-program>

Weatherization Assistance Program (WAP): The U.S. Department of Energy's Weatherization Assistance Program gives money to states to distribute to local governments, community action agencies, and nonprofits, who use the money to assist low-income homeowners or renters in reducing their energy costs. If you are approved, an inspector will conduct an energy audit, which involves checking your home for heat loss and safety features. If the audit shows that your home could benefit, a work crew will come to add insulation, plug leaks, improve dryer vents, install weather-stripping, etc. There is a limit to how much can be spent on each home, but everything that is done is free. This is a great opportunity for lower-income households to reduce their heating bills and improve the safety in their homes. To learn how to apply, visit: <https://www.energy.gov/eere/wap/how-apply-weatherization-assistance>

Community Resources:

Mutual aid funds: can address a variety of needs such as emergency rental assistance, medical bills, cash bail, or food. Mutual aid funds are a pool of donations by and for community members in which the money goes directly to those in immediate need.

- **Free fridges & pantries:** Another example of mutual aid, many communities are building and stocking free pantries and refrigerators. The idea is to leave food and other resources if you can and take what you need. Many schools, charities, churches, and shelters also have food pantries and food assistance programs.
- **Farmer's markets:** Many farmers markets now accept SNAP cards, which means you can get local and farm-fresh food for free or reduced prices.
- **Second-hand stores:** If you need clothing, shoes, or household items, second hand and thrift stores are usually the most budget-friendly way to shop. Some stores will also allow you to sell old clothes or give you in-store credit or discounts for donating items.
- **Community Credit Unions:** Credit unions are nonprofits that can help save you money when you bank with them by offering little-to-no fees and higher interest on savings.
- **Community Development Financial Institutions (CDFI):** Community-based financial institutions that promote economic development by providing services to low-income communities and other groups traditionally under-served by banking institutions. For a list of CDFIs in Oregon, visit: <https://www.cdfi.org/wp-content/uploads/2015/02/Oregon.pdf>
- **The Buy Nothing Project:** a money-less economy in which neighbors can post anything they'd like to give away, lend, or share, and ask for anything they'd like to receive or borrow. Join a Buy Nothing Group on Facebook or download the Buy Nothing app. For more information, visit <https://buynothingproject.org/join/>
- **Useful websites to identify resources:** <http://www.wisebread.com/resources> & <https://www.211info.org/search-resources>

If you are a resident of Oregon:

- Find reduced-cost or free community resources in the Portland Metro Area at <https://rosecityresource.streetroots.org/#/>
- Find free food in your community by typing in your Zip Code at www.oregonfoodbank.org
- If in Portland, find free fridges near you at <https://linktr.ee/pdxfreefridge>
- Find emergency rental assistance programs at <https://www.oregon.gov/ohcs/housing-assistance/Documents/05-13-2021-OERAP-program-admin-contact.pdf>

- For energy and weatherization services, youth services, housing support, nutrition services, and re-entry services in the Salem area, visit <https://mwvcaa.org/programs/>
- Get your movies and books at your local library: <https://multcolib.org/e-books-and-more>
- Find discounts and coupons in Portland at <https://portlandlivingonthecheap.com/>
- For Head Start programs in Oregon, visit <https://www.ohsa.net/>
- For home energy assistance, visit <https://www.oregon.gov/ohcs/energy-weatherization/pages/index.aspx>
- Great meals in Portland for less than \$10:
https://www.oregonlive.com/portland_cheap_eats/2017/03/cheap_eats_2017_99_delicious_d.html
- Fun activities to do in Portland on a budget:
https://www.oregonlive.com/living/2015/08/free_for_all_favorite_no-cost.html
<https://www.frugallivingnw.com/portland-staycation/>
- Portland Farmers Markets: <https://www.portlandfarmersmarket.org/>
- Oregon Farmers Markets that participate in Double Up Food Bucks (the SNAP dollars you spend at a Farmers market double, so you can buy more): <https://doubleuporegon.org/>
- To find clothing swaps in Portland, visit <https://swappositive.wordpress.com/>
- Biketown for All: Portland residents who are eligible for social services can receive a reduced Biketown Membership (city bikes available to the public). For more details, visit: <https://www.biketownpdx.com/pricing/biketown-for-all>

Applying for Social Security Benefits:

Some individuals experiencing mental health and/or addiction challenges find that there are times when working becomes too difficult. Social Security Disability Insurance Benefits (SSDI) and Supplemental Security Income (SSI) are programs by the Social Security Administration (SSA) that provide monthly income and health insurance for people with qualifying conditions, which can include severe depression, bipolar disorder, PTSD, anxiety disorders, or SUD, as detailed in the SSA Blue Book.⁴¹ The SSA has strict guidelines for qualifying for these programs that can be difficult to navigate. Generally, an individual needs to have detailed medical documentation that shows how their condition prevents them from working and that they are undergoing treatment.

⁴¹ "Mental Disorders and Social Security Disability." *Disability Benefits Help*, 2022 <https://www.disability-benefits-help.org/disabling-conditions/mental-disorders>

To qualify for SSDI, you must have an impairment that prevents you from working for at least 12 months and you must have worked and paid into the Social Security program (payroll taxes or FICA) for at least five of the last ten years. Your spouse and children can receive your SSDI benefits and after 24 months on SSDI, you are eligible for Medicare benefits. You may also be eligible to receive Supplemental Security Income (SSI) benefits.

To qualify for SSI, you must have an impairment that prevents you from working on a regular basis *and* you must have very low income, resources, and assets. An individual cannot have more than \$2,000 in assets (\$3,000 for couples). There are some exceptions, such as your home and car. In addition to federal benefits, you may also receive monthly payments from your state. You are eligible for Medicaid coverage and may be eligible for SSDI benefits at the same time if you have paid your Social Security taxes.⁴² SSI is a need-based program only available to applicants that meet strict limitations on income and asset holdings.

It can be helpful to consult with your doctor, therapist, mentor, or trusted friend or family member to help you navigate these criteria and gather all of the required information to apply for benefits. This will include all of your medical records, from hospitalization to therapist sessions, your doctor or psychologist's recommendation, and a list of all medications you are on and any side effects. You can apply for SSDI or SSI online at <https://www.ssa.gov/>, over the phone, or at your local Social Security office. If you are approved, your case will be reviewed every year.

If you decide to return to work, the SSA has a program called "Ticket to Work" that provides resources and assistance. A Benefits Counselor can help you to identify employment opportunities, discuss how returning to work will affect your SSDI or SSI benefits, and connect you to resources outside of the SSA. Visit <https://www.ssa.gov/work/> for more information.

⁴² "Social Security Disability Insurance Benefits & Supplemental Security Income." *National Alliance on Mental Illness* <https://www.mhamd.org/information-and-help/paying-for-care/applying-for-disability-benefits-with-a-mental-illness/>

WORKSHOP 3: SUMMARY

In this section, we created our own personalized, working budgets.

To begin, we learned about the different types of expenses (fixed, variable, non-monthly, unexpected) and how we might categorize the different expenses in our budgets. We then learned about the basic layout of a budget and why budgeting can be a useful tool for financial success.

Next, we gathered all of our sources of income and all of our expenses. Then, we separated our expenses into needs vs wants to identify any areas we might cut.

Then, we filled out the basic budgeting worksheet using the lists we made of our income and expenses. We also explored options for cutting down expenses and saving money.

For the last section of class, we learned about several federal, state, and community resources for saving money and how to access these resources.

How can the topics I learned in this section be helpful for me?

| Topic | N/A | How this will be helpful to me: |
|--|-----|---------------------------------|
| The different types of expenses | | |
| Gathering all our sources of income and regular / monthly expenses | | |
| Separating our expenses into needs vs. wants | | |
| Making a personalized, working budget | | |
| Federal, state, and community resources to save money | | |

"We make a living by what we get, but we make a life by what we give."

Winston Churchill



WORKSHOP 4

BANKING BASICS & CHECKING
ACCOUNTS

