Financial Fitness: Pump it Up!

It’s only not good for your ‘wallet’, it’s essential to your emotional and physical well-being.
Throughout 2017, resolve to pump it up!

The majority of Americans routinely spend more than they can afford. Think of all the entertainers and sports icons that end up with insurmountable debt. When out of control debt looms endlessly, the resulting stress can take a serious toll on your physical and mental health, and on your relationships.

We’re all fully aware that we spend money, but without keeping track, it’s easy to forget what we spent it on. Writing it down is both a real eye-opener, and the first step to gaining true financial health. And, better financial health equals greater overall wellness.

No matter what your income level is, to be financially fit it’s essential to live by a plan. Higher income earners who reach specific goals get there by adhering to a budget. Establishing a financial fitness plan and following it helps provide opportunities to clear the books of senseless debt, send the kids to college, and retire with greater assurance of living the good life. And, teaching your family members to be financially fit is an education in health and wellness that they’ll benefit from for a lifetime. Introduce your kids to the importance of using a budget as soon as they begin earning and spending their own money!

The key to becoming truly financially fit is to record what you spend, spend less than you make, and invest in your future. The best way to start any fitness program is with an honest assessment. Exactly where do you stand today? Perhaps you’re on a plan, but you know you need to pump it up to achieve greater results. Or, if you’re like the majority of people, you’re not using a plan at all.

Think of a budget as the number one element of your financial wellness plan. A written record of your expenditures will tell you in very honest terms where you stand. Establishing a budget will help you realize what you should do to meet financial commitments today, and help determine how you’ll get in better shape for the years that lie ahead.

A good monthly budget not only helps ensure that you pay your bills on time, but that you have money for travel and leisure, have funds to cover unexpected emergencies, and to ultimately achieve your dreams and enjoy financial independence.

The information you need is already at your fingertips. To create or re-work your financial fitness plan, follow the simple steps outlined below to get a clear picture of your monthly finances. Numerous online calculators are available to help you budget for specific purchases or events. To access the one you need, click on the Financial Calculators icon on our website, BlackHawkBank.com, or access it from the drop-down menu under Financial Planning.

1. Add Up Your Income
To set a monthly budget, you first need to determine how much income you have. Using the budget workbook enclosed, write a dollar figure next to each relevant income source. Make sure you include all sources of income such as salaries, interest, pension and any other income—including your spouse’s income if you’re married.

If you’re on a salary, be sure to use your take-home pay rather than your gross pay. If taxes aren’t taken out automatically, remember to include them as another expense. If you receive money from something not listed, enter the source along with the amount under “miscellaneous income.”

2. Estimate Expenses
The best way to do this is to keep track of how much you spend for a month. The workbook illustrates both fixed and flexible expenses. Fixed expenses don’t change from month to month, such as auto, mortgage and insurance payments. You have flexibility with expenses such as food, entertainment, travel and other leisure pastimes. If some of your expenses for one or more categories change significantly each month, use a three-month average for your total.

3. Figure Out The Difference
Once you’ve totaled up your monthly income and your monthly expenses, subtract the expense total from the income total to get the difference. A positive number indicates that you’re spending less than you earn—congratulations – you’re doing exactly what you should! Conversely, a negative number indicates that your expenses are greater than your income. You’ll need to trim expenses in order to live within your means.

4. Excellent work!
You’ve created your personal financial fitness plan! The next step is to track that budget over time, make sure you’re sticking to it, and updating it as your circumstances change. The gains you’ll realize will be tangible – a pumped up wallet, slimmed down debt, and a happier, healthier you!

A healthy credit score is essential for your financial well-being!

- A credit score is a number that describes your reputation as a borrower.
- It helps potential lenders determine whether or not they should do business with you.
- It will determine your rate of interest due to the level of risk you represent.
- Companies can decide whether or not to give you a job according to your credit reputation.
- Insurance policies may be denied, or the cost of premiums can be higher due to a low credit score.
- The most popular credit scoring system is called “FICO” and was developed by the Fair Isaac Corporation.
- FICO credit scores range from 300 to 850.
- A good credit score would be 720 or higher.