

MODULE 5:

Getting through the month

If you have a 10 minute session...	If you have a 30 minute session...	If you have multiple sessions...
<ul style="list-style-type: none">▪ <i>Tool 3: Improving cash flow checklist</i>	<ul style="list-style-type: none">▪ <i>Tool 1: Cash flow budget or Tool 2: Cash flow calendar</i>	<ul style="list-style-type: none">▪ Check in on cash flow budget development or management

When it comes to money, timing matters. People often find themselves flush with cash or resources one week and pay several bills at once or splurge on something fun. But then they come up short the next week for a necessity or obligation.

That's why monthly budgets sometimes don't work out from week to week. If the timing of your income doesn't match the timing of your expenses and you haven't planned for it, you may come up short. A cash flow budget projects how much income you expect to receive and what you expect to come in and to spend each month, and when.

A cash flow budget is different from a regular budget because it breaks your monthly budget down week by week, accounting for when money and other financial resources are expected (income) and when they must be used on needs, wants, and obligations.

Tracking your money and expenses

Some banks and credit unions provide online financial management tools that help you track your income, your budget, and your cash flow. If you have an account at a bank or credit union, check online or call your financial institution to see if these tools are available to you.

When you enter personal or banking information make sure the website is secure.

A cash flow budget can help you identify where you're falling short within the month. It can help you figure out if you have the financial resources on hand to cover the most important expenses – so you don't fall short covering the rent, for example. A cash flow budget can also help you target areas where you can cut back or postpone expenses.

A cash flow budget is even more important for people who have irregular, seasonal, or one-time income. It can help you project and plan ways to spread the income you receive over the weeks or months you don't have money coming in.

Making a cash flow budget

Making a cash flow budget involves three steps:

- **Keep track of everything you earn and spend money on for a week, two weeks, or one month.** You can use the income and financial resource tracker from Module 3 and the spending tracker from Module 4 to do this.
- **Analyze your spending.** You can use the spending tracker from Module 4 to do this.
- **Use this information to create a cash flow budget.** You can use *Tool 1: Cash flow budget* to complete this step or *Tool 2: Cash flow calendar*. Your cash flow budget is about setting targets for how you will use your income going forward.

There are expenses such as rent and your car payment that you cannot cut back. These are commonly called fixed expenses. Cutting back on these expenses requires major changes, such as moving or selling a car. Sometimes, though, you may find that you need to do this to make your cash flow work.

If you find you want to cut back in some other areas, **put these new target levels of spending on your cash flow budget.** For example, if you spend \$350 per month on groceries, you may decide to buy food in bulk to decrease the amount you spend on groceries to \$300. It's important to be realistic when you set targets. Your cash flow budget is about setting targets for how you will use your income going forward.

Tool 1:

Cash flow budget

Building a cash flow budget is important because it can help you make sure you have the resources on hand to cover the most important expenses. This is especially important if your income is irregular, seasonal, or one-time.

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You can create a cash flow budget using the following form.

Here are some important tips to get you started:

Beginning balance for the week

Your beginning balance for each week is the ending balance from the week before. When you start a cash flow, count the money you have in your pocket, on a prepaid card, or in an account you use to pay your bills to get your beginning balance.

Cash flow budget item	Week 1	Week 2
Beginning balance for the week	\$37.00	
Sources of cash and other financial resources		
Income from job		
SNAP		
Public housing voucher		
Total sources of cash and other financial resources		
Uses of cash and other financial resources		
Housing		
Utilities		
Groceries		
Eating out (meals and beverages)		
Transportation		
Total uses of cash and other financial resources		
Ending balance for the week		

To get a starting balance, total your cash, prepaid card, and account balances.

Total sources of cash and other financial resources

Add your beginning balance for the week to the other income you get that week. The total is the amount you have to pay for all of your expenses during that week.

Cash flow budget item	Week 1	Week 2
Beginning balance for the week	\$37.00	
Sources of cash and other financial resources		
Income from job	\$305.34	
SNAP	\$280.00	
Public housing voucher	\$650.00	
Total sources of cash and other financial resources	\$1,272.34	
Uses of cash and other financial resources		
Housing		
Utilities		
Groceries		
Eating out (meals and beverages)		
Transportation		
Total uses of cash and other financial resources		
Ending balance for the week		

Add together your beginning balance and all of the sources of cash and financial resources for the week.

Total uses of cash and other financial resources

Add all of your expenses and other uses of cash (savings and debt repayment) for the week. Note that some financial resources may only be used for specific expenses. For example, SNAP (Supplemental Nutrition Assistance Program) benefits can only be used for food and for plants and seeds to grow food for people in your household to eat.

SNAP cannot be used for:

- Any nonfood item, such as pet foods, soaps, paper products, and household supplies, grooming items, toothpaste, and cosmetics
- Alcoholic beverages and tobacco
- Vitamins and medicines
- Any food that will be eaten in the store
- Hot foods

Subtract your total uses of cash and other financial resources from your total sources of cash and other financial resources

This will give you your ending balance for the week. It will also show you whether you have enough cash and other financial resources to make it through the week.

Cash flow budget item	Week 1	Week 2
Beginning balance for the week	\$37.00	\$142.37
Sources of cash and other financial resources		
Income from job	\$305.34	
SNAP	\$280.00	
Public housing voucher	\$650.00	
Total sources of cash and other financial resources	\$1,272.34	
Uses of cash and other financial resources		
Housing	\$650.00	
Utilities	\$59.97	
Groceries	\$180.00	
Eating out (meals and beverages)		
Transportation	\$240.00	
Total uses of cash and other financial resources	\$1,129.97	
Ending balance for the week	\$142.37	

The ending balance is total sources minus total uses. This becomes your beginning balance for the next week.

 Cash flow budget worksheet

	Week 1	Week 2	Week 3	Week 4	Week 5
Beginning balance for the week					
Sources of cash and other financial resources					
Income from job					
Income from part-time job					
Income from self-employment					
TANF					
SNAP					
Public housing voucher					
Other:					
Total sources of cash and other financial resources					
Uses of cash and other financial resources					
Credit card payments					
Payday loan payments					
Personal loans					

	Week 1	Week 2	Week 3	Week 4	Week 5
Other debt					
Other payments					
Savings: emergency fund					
Savings: goals					
Savings: children's education					
Savings: retirement					
Rent or mortgage payment					
Homeowners or rental insurance					
Electricity					
Gas					
Water and sewer					
Cable or satellite television					
Internet service					
Phone and cell phone service					

	Week 1	Week 2	Week 3	Week 4	Week 5
Groceries					
Eating out (meals and beverage)					
Car payment					
Gas for car					
Car maintenance					
Tools of the trade and other job-related expenses					
Health insurance					
Health care deductibles and co-pays					
Personal care					
Childcare, diapers, and school fees and supplies					
Entertainment					
Contributions					
Total uses of cash and other financial resources					
Ending balance for the week (sources – uses)					

Be sure to use tools you may have completed in other modules to build your cash flow. Look at *Module 1: Setting goals and planning for large purchases*, *Module 2: Saving for emergencies, bills, and goals*, *Module 3: Tracking and managing income and benefits*, *Module 4: Paying bills and other expenses*, and *Module 6: Dealing with debt*.

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Tool 2:

Cash flow calendar

A cash flow approach to managing your money involves paying attention to the timing of your sources and uses of cash and other financial resources. This is important because timing matters when you are making sure you have enough to cover your expenses.

Use the information from your Module 3, *Tool 1: Income and resource tracker* and Module 4, *Tool 1: Spending tracker* to create a cash flow calendar using the blank calendar provided here. Start each new month by carrying over your balance from last month. Then enter the sources and uses of cash and other financial resources for each day of the week.

At the end of every week, take your beginning balance, add your total sources, and subtract your total uses. That number will be what you have left, your weekly ending balance.

Here is a sample week to show you how the tool works:

1. Beginning balance: \$130 (from week before)

2. What came in (Income / Benefits / Resources)

SUN 16	MON 17	TUE 18	WED 19	THUR 20	FRI 21	SAT 22	Total
	SNAP: \$280					Pay: \$305	\$585

3. What went out (Bills / Spending)

SUN 16	MON 17	TUE 18	WED 19	THUR 20	FRI 21	SAT 22	Total
	Food: \$180 Phone bill: \$60			Gas: \$30		Car payment: \$180	\$450

4. Ending balance

Beginning balance: \$130
+
Total sources: \$585, including SNAP
-
Total uses: \$450
=
Ending balance: \$265, including \$100 in SNAP

Cash flow calendar worksheet

Week _____ of Month _____

1. Beginning balance: _____

2. What came in (Income / Benefits / Resources)

SUN 16	MON 17	TUE 18	WED 19	THUR 20	FRI 21	SAT 22	Total

3. What went out (Bills / Spending)

SUN 16	MON 17	TUE 18	WED 19	THUR 20	FRI 21	SAT 22	Total

4. Ending balance

Beginning balance: \$ _____ + Total sources: \$ _____ - Total uses: \$ _____ = Ending balance: \$ _____

Reproduce this sheet to manage your cash flow for additional weeks.

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Tool 3:


Improving cash flow checklist


If you created a cash flow budget using *Tool 2: Cash flow calendar*, you may find that some weeks are not working out – you are not able to pay your bills on time. You can make sure you have the cash or resources at the right time by avoiding large periodic payments. Instead, make smaller payments throughout the month or year. This strategy is called smoothing out cash flow.


Some of the suggestions below may not work for you. Check the ones that may be options for you, and use this checklist as a plan to put the ideas into action.



Strategy list

 This might work	Strategy	Helpful tips	Next steps
	Negotiate new due dates for bills to better line up with when you get income.	Start with businesses where you have a long-standing relationship.	
	Negotiate splitting a monthly payment into two smaller payments.	For example, if a \$700 rent payment is due the first of the month, see if you can make a \$350 payment on the 1 st and the 15 th .	
	Avoid large, lump sum or periodic payments by making monthly payments – car insurance, for example.	You may have to pay a small fee to make this arrangement, but it may make handling these payments more manageable.	

 This might work	Strategy	Helpful tips	Next steps
	Set up a savings account, and automatically deposit a monthly portion of large, lump sum payments into the account, so you are prepared when they are due.	For this you need regular income and a bank or credit union account.	
	Explore level payment plans for utilities.	This is especially important in extreme climates – with high heating bills in the winter or high cooling bills in the summer. You often have to be a customer in good standing to qualify for these programs. Check with your local utility providers.	
	Check to see if you qualify for an energy assistance program.	Ask for a referral to the agency in your community that manages energy assistance programs.	
	Explore debt consolidation.	<p>If you have many debts and good credit, consider exploring debt consolidation with a bank or credit union. This can make managing your cash flow easier because the monthly payment may be smaller – but it may take you longer to completely pay off the debts and cost more in the long run.</p> <p>Remember that if you consolidate your debts into your mortgage, falling behind on those payments could put your home at risk. Be sure you understand the terms and are not paying more interest with your new loan.</p>	

 This might work	Strategy	Helpful tips	Next steps
	Refinance your home for lower interest rates. If you have trouble with a home loan, talk with your lender about the possibility of a modification.	If you refinance, be sure to do the math to ensure the new rate (including the fees) really does save you money over time. CFPB's <i>Owning a Home</i> tool can help you understand the various steps in choosing a home loan: http://www.consumerfinance.gov/owning-a-home .	
	Consider selling your vehicle and purchasing a less expensive one. If you have a high interest rate on your existing auto loan, investigate refinancing if interest rates have dropped.	Getting an auto loan can be complicated. Learn how to prepare so you can save money, reduce stress, and get the auto loan that's right for you by using the CFPB's <i>Auto Loans</i> tool: http://www.consumerfinance.gov/consumer-tools/auto-loans .	
	Check to make sure you're withholding enough tax with your employer.	This can help ensure you do not end up with a large income tax bill because your withholding was too low.	
	If you have student loans, check to see if you have repayment options.	See if you qualify for income-based repayment or other programs. The CFPB's <i>Paying for College</i> tool can help you identify repayment options: http://www.consumerfinance.gov/paying-for-college/repay-student-debt .	

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