

Budgeting and Rising Inflation



MUST... MAKE IT...



UNTIL PAYDAY

The Rising Cost of Life

▶ Impacts of Inflation

- Consumer price index is up by more than 9%
- What does that mean?
 - Things are much more expensive

Item	2021	2022	Change
Ground beef	\$5.11 /pound	\$5.91 /pound	13.6%
Milk	\$3.74	\$4.21	11.2%
Eggs	\$2.92	\$3.29	11.4%
Gas	\$3.57	\$4.07	13%

Fighting Against Inflation

- ▶ Budgeting
- ▶ Cutting grocery store costs
- ▶ Reducing transportation costs
- ▶ Paying down your credit card debt
- ▶ Earning more on savings

Why Budget?

- ▶ Manage your money
- ▶ Prevent overspending
- ▶ Help with cash flow
- ▶ Put your money to better use



Getting Started – Needs vs. Wants

- ▶ A need is considered FIRST when making a budget
- ▶ These are items that are necessary for survival Example: housing



Needs

- ▶ Wants are considered only after your needs have been taken care of
- ▶ These are items that are desirable, but not necessary for survival Example: a gym membership



Wants

Keys to Budgeting Success

- ▶ Pay attention to how you spend your money
 - Track your expenses
 - Helps identify areas to target to reduce spending
 - Helps accurately project everyday expenses
 - Keep track for 30 days
 - Notate everything you spend money on
 - Keep receipts for all purchases
 - Record every purchase, no matter the amount



Small purchases Add Up To Big Expenses

- ▶ **Lottery Tickets**
 - \$2.00 a day, 7 days a week = \$56 a month, \$672 a year
- ▶ **Gourmet Coffee**
 - \$4.00 a day, 5 days a week = \$80 a month, \$960 a year
- ▶ **Eating Out**
 - \$10.00 a day, 5 days a week = \$200 a month, \$2,400 a year

Keys to Budgeting Success

- ▶ Plan for periodic expenses
 - These are bills that aren't due every month
 - Water and Sewage
 - Garbage Collection
 - Taxes
- ▶ Include in your monthly budget
- ▶ Example
 - Water bill is \$210 every quarter
 - Set aside \$70 every month to pay the bill when it comes due



Fighting Inflation

- ▶ Saving money at the grocery store
 - Comparison shop – Giant Eagle vs. Aldi or Walmart
 - Use Instacart – you can better control what you're spending because the items total as you shop
 - Shop with a list and plan your meals
 - Only buy what you will use
 - Shop early to look for meat that's been marked down
 - Freeze leftovers to use for future lunches

Fighting Inflation

- ▶ Cable/Internet
- ▶ Cell phone vs. landline
- ▶ Use the library
- ▶ Go to a matinee movie or reduced ticket night
- ▶ Stock up at seasonal sales



Fighting Inflation

- ▶ Reduce Transportation Cost
 - Combine errands
 - Carpool if possible
 - Take advantage of fuel “perks”
 - Utilize warehouse store gas stations
 - Use public transportation if available

Fighting Inflation

- ▶ Pay Down Credit Card Debt
 - Inflation increases the APR on credit cards
 - Pay down high balances
 - Avalanche method
 - Pay the minimum payment on all cards, but put extra funds towards the card with highest interest rate
 - Snowball method
 - Pay off the smallest debt first
 - Consider a balance transfer
 - Transfer higher interest rate cards to cards with promotional rate
 - Utilize a debt management program
 - Control spending

Fighting Inflation

- ▶ Good news – higher interest rates means higher interest rates on saving accounts and CDs
 - Rates range from 2.5% to 3%
- ▶ Good time to build an emergency savings fund
 - ▶ Set aside a fixed amount each pay
 - ▶ Use the funds in case of emergency (i.e. missing a payment, car repair)

- Free Online Tool and Fully Secure
- Purpose and Benefits

•How does it work?

- Sign Up
- Input
 - Income
 - Housing
 - Food & Clothing
 - Transportation
 - Insurance & Medical
 - Other Expenses
 - Savings & Retirement
 - Creditor Information
 - Other Assets & Liabilities
 - Budget Summary
- Output
 - Custom Action Plan (PDF)
 - Proposed Budget Option

The screenshot shows the Advantage Credit Counseling Service website. The main heading is "Need to Create a Budget? Check out our FREE online budgeting tool!". Below this, there is a video tour button and two columns of text: "How This Tool Can Help" and "Why You'll Succeed". A large orange button says "GET STARTED NOW. IT'S FREE!". The "How It Works" section is divided into three steps: 1. Input your income and expenses using the Advisor's simple step-by-step program. 2. Tweak & tune Advisor to create a budget that works for you. 3. Let Advantage Advisor develop your customized financial strategy. The bottom section features a testimonial from a man and states "Advantage Has Been Helping People Since 1968" with bullet points: "Trusted Nonprofit for over 43 years", "100% Secure and Confidential", and "A+ rating by the Better Business Bureau". The footer includes the company name, address, and copyright information.

Advantage
CREDIT COUNSELING SERVICE

How It Works | About Us | Get Started | Login

Need to Create a Budget?
Check out our **FREE** online budgeting tool!

Do you ever ask yourself "Where does all my money go?" Creating a budget is the first step towards answering this age old question. Budget Advisor is an easy step-by-step tool that makes creating a budget simple.

Take the 1 Minute Video Tour Watch Now

How This Tool Can Help
Our tool helps create a budget tailored to your spending habits. Tweak and experiment to find a winning strategy. [Learn More](#)

Why You'll Succeed
After creating your budget, Advisor provides expert strategies, tips and suggestions to help you obtain your financial goals. [Learn More](#)

GET STARTED NOW. IT'S FREE!
In just a few minutes, you can be on the road to a balanced budget. Create a game plan now.

How It Works

- 1** Input your income and expenses using Advisor's simple step-by-step program.
- 2** Tweak & tune Advisor to create a budget that works for you.
- 3** Let Advantage Advisor develop your customized financial strategy.

Start Now!

Advantage Has Been Helping People Since 1968

- + Trusted Nonprofit for over 43 years
- + 100% Secure and Confidential
- + A+ rating by the Better Business Bureau

ACCREDITED BUSINESS **BBB Rating: A+**
as of 1/30/2013
[Click for Review](#)

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