

## Coaching Suggestions for Client Budgets

Balancing a budget usually requires a combination of additional income and decreased expenses. Following are some suggestions. Not every suggestion will work for every client.

### 1. Income

- Consider a second job, odd jobs or offering childcare (a possible option for stay-at-home parents)
- Consider having both spouses work until a sufficient emergency fund is in place and/or until debts are paid off
- Work part-time during retirement
- Sell assets—cars, antiques, collectibles, boats, rental properties, land etc.
- To find higher paying jobs, use Crown’s Career Direct assessment or read the book “Finding the Career that Fits You” by Larry Burkett and Lee Ellis. Also consider trade schools, state labor department, and state vocational rehabilitation programs.

### 2. Taxes

- Complete a new W-4 form at your workplace, especially if you’ve been getting a large refund. Find the form and instructions at IRS.gov. Make sure you check into the following credits on IRS.gov. If you qualify, include these on your W-4 to reduce your withholdings and increase your paycheck.
  - Child Tax Credit
  - Child and Dependent Care Credit – if you have child care expenses
  - Earned Income Tax Credit – for low to moderate income earners
  - Education Tax Credits – for college or trade school

### 3. Housing

Some guidelines:

- Your house payment, including mortgage, taxes and insurance, should be no more than 25% of income

- o Home selling cost is about 8-10% of the sales price. This includes commissions, title fees, repairs, and other closing costs.
- o Homeowners should budget about 1% of their home's value each year for home maintenance
- o Renters should strongly consider renter's insurance

Money-saving ideas:

- Downsize or live with family/friends
- Look into refinancing your mortgage if lower interest rates are available
- Raise deductible on homeowner's insurance if you have a healthy emergency fund
- Ask electric company for an energy audit
- Cancel cable TV and/or reduce service
- Reduce your internet speed
- Shop around for cheaper plans from cell phone providers
- Cut down on the number of streaming services
- Sign up for "budget billing" or "level billing" for electricity and gas, to keep your monthly bills more consistent
- Take your own trash to the dump or landfill
- Cancel your land line if you have a cell phone
- Ask friends or family to help do maintenance projects

4. Food

- Use a cash envelope for your food/grocery budget
- Plan menus one week in advance
- Grocery shop only once a week
- Shop online for store pickup or delivery (cuts down on impulse purchases)
- Use low-cost recipe books
- Buy store brands and use coupons

5. Transportation

- Budget 9-10 cents per mile for maintenance. If you drive 12,000 miles per year, that's \$90-\$100 per month per car.
- Reduce number of vehicles

- Drive your car as long as possible before buying a new one
- After you pay off your loan, keep driving the car and put the payment amount into savings for your replacement
- Sell expensive car; buy less expensive used car
- Check Edmunds (edmunds.com), Kelly Blue Book (www.kbb.com), Consumer Reports (consumerreports.org) before buying a used car
- Have teens pay their own car expenses
- Reduce auto insurance cost – check prices every year, increase deductibles and drop collision coverage on older cars if you have a healthy emergency fund
- Ask friends/family to lend you a car for a while
- Carpool or take public transportation
- Keep up preventative maintenance
- Do some of your own maintenance—oil changes, etc.
- Ask friends/family to help do minor repairs

## 6. Insurance

- Consider non-profit insurance alternatives like Christian Healthcare Ministries (chministries.org)
- If your income is relatively low, you may qualify for subsidized medical plans at healthcare.gov
- Consider a high deductible medical plan combined with a Health Savings Account
- Life insurance is typically only needed if someone depends on your income
- If you have “whole life” insurance, consider switching to a term policy which is usually lower cost
- Comparison shop at [www.insure.com](http://www.insure.com) (auto, life, health, home), policygenius.com (life) or other reputable sites
- Check insurance company ratings at AM Best

## 7. Debts

- Develop a balanced budget and commit to no more debt
- Save up and maintain a robust emergency fund
- Use the “debt snowball” method to pay off debts faster

- If you have more than \$4,000 in credit card debt, consider Christian Credit Counselors at [christiancreditcounselors.org](http://christiancreditcounselors.org)
- Check on student loan income-based repayment plans at [studentaid.gov](http://studentaid.gov)
- Transfer balances to low-interest credit cards
- Negotiate lower interest with credit card companies
- Negotiate settlements with collection agencies (be sure to get agreement in writing)

## 8. Entertainment & Recreation

- Use a cash envelope for your eating out budget
- Pack lunches instead of eating at restaurants
- Exchange babysitting services with other families
- Get creative: picnic, watch old videos vs. streaming services, have a game night, go camping, take advantage of church activities
- Have working teens pay for their own activities
- Save money by traveling out of season
- Spend vacation time with family members
- Check out movies and books at the library

## 9. Clothing

- Shop at local second hand/consignment stores or garage sales
- Shop online thrift stores like [thredup.com](http://thredup.com)
- Sew your own clothes
- Ask family/friends for hand-me-downs

## 10. Saving

- Start saving something, even if it's only a few dollars per month
- Set up automatic withdrawals or transfers to savings each month
- Keep emergency fund in a separate savings account

## 11. Medical

- Go to doctors that participate in your company's health insurance plan
- Use a nurse line if provided by your insurance before going to the doctor

- Compare prices for medical care before you go
- Use local health department services
- Get free or low-cost care at dental schools or dental assistant programs
- Ask hospitals about Hill-Burton reduced-cost care for low-income families - <https://www.hrsa.gov/get-health-care/affordable/hill-burton>
- Ask doctor about generic drugs and free samples
- Compare prescription prices at RxSaver.com or GoodRx.com

## 12. Miscellaneous

- Do shopping at discount stores
- Learn how to cut each other's hair
- Use cash envelopes for certain budget categories
- Limit subscriptions and borrow from friends or libraries
- Cut back on excessive gifts - shop with cash only, draw names for family members for Christmas, create homemade gifts

## 13. Investing

- Until you have completed Money Map destinations 1-3, reduce or eliminate retirement plan contributions, or consider contributing only up to the company match.
- Without a detailed analysis, a rule of thumb is to save 15% of your income for retirement
- Eliminate speculative purchases of individual stocks – focus on long-term investing with diversified ETFs or mutual funds
- Consider engaging a professional financial planner or investment professional. Check references and know how they are compensated. A good source for finding Christian investment professionals is [kingdomadvisors.org](http://kingdomadvisors.org) - a network founded by Larry Burkett and Ron Blue.

## 14. Child care / School expenses

- Consider removing child from private school; home school or use public schools instead
- Ask for scholarships from private schools

- Consider working at your child's school for tuition discounts
- Provide daycare for others instead of paying for daycare
- Cut back on expensive sports leagues or activities - simplify