

BUDGETING ON A FIXED INCOME



Financial
Empowerment
Center *at South County*

UNITED WAY OF THE NATIONAL CAPITAL AREA



britepaths

Stronger Today, Brighter Tomorrow



TOP BUDGET BUSTERS

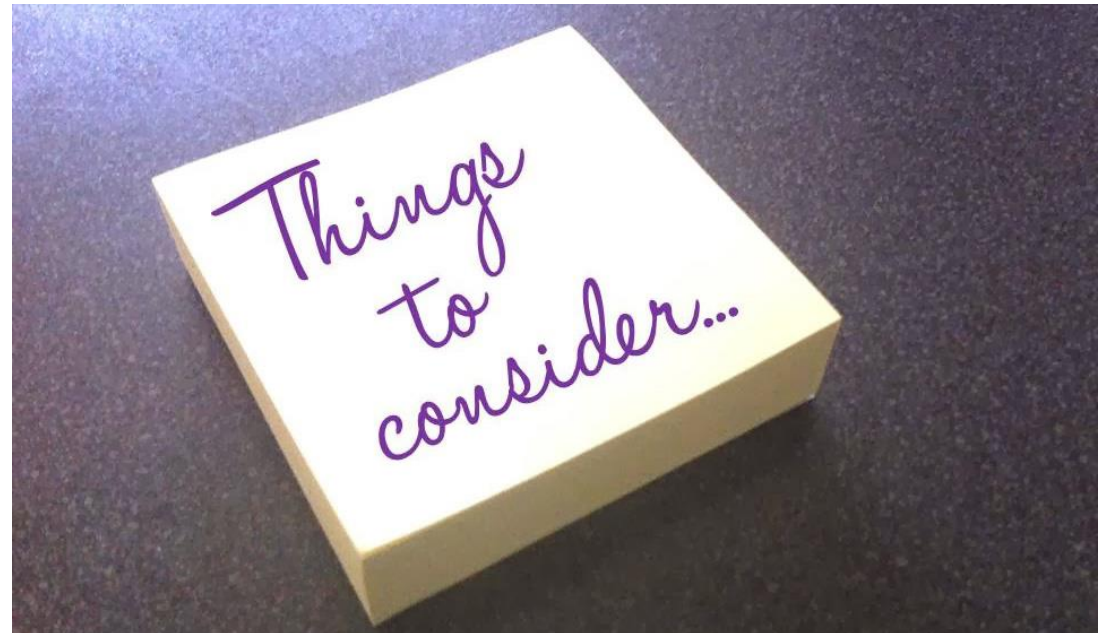
- ATM/bank fees
- Convenience store shopping
- Impulse buying
- Recurring subscriptions
- Cable TV
 - Paying for cable packages with channels you don't watch
- Not tracking spending
 - Cash, debit card, credit cards
- Late payments
- Bank fees
- Unexpected expenses
- Financial scams
- Fast food, Take-Out, Meals-to-Go

ITEMS TO REVIEW OR CONSIDER WHEN PREPARING A BUDGET

- Current expenses
- Future expenses
- Savings and retirement benefits
- Health insurance
- Prescription drugs
- Property taxes
- Phones/Internet/cable
 - plans and cost
- Senior discounts
- Estate planning

More help:

- www.BenefitsCheckUp.org
- Eldercare Locator; 1-800-677-1116





- Reconcile bank accounts every month
- Use a spending diary
- Keep receipts
- Set up automatic bill payment for fixed expenses
- Set aside money every month for savings, emergencies, unexpected expenses
- Think ahead for future expenses, such as birthdays and holidays
 - create monthly savings for these future events

UNDERSTAND WHERE YOUR MONEY GOES

Keep a Spending Diary

- Write down all expenses for at least two weeks (include all cash, credit, and debit card purchases)
- Include all bills paid
- Save all receipts

Review Spending & Identify Potential Savings

- Determine if there are expenses that can be reduced or eliminated (i.e. Can you spend less on food or clothing?)
- Determine Needs vs Wants



Date	Item	Amount	Cash/Card/Contactless	Why?
MONDAY	SANDWICH	£2.40	CONTACTLESS	HUNGRY
THURSDAY	SWEETS	£1.00	CASH	KIDS TREAT
THURSDAY	COFFEE	£2.50	CONTACTLESS	BORED WAITING FOR BUS
FRIDAY	MAGAZINE	£2.90	CONTACTLESS	BORED

CREATE FINANCIAL GOALS

- Start today to plan your financial goals
- Begin by putting them down on paper
- List your short-term and long-term goals
 - Short-term: Pay off credit card debt in 2-3 years
 - Long-term: Add \$10 per month to an emergency savings account



PREPARE AND FOLLOW A BUDGET

- Use the money spending diary you created as a base for establishing your new monthly budget
- Determine fixed, variable, & discretionary expenses:
 - Fixed – expenses that are a set amount at a set time
 - Variable – expenses that change in amount month to month
 - Discretionary – expenses or purchases are optional
- Critically review ALL expenses and spending
 - Strive to find areas where you can realistically reduce expenses
- Determine how much additional money you can allocate per month to debt reduction or for financial goals
- Track your progress each month and redefine budget as necessary

WAYS TO SAVE MONEY

- Pay bills on time to avoid late fees
- Think before you make a purchase
 - Do you really need it?
 - Is there a cheaper option?
- Control credit card spending
 - Use credit cards only when necessary
- Eliminate “Wants”
 - Lower cell phone bill by getting a smaller data plan
 - Lower cable/internet bill by switching to basic (or antenna) cable and lower internet speed



WAYS TO SAVE MONEY

- Plan your meals
 - Prior to going to the grocery store, do a weekly meal plan
 - Prepare a list of needed items and weekly regular items
 - Do not go to the grocery store while hungry!
- Shop smart
 - Go to the grocery store with a list in hand
 - Use coupons
 - Try only to do one grocery store visit a week (buy all you need in one visit)
 - Shop sales, shop at Thrift stores, garage sales
 - Shop around for the best price (especially for big-ticket items)



WHAT IF YOU HAVE A DEFICIT?



Pay for all necessities first!

- Includes housing, utilities, insurance, etc.
- Eliminate unnecessary spending (wants)



Talk to your creditors

- Are they willing to reduce your debt or change your terms?
- Can you negotiate lower payoff amount if you are in collection

WHAT IF YOU HAVE A DEFICIT?



Medical Debt

- Review bills carefully
- Obtain and save all documentation and correspondence
- Determine if your insurance or Medicaid will cover the expenses
- Negotiate your bill with the hospital or medical provider
- Ask if medical provider offers financial assistance programs (“Charity Care” or low payment loans)



Call utility companies

- ⑩ Are there any programs to assist in lowering your bills?
- ⑩ Do they have senior programs or discounts for seniors on fixed incomes?
- ⑩ Are there any level payment plans available?
- ⑩ Will they accept a minimum payment to maintain service?

TIPS FOR MANAGING DEBT

- Focus on most current debts
 - Typically, debts that are 7 – 10 years old have reached the statute of limitations and creditors cannot legally sue you for that debt
 - Typically, after 7 years (date of last activity), debts will fall off credit reports
- Negotiate lower interest
- Settle debt for the lesser amount owed
- Use tax refund or unexpected money
- Sell items for cash
- Obtain a part-time job
- Last resort – consider filing for bankruptcy



PAYING MEDICAL BILLS

Medical/healthcare providers do not report unpaid bills to credit agencies

Most medical providers won't sell the debt to a collection agency until you are 60, 90 or even 120 days or more past due.

Review the medical bill(s) carefully for any errors and ask the provider to itemize the charges.

Compare bill with your explanation of benefits from Medicare and any supplemental insurance

- If insurance did not pay for coverage care, ask medical provider to resubmit to Medicare and/or supplemental insurance provider

Contact medical provider to ask about a payment plan or financial assistance



OPTIONS TO PAY MEDICAL BILLS

Income-driven or financial assistance plans

- NOTE: Federal law requires **nonprofit** hospitals to provide financial assistance to qualified low-income patients who can't repay their medical bills.

Negotiate medical bills

- Be upfront about what you can pay.

Set up a payment plan

- Many medical providers, including physicians, dentists and hospitals, can work out a payment plan.
- Advise clients not to agree to any payment plan they cannot comfortably afford to pay



MEDICAL DEBTS IN COLLECTIONS

- Medical debts sent to collection agencies under \$500 are no longer reported on a person's credit report.
- Paid medical collection debts are no longer included on consumer credit reports.
- The period before unpaid medical collection debt appears on a consumer's credit report was increased from 6 months to one year
 - This gives consumers more time to work with insurance and healthcare providers to address their debt before it is listed on their credit file.



ONLINE & MOBILE
BANKING CAN
HELP YOU
MANAGE YOUR
MONEY AND
BUDGET

Monitor your account activity

Keep track of where your money is going
each month

View deposits, withdrawals, and payments

See checks after they clear

Print and review account statements

Save an electronic record of your banking
documents

Transfer	Transfer funds from one account to another
Schedule	Schedule payments and pay your bills securely from your account
Deposit	Deposit checks
Send and receive	Send and receive money through your online account
Track	Track your spending and build your savings with money management tools
Set up	Set up alerts to inform you of a low balance, when payments are due, and when checks post

ONLINE & MOBILE BANKING CAN HELP YOU

HOW TO PROTECT YOURSELF AGAINST BANKING FRAUD



Download a verified banking app from your bank's website.



Make sure your bank uses two-factor or multi-factor authentication.



Use a strong password.



Avoid using public Wi-fi.



Get smart about phishing and smishing.



Set up alerts via email, text, or the bank's app.

RESOURCES TO LEARN MORE ABOUT ONLINE AND MOBILE BANKING

AARP Senior
Guide to Online
Banking: [Click
here to read](#)

CFPB Online and
Mobile Banking
Tips: [Click here
to read](#)

THE FINANCIAL EMPOWERMENT CENTER CAN HELP YOU!

We have financial coaches ready to help you for **FREE!**

- Pull and review credit report.
- Provide credit scores for FREE.
- Assist in creating a budget.
- Assist in developing action plans and steps to help reduce debt.
- Assist in developing action plans to achieve financial goals.
- Assist in preparing letters to creditors to request a settlement of the debt owed.



To make an appointment to speak to
a financial coach:

Email: info@fecsoco.org

Phone: 703-704-6101

OUR SERVICES ARE VIRTUAL