

Assessing your understanding

Goal Setting – Spending & debt

1. Why is it important to know how much money you are earning and spending each month?
2. Take the time now to prepare your Cash Flow Analysis for at least the last six months.
3. Do you see any spending amounts or patterns that surprised you? Can you make adjustments to your spending to have more left over for savings each month?
4. What is the difference between discretionary and non-discretionary spending?
5. To which spending category, discretionary or non-discretionary, do each of the following expense items belong:
 - a. Home mortgage or rent _____
 - b. Utilities _____
 - c. Cable-TV fees _____
 - d. Doctor & dentist expenses _____
 - e. Clothing _____
 - f. Entertainment _____
 - g. Prescriptions _____
 - h. Vehicle payments _____
 - i. Dining out _____
 - j. New furniture and household items _____
6. List other discretionary spending items, which were not listed above.
7. Is your level of debt declining or increasing each month?
8. If you have credit card debt, how many months will it take you to pay off the full balance? Is it possible to increase the payments and be debt-free sooner?
9. Make a list of at least 4 spending items that you could eliminate or reduce each month.
10. Write out your personal goals for spending levels and debt elimination. Be specific as to the amount, spending items and debts.