



# **THE POCKET OF MONEY** **MONEY MANAGEMENT GUIDE**

## **Quick Impact Excerpt**

**Get started on your journey to  
financial success.**

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**THE MONEY SCIENTIST™**



# **MONEY MANAGEMENT GUIDE**

Revised Edition

By

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# Acknowledgement

I just want to take a moment out to say thank you to my family and many supporters who provided encouragement as I put this guide together and gave feedback for improvement. A special thanks to my awesome parents who always encourage me. Thank you.

**NOTE: Below is the original table of contents of the Money Management Guide and the following pages will not be the same as what is reflected in the table**

# Table of Contents

Acknowledgement.....	iii
Introduction.....	1
<b>Challenges and Exercises.....</b>	<b>3</b>
Spending Reason Challenge:.....	3
Waiting Period Challenge:.....	4
De-stress Activity Exercise:.....	5
Determine Your Money Mindset Exercise:.....	6
Lifestyle Analysis Challenge:.....	7
Transportation Analysis Challenge:.....	8
Meal Planning Exercise:.....	9
Keep Your Eyes on the Prize:.....	10
Grow/Store Your Money:.....	11
<b>Quick Start Guide of.....</b>	<b>12</b>
General.....	12
Cooking, groceries and eating out.....	17
Utilities and other bills.....	22
Home supplies and decoration.....	24
Entertainment.....	27
Transportation.....	29
<b>Money Monitoring Tools.....</b>	<b>31</b>
How to create a budget.....	31
Template descriptions:.....	32
Net Worth Template.....	35
Monthly Budget Template.....	36

Annual Budget Template.....	38
Monthly Budget Tracker Template.....	40
Daily Budget Tracker Template.....	42
Savings Tracker Template.....	43
Debt Tracker Template.....	44
<b>Audio Transcript.....</b>	<b>45</b>
Introduction.....	45
My Story.....	45
The Six Money Saving Factors.....	46
Factor 1: Your money mindset.....	47
Factor 2: Your lifestyle.....	51
Factor 3: Cutting corners and not quality.....	54
Factor 4: Creating budgets or spending plans.....	56
Factor 5: Keep your eyes on the prize.....	59
Factor 6: Waste not want not philosophy.....	61
Options to Store and Grow Your Money.....	62
Concluding Remarks.....	64
<b>Notes.....</b>	<b>65</b>
<b>About the Author:.....</b>	<b>71</b>

## Introduction

The road towards financial success does not need to be complicated. There may be many things that are holding you back from growing your savings. You may be feeling overwhelmed by the financial information available and cannot start. A confused mind is unable to act. You may have just needed the right resources to help you get started. Perhaps you're doing pretty well living within your means, but simply need a few tricks that will help you move to the next level. Whichever your reason, you're in the right place. There are specific habits and actions that will allow you to build wealth. The first step to saving money and building wealth is deciding to do it. You've taken that first step!

You can grow your savings and the information contained within this guide and the other items of the Pocket of Money Grow Your Savings Kit will help you. Yes, it will still take work and some discipline, but you can do it. Your belief that not only is it possible, but that it is possible for YOU to achieve your financial goals is an important piece of the process.

Another important cornerstone are your money habits. Working through the challenges and the 6 factor system will allow you to establish impactful habits. Establishing good money habits that allow you to save money is crucial to building wealth. Knowing where your money is going and where it originates, allows you to streamline your expenses and maximize your income. Those same habits become wealthy habits.

### How to use this guide

If you're following along with the Grow Your Savings Audio track of the 6 factor system, you can use the templates of the factor challenges and exercises within this guide in tandem

with the audio track. You can then move into the Quick Start Guide to start immediately cutting costs in several aspects of your life. This will allow you to free up money every month. The next section includes templates of the money monitoring tools that you can use to track your money and debt.

This guide is for individuals who are ready to free up more money during the month, eliminate debt, save money and start building wealth. Get started!

## Challenges and Exercises

Below you will find challenges and exercises explained on the Grow Your Savings Audio track of the 6 factor system.

### Waiting Period Challenge:

For the next three weeks anytime you're about to purchase an item you're excited about, leave it for a period of time, let's say a week, and consider how you will truly use it. Ask yourself is it a need or a want, can you afford it. At the end of the three weeks tally how many items out of those you considered you actually bought. If necessary go longer than three weeks.

Item	Date saw item	Date will revisit	Decision



**De-stress Activity Exercise:**

A de-stress activity is an activity that centers you and helps you to regain your positivity. This is a free or cost-effective activity that can be done by oneself or with others. The key element of the activity is how it makes you feel, how you feel upon completing it. Examples of a de-stress activity include watching a movie, reading a book, going for a walk, yoga etc. Consider activities that are good for you and that make you feel good. List them below and indulge in this activity when feeling particularly stressed.

1.

2.

3.

4.

5.

6.

**Lifestyle Analysis Challenge:**

List all of the devices in your home that are connected to a service that has a monthly or annual expense. Next to each device write down the expense of the service and a way that it can be reduced. For example, a TV would be a device and cable would be the service.

Device	Service	Expense	Ways to reduce the expense

## **Quick Start Guide of Practical Tips and Tricks**

Now that you've determined which money mindset is hindering you from saving as much as you want, take a look at this great list of tips and tricks to cut corners and not quality. These tips will allow you to stick to a budget and save. Below the tips are separated by common categories. Read through all to get ideas on how to save in different aspects of your life. Use the tricks that are applicable to you to save money. Try to come up with more tricks. Be creative and save a pocket of money!

[Includes over 100 tips in various categories to help you cut costs and not quality.]

# Money Monitoring Tools

Below you will find step by step instructions on how to create a budget and descriptions of each template provided to help you track your savings, spending and debt. Printable versions of the templates are provided in the Grow Your Savings Templates.

Start by calculating your net worth. This will give you an idea of your current financial fitness. Then you can move on to creating your monthly and annual spending plans. When you begin tracking your money you can look back at your spending plan to see how well you did.

## **How to create a budget**

Creating a budget allows you to establish a plan about how you will spend and save your money (many prefer the term spending plan). This allows you to balance spending and saving. Tips on how to stick to your budget are provided in the “Quick Start Guide” and in the Grow Your Savings Audio track. You can use the monthly budget template provided or create a budget from scratch. Below are step by step instructions to create a budget from scratch.

1. Write down your total monthly income.
2. List all of your fixed expenses. These are expenses that are the same amount each month, e.g. rent or mortgage payment, savings, phone bill.
3. Analyze your expenses for the last two to three months and determine categories for non-fixed expenses, e.g. gas money, entertainment, club activities.
4. List all anticipated non-fixed expenses. These are single events or expenses that are specific to the

current month, e.g. a gift for an event, tickets for an event.

5. Record the totals for each section (fixed vs. non-fixed expenses) and write them down at the end of the appropriate section.
6. Add the total for the fixed expenses to the total for the non-fixed expenses. This is the overall total expenses.
7. Subtract the overall total expenses from your monthly income. This is the amount that you have left to purchase miscellaneous items for the month.

The templates described below can be used to create a budget and track your spending, saving, and debt. First calculate your net worth (see definition below) then create monthly and annual budgets. Use the tracker templates to determine where you are spending, how well you're saving and how to reduce your debt. Using the provided templates will allow you to get an accurate picture of your economic health. Copies of each template are provided after the list of descriptions.

### **Template descriptions:**

#### **Net Worth Template:**

Your net worth is a snapshot of your economic position at the time. In other words the amount of assets or positive cash value you have minus the liabilities or the money you owe. It is a good determinant of your wealth. Your home equity equals the amount owed on the mortgage minus the sale value times eighty percent.

#### **Monthly Budget Template:**

The monthly budget is your spending plan for the month. This allows you to specify where you will spend your money and

how much you need to save to reach your goals. Review the how to create a budget section in this guide for more information.

**Annual Budget Template:**

The annual budget details your spending plan for the year. The annual budget gives you a great overview of how much you plan to spend on each expense category for the year. Putting things in perspective of thousands of dollars is sometimes a great eye opener as to how much you're spending and saving. An annual budget can be broken down by month or by quarter (in three month groups, see the example below). An electronic excel file is provided on Pocket of Money CD two. It has equations entered into the appropriate cells. You can simply enter the numbers for your bill amounts. An example of an annual budget filled out by month is also available on a second sheet in the excel file.

**Monthly Budget Tracker Template:**

The budget tracker helps you track your individual expenses for the month. You can keep track of when the fixed expenses are due and which fixed expenses are paid to date. You can also record a confirmation number if applicable. You can keep track of when non-fixed expenses are due and which are paid to date. You can keep track of the miscellaneous items purchased that were not accounted for in the non-fixed expenses.

**Daily Budget Tracker Template:**

This template can be used to track purchases by item or retailer as they are purchased. If you have a lot of miscellaneous expenses to track or you prefer to track every item, this is a great tool to use.

**Savings Tracker Template:**

This is a great tool to keep track of your savings accounts and help you to keep your eye on the prize. You can see how much you are saving a month and what the interest rate is for each account which helps you determine when you will reach your goal. Seeing a snapshot of your savings also helps to determine if you need to adjust your savings plan to reach your goals.

**Debt Tracker Template:** This template allows you to see an overview of your debt. It is great to strategize how to reduce your debt and pay it off completely. By comparing your average monthly payments and how much you have budgeted for debt payments you can determine how much extra money is going towards paying off debt. You can modify your spending plan or monthly budget to pay down debt faster.

**Note:**

These templates will help you design your own spending plans and tracking system. If you like to keep track of your expenses using a spreadsheet or with pen and paper then you can work off of these sheets or just print the templates from the Grow Your Savings Templates. If you use an online tracking system, use the structure of the templates to design your spending plan and goals. There are some great free and paid systems, such as Mint, BudgetPulse, Manilla, Yodlee MoneyCenter and more. Consider what type of financial data you will need to see or create before you pick an online program to use.

## Net Worth Template

**Date:**

<b>Assets</b>		<b>Liabilities</b>	
1. Savings	\$ _____	1. Mortgage	\$ _____
2. Investments	\$ _____	2. Bank loans	\$ _____
3. Car	\$ _____	3. Car loans	\$ _____
4. Home equity	\$ _____	4. Total Credit Debt	
5. Other	\$ _____	A.	\$ _____
		B.	_____
		C.	_____
6. Total	\$ _____	D.	_____
		E.	_____
		(Total)	\$ _____
		5. Income taxes	\$ _____
		6. Student loan	\$ _____
		7. Total	\$ _____

**NET WORTH** \$ \_\_\_\_\_  
(subtract liabilities from  
assets):



## Monthly Budget Template

**Month:**

**Monthly Income:**

Wage/salary	\$ _____
Other Income	\$ _____
<b>Total Monthly Income:</b>	<b>\$ _____</b>

**Fixed Monthly Expenses:**

Rent/mortgage	\$ _____
Gas and electric	\$ _____
Water	\$ _____
Internet	\$ _____
Credit Card	\$ _____
Car loan	\$ _____
Student loan(s)	\$ _____
Bank loan(s)	\$ _____
5% of pay to savings account	\$ _____
10% of pay to investment account	\$ _____
Retirement oriented	\$ _____
Other	\$ _____
<b>TOTAL</b>	<b>\$ _____</b>

**Other Fixed Expenses:**

Health Insurance	\$ _____
Car Insurance	\$ _____
Renter's Insurance	\$ _____

**Total Monthly Expenses:** \$ \_\_\_\_\_

**Money left over:** \$ \_\_\_\_\_

**Non-fixed Monthly Expenses:**

Emergency Fund	\$ _____
Gas	\$ _____
Food	\$ _____
Laundry	\$ _____
Car maintenance	\$ _____
Medical/dental	\$ _____
Entertainment	\$ _____
Club membership dues	\$ _____
TOTAL	\$ _____

**Money remaining:** \$ \_\_\_\_\_

# **Pocket of Money**

## **How I saved over \$10,000 on a tight budget!**

### **Audio Transcript**

#### **INTRODUCTION**

Do you feel like you just don't have enough money to get everything that you need or want? Do you have trouble saving money? Do you have a very tight budget and feel that you can't save or are wondering how to get started? Perhaps you would like to save for a major expense coming up or you're establishing an emergency fund, maybe you're just saving up for a rainy day. One of the hardest things about saving is knowing how to get started, determining what is the first step. When do you do it? Don't worry, you're in the right place or rather listening to the right person. I will give you the tips, tools and tricks I used to save well over \$10,000 (yes \$10,000) on a stipend of about \$27,000 a year. Sounds impossible? Well it's not and I'll give you the information necessary to do the same!

#### **MY STORY**

I will tell you a little more about my story. While in graduate school earning my PhD at Johns Hopkins University, I received a stipend of about \$27,000 a year. Therefore, after taxes I had about \$23,000 with which to live. I made it work and then some! I was in my degree program for five years on this stipend of \$27,000, really \$23,000 after taxes. My fixed and necessary living expenses at the time were about \$1,500 a month. So that's about \$18,000 a year. Yes \$18,000 of my \$23,000 was going towards living expenses such as rent, gas and electric, internet, transportation, food, you know the drill. And that's excluding emergencies, holidays, traveling for holidays, socializing and entertainment. During this time, I

didn't save every penny and refuse to have fun. I went to Jamaica twice! I traveled to the Virgin Islands! I traveled within the U.S. with friends and went to festivals and celebrations. I traveled home for the holidays and vacation at least three times a year. I know you're thinking how in the world did she save anything?! I'll get to that, I promise.

Now, I have always been very money conscious (no really my dad tells stories about me being a miser as a child); however, I also volunteered as the Director of Finance of the non-profit Heal a Woman to Heal a Nation. I volunteered my time so no money from this avenue. However, while acting in this capacity, I also learned so much more about developing and monitoring a budget or spending plan if you rather. As of 2013, I have been the Director of Finance for eight years. I learned a whole lot in eight years of handling personal finances in college and graduate school on a tight budget and managing non-profit finances. Now let's get to the meat and potatoes of how I saved up thousands of dollars on a very tight budget and how you can too!

## **THE SIX MONEY SAVING FACTORS**

There are six factors that allowed me to consistently and steadily save money. These are ideas and philosophies that I adhered to and honed. I put my critical thinking and analytical skills sharpened in graduate school to work. I analyzed how I thought about money and how I spent it. I analyzed how others who complained and constantly overspent during the month viewed money and how they spent it. I carefully considered what worked and didn't work for me, what worked or didn't work for friends and family and I did the same for the non-profit. I determined six factors that heavily influence a person's ability to save money. I will list the factors and then go more in depth for each one. The first is your money mindset. The second is your lifestyle with the

money that you have. The third consists of methods to cut corners without cutting quality. The fourth is creating budgets or spending plans. The fifth is keeping your eyes on the prize. The final factor stems from the philosophy “waste not want not.” Now let’s go in depth with each factor.

### **Factor 1: Your money mindset**

Your money mindset is your ideology concerning money. How you view money and the cost of items and how you decide what to purchase. And it is very important. It dictates what you normally will do with your money and how you spend or conserve it. For some reason, words like frugal and thrifty have a negative connotation. People consider them to mean the same as the word cheap. I don’t think so. I consider them to mean money smart! Money smart means you carefully consider all purchases and buy more things that you need than things that are wants. And I don’t mean spending more money as in dollar amount on things that you need, I mean actual number of items. For example, we all know the rent or mortgage payment is a high dollar amount but is just one item on which you spend money. Needs or necessary items should make up a large percentage of your purchases. Now we should consider what is a need versus a want. Humans need only a few things to survive. We need food, shelter, and water. Pretty much everything else is a want, things to make life easier, more comfortable and enjoyable. In today’s society we can add transportation and socializing to our list of needs. How you obtain the needs and which wants you acquire depend on your money mindset. I find that people generally fall into three different mindsets: one a sense of entitlement, two immediate gratification, and the third emotional purchasing. Most times people have these money mindsets without realizing it.

Let's begin with the first money mindset, the sense of entitlement. So we know what our needs are: food, shelter and water. Many people use a sense of entitlement to augment their needs. People with a sense of entitlement money mindset tend to purchase higher priced luxury items instead of more affordable items that satisfy their needs just as well. For example, someone could say "you know what, I work hard I deserve to buy fillet mignon instead of getting this piece of chicken." The fillet mignon and the chicken are both food items and food is a need; however, the pricing is very different. There is nothing wrong with splurging once in a while provided it's within your budget (we'll talk about budgets later). However, don't use the sense of entitlement as an excuse to alter your lifestyle to something that you can't afford. Recognize when you are having this dialogue with yourself, as soon as you think I deserve something follow it up with the question but can I afford it right now? There's probably no doubt that you deserve it but if you save up to get it then you won't disrupt or sacrifice something else in order to get it. You deserve it or you want it. Either is ok, just be able to buy it without sacrificing something else. How do you do that? You price the item and save up to get it. Don't try to keep up with the Joneses! Try to keep money in your wallet! Here's a factor challenge: this week every time you are in the store, when you pick up an item be conscious of the dialogue you have with yourself. Notice when and with what type of items you are using the "I deserve it" reason or a similar reason. How often do you use this reason and for which type of items? Are you noticing items that can be purchased at a more affordable price?

Now let's deal with the second money mindset: immediate gratification or the impulse buy. Many people are stuck in an immediate gratification mindset without realizing it. You see something and you get excited about it. You want it or you can think of a great or cool way to use it so...you buy

it. You reason something to the effect of: if I already know how I'm going to use it then I have a need for it so it's ok. No! It's probably not ok. That is an impulse buy done for immediate gratification. You saw something, you wanted it, and you bought it. But ask yourself, if you really went through all the scenarios of how you could and will use it, will you decide it's a want or a need? Or if you left the store without it and thought about it for a few days would you miss it? If it's a want or you wouldn't miss it then just leave it! You could put the money towards something else even better! There is definitely something to be said for waiting and deferring gratification. You can save for it instead or wait for it to go on sale. When you buy an item impulsively you often end up paying more for it. Try to consider this before you buy any item. Train yourself to institute a waiting period where you really consider the item that you're excited about. Chances are if you wait, you'll realize or decide that you really do not need it. Often if it's something exciting it's a want not a need unfortunately. Here's another factor challenge: for the next three weeks anytime you're about to purchase an item you're excited about, leave it for a period of time, let's say a week, and consider how you will truly use it. Ask yourself is it a need or a want, can you afford it. At the end of the three weeks tally how many items out of those you considered you actually bought. If necessary go longer than three weeks. Hopefully it becomes a constant habit that saves you money!

Now let's talk about the third money mindset, emotional purchasing. This can run the gamut of emotions, extreme happiness to extreme sadness. Most people are familiar with the term "retail therapy." Something in life or the day is not going right and you really need a pick me up and you just know that new jacket or shoes you want will do the trick. Because going shopping is generally fun. You're scouting merchandise, trying to find the perfect skirt, shirt, shoes. It's a whole adventure and when it's successful you

feel great! You found what you wanted or even found something you didn't need but it was such a bargain! There was no way you could leave it there! Does that sound familiar?

Retail therapy is usually associated with emotions on the sadness or upset end of the spectrum of emotion. You're upset and you use the adventure of shopping as a pick me up. Unfortunately, it's also a very expensive habit. There are going to be many times when things aren't going right and you need a pick me up. Don't go to the store! Find an alternative activity that can center you and help you regain your positivity. I call it a de-stress activity. It's different for all of us. Some people like to get lost in a good book or a good movie, others like to go for a walk or dance. Whatever activity makes you feel good and is good for you, find it and do it when you're upset or sad. Finding a positive de-stress activity will prevent you from running to the store for a pick me up which can severely deflate your wallet!

What many people don't know or consider is that emotional purchasing also occurs at the other end of the emotional spectrum, when you're happy or excited. Some people when they are happy or excited after a big accomplishment or event want to keep the good times rolling or feel they deserve a new item (remember the sense of entitlement) and will head to the store. Don't go to the store! Reminisce on what is making you happy and bask in it. Heading to the store and spending money will only make you frown later. Another emotional reason people tend to spend is if there is a happy or good feeling associated with an object or item or perhaps a happy memory. "Remember when we used to...fill in the blank." Bask in the memory and the feeling but try not to run out and buy the item to recreate it. You'll be happy about the money still in your wallet!

Knowing which mindset may be causing you to overspend is half the battle. Cut off those thoughts that say



spend spend spend before they cause you to fork over the dough! Here's factor challenge number three: take the time now to consider the three money mindsets we just went through. Think back on what you say to yourself when buying items. Which mindset best applies to you? If you can't figure it out just now, for at least a couple weeks be conscious of the dialogue you have with yourself when deciding to purchase an item. It will become very clear which money mindset you have.

## **Factor 2: Your lifestyle**

[The other factors are provided in the Money Management Guide.]

## **CONCLUDING REMARKS**

In conclusion, there are several factors that affect your spending habits and your ability to save. Everyone knows when they are trying to save to be conservative when spending, but many don't consider how important the role of how you view money is on your spending habits. Also balancing your money between living expenses, spending on your interests and saving is very important. If you don't use a system that allows you to still spend money on things you find enjoyable it becomes extremely difficult to adhere to a budget and therefore save for your goals.

[The rest of the conclusion is provided in the Money Management Guide.]

# Notes

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## **About the Author:**

I was born in St. Croix, US Virgin Islands and moved to Rochester, NY at the age of six. I am one of nine siblings and a daughter to two awesome parents. I discovered a lot about managing money growing up in a large household and discovered my skills with organizing and finances. I opened an entrepreneurial business at the age of ten by selling juleps (a frozen treat made with juice) for 25 cents a cup during the summer with my older brother and sister. My parents were my first financial backers and made sure I learned important lessons from the experience. I had to calculate how much it cost to make one julep then determine my selling price and if I was making any money. I had to tell them who was going to buy the juleps and what I would do with the money I earned. Definitely important lessons! We were making some money until friends next door also thought it was a great idea to sell juleps and started selling juleps for ten cents! We couldn't compete with those prices and shut the operation down after two summers, but the lessons about finance and business lasted forever.

I went to Wilson High School (let's go Wildcats!) and participated in the International Baccalaureate Program. I also joined a program that provided work opportunities for students with good grades. I started working and opened my first savings account with \$9 when I was 14 years old. I kept asking (I'm sure she would say bugging) my Mom to take me down to the bank and when she finally had a day off she did so. I worked every summer of high school and stored the money in my savings account. It was during this time that I truly began noticing how I thought about money and how others thought about it. I raised \$17,000 for college and I graduated as salutatorian of my high school class.

I then moved to Baltimore, MD to attend Johns Hopkins University, where I pursued my interests in Spanish, biology and public health. I did a short study abroad in Costa



Rica, which was a great experience. I started to contemplate money on a global scale as I considered the monetary exchange rate (which changed every day, in my favor) and how the pricing of various items differed in Costa Rica versus the U.S. During college, I became especially interested in the HIV/AIDS epidemic and decided to pursue a graduate degree in Cellular and Molecular Medicine to further my knowledge and conduct research in this field. While earning my PhD, I conducted research on prevention of mother-to-child transmission of HIV and viral diversity in women and infants. I honed skills in analytical and critical thinking and attention to detail. I also continued to learn a lot more about managing money or personal finances on an extremely tight budget.

As of 2013, I have been the Director of Finance at the non-profit organization Heal a Woman to Heal a Nation, Inc (HWHN) for eight years. During my college career, I began volunteering with HWHN, Inc. I volunteered at the first conference in 2004. I was moved by the experience of the day and the reaction of the women to the information provided. I then became part of the planning committee for the subsequent nine years. In 2005, I also started managing the agency finances and became the Director of Finance in 2006. In 2008, HWHN, Inc became a federally recognized non-profit organization. Volunteering as the Director of Finance at a non-profit that serves hundreds of women a year has allowed me to learn a lot about managing finances and overcoming financial obstacles, especially conducting public health programming on a sparse budget. I have volunteered at HWHN for so many years because of my belief in the mission and vision and my desire to help women acquire the tools and knowledge to better themselves, their families and their communities.